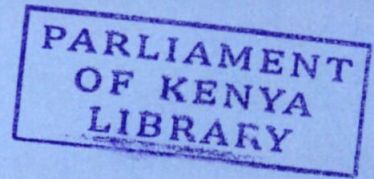


REPUBLIC OF KENYA



Enhancing Accountability

REPORT




OF

THE AUDITOR-GENERAL

ON

NATIONAL HEALTH INSURANCE FUND - CAR
LOAN AND MORTGAGE SCHEME

FOR THE YEAR ENDED
30 JUNE, 2024

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 APR 2025	DAY: Tuesday
TABLED BY:	Hon. Julius Nelly Mep on behalf of LOM
CLERK-AT THE-TABLE:	Benson Inzofu

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

30 DEC 2024

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NHIF NATIONAL
HEALTH
INSURANCE
FUND
— BIMA BORA. AFYA BORA

**NATIONAL HEALTH INSURANCE FUND
CAR LOAN & MORTGAGE SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024**

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

National Health Insurance Car loan & Mortgage Scheme
Annual Report and Financial Statements For the year ended 30th June 2024

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

(This list is an indication of the common acronyms and abbreviations; Entity to insert all the relevant acronyms and key terms used in the annual report and financial statements)

National Health Insurance Car loan & Mortgage Scheme

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2. KEY INFORMATION

a) Background information

The NHIF Special Staff Mortgage Scheme is a cornerstone initiative aimed at providing NHIF employees with access to affordable housing solutions. Established in 2001, the scheme was designed to alleviate the housing challenges faced by employees, particularly those stationed in urban areas. Over the years, the scheme has evolved to align with changing regulatory frameworks and internal policies, ensuring that it remains a viable and beneficial option for NHIF staff.

The NHIF Car Loan Scheme was formalized through an MOU signed in 2017 with the National Bank of Kenya (NBK). This initiative, similar to the NHIF mortgage scheme, is designed to support employees by offering financial assistance to purchase vehicles. The scheme is rooted in NHIF's commitment to enhancing staff welfare, providing access to affordable car loans with competitive interest rates and flexible repayment terms.

The foundation for this scheme was laid earlier during the Executive Board meeting held on 21st May 2003, where Management's proposal for the establishment of a Car Loan Scheme for NHIF employees was considered and approved in principle, as recorded in Minute Number E/129/2003. This approval marked a significant step towards enhancing employee welfare by providing affordable financing options for vehicle acquisition.

The Social Health Authority (SHA) was established following the enactment of the Social Health Insurance Act, No. 16 of 2023 to succeed the National Health Insurance Fund (NHIF)

The Principal Activities

To provide NHIF employees with access to affordable housing solutions.

To support employees by offering financial assistance to purchase vehicles

Customer Service Charter

The Authority has a customer service charter that pledges and commits the following to the customer:

- ❖ Treating with courtesy and respect.
- ❖ Upholding professionalism in serving.
- ❖ Providing quality service.
- ❖ Being accessible.

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- ❖ Providing accurate, relevant, timely and clear information.
- ❖ Being responsive to customer needs and expectations.
- ❖ Monitoring and evaluating customer satisfaction levels.
- ❖ Handling all customer information with utmost confidentiality.
- ❖ Upholding ethics in a corruption free environment.

b) Board of Directors

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

SHA BOARD

	NAME	TITLE/ REPRESENTING	DATE OF APPOINTMENT
1.	Dr. Timothy Olweny	Chairperson	22 nd November 2023
2.	Mr. Harry Kachuwai Kimtai	PS Ministry of Health	22 nd November 2023
3.	Dr. Patrick Amoth	Director General for Health, Ministry of Health	22 nd November 2023
4.	Mr. Samuel Kiptorus	Alternate Member, CS National Treasury	22 nd November 2023
5.	Ms. Jacinta Kathamu Mutegi	Consortium of Healthcare Providers	22 nd November 2023
6.	Dr. Zakayo Kariuki Gichuki	County Executive Committee Caucus for Health	22 nd November 2023
7.	Dr. Francis Atwoli	Central Organization of Trade Unions	22 nd November 2023
8.	Ms. Linda Murugi Gebson	Council of Governors	26 th January 2024
9.	Dr. Mohamed Abdi Mohamed	CS, Ministry of Health Appointee	26 th January 2024
10.	Mr. Elijah Wachira	Ag. Chief Executive Officer/ Ex-Officio Member	22 nd November 2023
11.	CS. Terry Rotich	Ag. Corporation Secretary/ Secretary	22 nd November 2023

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NHIF BOARD

	NAME	TITLE/ REPRESENTING	DATE OF APPOINTMENT
1.	Eng. Michael Kamau	Chairperson	23 rd December 2022
2.	Dr. Jason Kap Kirwok,	Vice Chairperson, CS Appointee MOH	23 rd December 2022
3.	Mr. Andrew Mugambi,	CS Appointee MOH	23 rd December 2022
4.	Mr. Michael Kahiti	Alternate Member, CS National Treasury	24 th November 2021
5.	Mr. Harry Kachuwai Kimtai	PS Ministry of Health	16 th May 2023
6.	Dr. Zeinab Gura	Alternate Member, PS Ministry of Health	15 th June 2023
7.	Dr Andrew. W. Onyino	Kenya Medical Association	25 th March 2022
8.	Ms. Irene Moraa Ogamba	Rep. of Council of Governors	20 th January 2023
9.	Mr. Dennis Muthomi Gitari	Rep. of Council of Governors	20 th January 2023
10.	Mr. Albert Obed Njeru	Central Organization of Trade Unions	25 th March 2022
11.	Dr. Rachel M. Monyoncho	Federation of Kenya Employers	13 th July 2022
12.	Mr. Elijah Wachira	Chief Executive Officer & Secretary	9 th October 2023
13.	CS. Catherine Mungania	Corporation Secretary/ Secretary	7 th October 2023

c) Other Key Information of the Fund

Registered Office/ Headquarters

NHIF Building
Ragati Road
P.O. Box 30443, 00100
Nairobi, KENYA

Corporate Contacts

Telephone: (254) 020 2723255/6
E-mail : info@nhif.or.ke
Website: www.nhif.or.ke

Ag. Chief Executive Officer

Mr. Elijah Wachira
P.O. Box 30443, 00100
Nairobi.

Ag. Corporation Secretary

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

National Health Insurance Fund

Chief Executive Officer

Mr. Elijah Wachira
P.O. Box 30443, 00100
Nairobi.

Corporation Secretary

CS. Catherine Mungania
P.O. Box 30443-00100
Nairobi

Corporate Bankers

National Bank of Kenya

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

Co-operative Bank of Kenya

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

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Kenya Commercial Bank

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

Equity Bank Limited

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

NCBA Bank Kenya Plc

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

Independent Auditors

Auditor General

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

Principal Legal Advisers

The Attorney General

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

Robson Harris Advocates LLP

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

Moronge & Company Advocates

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

Rachier & Amollo advocates

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

Masire & Mogusu Advocates

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

Ogejo, Omboto & Kijala Company Advocates

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

Kipkenda & Company Advocates

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

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

Murugu, Rigoro & Co Advocates
P.O. Box 13715-00100 Nairobi
Tel: 0722587795

G & A Advocates
P.O. Box 22966-00100 Nairobi
Tel: 0719851555

Amel Inyangu & Partners
P.O. Box 11203-00100 Nairobi
Tel: 0703551374

McKay & Company Advocates
P.O. Box 29884-00100 Nairobi
Tel: 0774363622

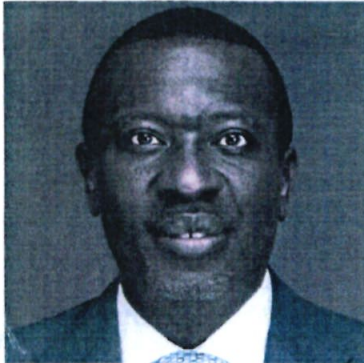
Mwaura & Wachira Advocates
P.O. Box 51667-00200 Nairobi
Tel: 0202725607

Rachier & Amollo advocates
P.O. Box 55645-00200 Nairobi
Tel: 254722204778

Masire & Mogusu Advocates
P.O. Box 18267-00100 Nairobi
Tel: 0202210040

1. THE BOARD OF DIRECTORS

SHA BOARD



Dr. Timothy Olweny
Chairperson SHA

Dr. Timothy Olweny is a distinguished healthcare professional with a rich and varied background in both medical and business fields. Boasting over 25 years of experience in the public, private, and not-for-profit health sectors. Dr. Olweny has demonstrated unwavering dedication to enhancing healthcare delivery in Kenya. His academic credentials include a Bachelor of Medicine, Bachelor of Surgery from the University of Nairobi, a Postgraduate Diploma in Sexually Transmitted Infections from the same institution, and ongoing studies for a Master of Business Administration at Strathmore Business School. Additionally, he has augmented his expertise with a program in Leadership and Management in Health from the University of Washington and a module in Pan African Executive MBA from IESE Business School.

Dr. Olweny's illustrious career encompasses delivering clinical care and assuming pivotal leadership roles in healthcare institutions and professional organizations. His deep engagement with various government bodies and regulatory agencies has equipped him with a profound understanding of the intricacies of the Kenyan healthcare system and the formidable policy challenges it confronts. As the Chairperson of the Social Health Authority Board, Dr. Olweny continues to harness his expertise to spearhead meaningful change and contribute significantly to the realization of Kenya's national health goals and development objectives.



Dr. Mohamed Abdi Mohamed
CS, Ministry of Health Appointee SHA

Dr. Mohamed Abdi Mohamed is a highly esteemed Healthcare Executive and Entrepreneur, equipped with a Bachelor of Medicine and Bachelor of Surgery from the prestigious University of Nairobi. With a wealth of experience exceeding 12 years in both public and private healthcare sectors, Dr. Mohamed has emerged as a leading figure in the industry. As the Co-founder and Managing Director/Chief Executive Officer of Ladnan Hospital, Nairobi, he has showcased remarkable leadership and foresight, propelling the hospital's growth from a modest establishment to a cutting-edge tertiary care center within a mere 4 years. Driven by his vision, the hospital has successfully introduced a 5-bed dialysis unit, a 5-bed ICU Unit, and a substantial increase in bed capacity, significantly elevating the accessibility of top-notch healthcare services in the region.

In addition to his pivotal role at Ladnan Hospital, Dr. Mohamed's professional journey encompasses influential positions such as Director and Chief Operating Officer at Metropolitan Hospital Holdings Limited. His unwavering dedication to community health is underscored by his active participation in medical camps, provision of healthcare services to vulnerable populations, and his role as a mentor and motivational speaker, particularly focusing on entrepreneurship for young individuals. Dr. Mohamed's engaging leadership style and his ability to forge authentic connections with stakeholders, staff, clients, investors, and the local community have garnered widespread recognition.

National Health Insurance Car loan & Mortgage Scheme

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Mr. Harry K. Kimtai, CBS
PS Ministry of Health



Mr. Harry is the Principal Secretary of the State Department for Medical Services at the Ministry of Health in the Republic of Kenya. He is responsible for

coordinating medical services as the Accounting and Authorized officer under the direction of the Cabinet Secretary for Health. Currently, he is leading the Health Care Services Reforms aimed at achieving universal health coverage (UHC).

Mr. Harry Kimtai was born on December 13, 1968. He holds a Bachelor of Arts degree in Economics, a Master of Arts in Economics, and a Master of Philosophy in Economics with a specialization in Regional Planning and Economic Development from Bhopal University, India (1989 – 1995).

He has served in various capacities in the Government of Kenya. He was first appointed as the Principal Secretary at the State Department for Livestock from 2018 until 2023. He also served as Director at the Capital Markets Authority from 2016 to 2017. Between 2008 and 2014, he held the position of General Manager at Branded Fine Foods Ltd, a leading private industry player. Prior to joining Branded Fine Foods Ltd., he began his career at the Kenya Revenue Authority as a management trainee in 1996 and rose through the ranks to the position of Principal Revenue Officer from 2003 to 2006.

Dr. Patrick Amoth

Director General for Health, Ministry of Health

Dr. Patrick Amoth stands as a distinguished leader in the realm of public health and medicine, currently serving as the Director General for Health in the Ministry of Health, Kenya. With a wealth of experience



as a consultant obstetrician and gynaecologist, Dr. Amoth has amassed a deep reservoir of expertise in the healthcare domain. His influential roles within the Ministry of Health, including his prior position as the head of the Directorate of Public Health, have empowered him to drive strategic initiatives aimed at elevating the delivery of healthcare services across all 47 counties in Kenya. Dr. Amoth has been instrumental in shaping and implementing Universal Health Coverage in the country, showcasing his unwavering commitment to advancing healthcare accessibility and quality

Of particular note is Dr. Amoth's pivotal role in managing the country's response to significant health crises, most notably during the COVID-19 pandemic. His involvement in the Multi-Agency National Emergency and Response Committee on Coronavirus pandemic in Kenya, coupled with his co-chairing of the Ministry of Health COVID-19 Management Taskforce, underscores his steadfast dedication to public health emergency preparedness and response. With a robust foundation in the civil service and a proven track record of propelling impactful initiatives, Dr. Patrick Amoth emerges as a revered leader and advocate for the advancement of healthcare systems and services in Kenya.

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Dr. Zakayo Kariuki Gichuki **CS Appointee Ministry of Health**

Dr. Kariuki Gichuki is a distinguished medical professional with over 30 years of experience. He holds a master's in public health from Moi University, a Bachelor of Medicine and Bachelor of Surgery from the University of Nairobi and has also completed a program in Health Business Management at Strathmore University. Dr. Gichuki has held various leadership roles, including serving as a Medical Superintendent in multiple hospitals, a District Medical Officer of Health in Nakuru, and a Provincial Director of Public Health in Central. His impressive career has led him to his current position as the County Executive Committee Member (CECM) for Health in both Nakuru and Nyandarua counties.



Throughout his career, Dr. Gichuki has made substantial contributions to the healthcare sector, leveraging his expertise to drive improvements in public health and healthcare management. His wealth of experience and qualifications make him a highly respected figure in the medical community, and his leadership has significantly impacted healthcare delivery in various regions.

Mr. Samuel Kiptorus **Alternate Member CS National Treasury**



Mr. Kiptorus is a highly accomplished professional with a wealth of experience in economics and public finance. As a Director at the National Treasury and

Economic Planning, he has demonstrated exceptional leadership and strategic vision in driving economic policies and financial planning for the country.

With a distinguished educational background, including a master's degree in economics from the University of Dar es Salaam and a Bachelor of Arts in Economics from the University of Nairobi, Mr. Kiptorus brings a deep understanding of economic principles and their practical applications. His previous role as Chief Economist at the Ministry of Devolution and Planning further underscores his expertise in shaping and implementing economic strategies at a national level.

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



Ms. Jacinta is a remarkable leader in the health sector with a wealth of experience in health system management. Her academic achievements include a master's in organizational development from the United States International University, a Master of Arts degree in Project Management from the University of Nairobi, and a bachelor's degree in Environment from Kenyatta University. Currently serving as the Executive Secretary for the Conference of Catholic Bishops– (KCCB) and a member of the Caritas Internationalis Taskforce on the Global Fund, she is renowned for her expertise in forging high-level strategic partnerships, advocacy, and seamlessly coordinating health services.

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**Dr. Francis Atwoli, NOM, CBS, EBS
Central Organization of Trade Unions**



Dr. Francis Atwoli stands as a beacon of unwavering dedication and unparalleled leadership in the realm of labor movements and social justice. With over two decades of remarkable service as the Secretary

General of the Central Organization of Trade Unions (Kenya) and as a distinguished figure in the international labor arena, Dr. Atwoli has exemplified a steadfast commitment to advancing the rights and well-being of workers. His extensive qualifications, including an Advanced Diploma in Industrial Relations and Labour Studies from the University of University, Italy, an International Diploma from the George Meany Labour University, USA, bachelor's degree in employment and labour studies, underscore his deep expertise and knowledge in labor and trade union studies.

Notably, Dr. Atwoli's outstanding contributions have garnered global recognition, including the prestigious National Order of Merit (NOM) from Algerian President Abdilaziz Bouteflika and the Chief of the Burning Spear (C.B.S), Elder of the Burning Spear (E.B.S), and the Moran of the Burning Spear (MBS) accolades from the Government of Kenya. These accolades honor his exemplary leadership and tireless advocacy for social justice, not only in Kenya but across the African continent.

Moreover, Dr. Atwoli's multifaceted experience extends to pivotal leadership roles in influential institutions, including the National Social Security Fund (NSSF) and the National Bank of Kenya (NBK). His remarkable achievements and global impact, coupled with his esteemed qualifications, position him as an indispensable figure in championing workers' rights, social justice, and economic development on both local and international fronts.

**Dr. Linda Murugi Gebson
Rep. Council of Governors**



Dr. Linda, a visionary leader with over 12 years of experience at the forefront of strategic research management in the field of vaccines and infectious diseases. Her remarkable

expertise spans local and global research initiatives, making her a transformative force in the scientific community. With a PhD in Biomolecular Sciences, an MS in Immunology of Infectious Diseases, and a BS in Biomedical Science & Technology, Dr. Linda's academic prowess is the bedrock of her strategic direction and practical knowledge in vaccine development.

Dr. Linda's impact goes beyond academic achievements. Her exceptional ability to guide and mentor emerging research leaders, coupled with her hands-on experience in developing research proposals and analyzing complex scientific data, has set new standards and best practices in the industry.

Her strategic thinking and comprehensive understanding of pre-clinical and clinical development make her an indispensable asset in advancing cutting-edge technologies for vaccine research.

Mr. Elijah Gichaga Wachira
Ag. Chief Executive Officer SHA



Born in 1968, Mr. Elijah Wachira is a seasoned professional with a comprehensive academic and professional background in business and insurance. Holding a Master of Business Administration and a Bachelor of Arts, he is an active member of the Insurance Institute of Kenya and the Marketing Society, demonstrating his deep expertise and dedication to the fields of business development and insurance.

He has held several prominent roles in private insurers. Since October 2023, he has served as the Chief Executive Officer of the National Hospital Insurance Fund (NHIF) and subsequently as the Acting Chief Executive Officer of the Social Health Authority (SHA). His prior leadership positions include Managing Director at CIC General and Acting Group CEO at CIC Group PLC.

Additionally, he served as a general manager at AAR health services before assuming a similar role at Madison insurance in November 2010. Mr. Wachira's career trajectory highlights his success in driving major insurance and business development initiatives.

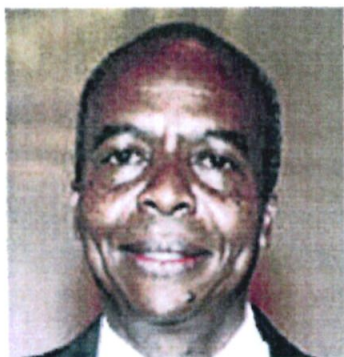


Cs. Terry Rotich
Ag. Corporation Secretary SHA

CS. Terry Rotich is an exceptional legal professional with a wealth of experience in the health sector. Currently serving as the Ag. Corporation Secretary at the Social Health Authority, Terry holds a Bachelor of Laws (LLB) and a Post Graduate Diploma in law from the prestigious Kenya School of Law. A Certified Public Secretary (CPS) and a proud member of both the Law Society of Kenya (LSK) and the Institute of Certified Secretaries (ICS).

Terry brings over a decade of experience as a Legal Practitioner and seven years as a State Counsel. Her remarkable contributions to significant projects, such as the Universal Health Coverage Laws and Breast Milk Substitutes Regulations, reflect her expertise in drafting pleadings, legal writing, legislative drafting, and policy formulation and analysis. Terry is deeply committed to advancing the public health agenda and ensuring access to quality and affordable healthcare for all Kenyans, embodying values of teamwork, integrity, and innovation in her work.

NHIF BOARD



**Eng. Michael Kamau, CBS, HSC
Chairperson NHIF**

Born In 1958, engineer Kamau has a solid academic foundation and a distinguished career in public service. He's earned a Master of Science in Engineering from the University of Newcastle Upon Tyne in the UK, following a Bachelor of Science in Civil Engineering from the University of Nairobi. This educational background equipped him with a deep understanding of engineering principles and infrastructure management.

Professionally, he has made significant contributions to Kenya's transport and infrastructure sector. He served as the Permanent Secretary at the Ministry of Roads for 6 years, where he was instrumental in overseeing major road projects and infrastructure development.

Subsequently, he was appointed Cabinet Secretary for Transport and Infrastructure from April 2013 to March 2015, further demonstrating his leadership and expertise in shaping the country's transport policies and infrastructure strategies.

**Mr. Elijah Gichaga Wachira
Chief Executive Officer NHIF**



Born in 1968, Mr. Elijah Wachira is a seasoned professional with a comprehensive academic and professional background in business and insurance. Holding a Master of Business Administration and a Bachelor of Arts, he is an active member of the Insurance Institute of Kenya and the Marketing Society, demonstrating his deep expertise and dedication to the fields of business development and insurance.

He has held several prominent roles in private insurers. Since October 2023, he has served as the Chief Executive Officer of the National Hospital Insurance Fund (NHIF) and subsequently as the Acting Chief Executive Officer of the Social Health Authority (SHA). His prior leadership positions include Managing Director at CIC General and Acting Group CEO at CIC Group PLC.

Additionally, he served as a general manager at AAR health services before assuming a similar role at Madison insurance in November 2010. Mr. Wachira's career trajectory highlights his success in driving major insurance and business development initiatives.

Mr. Harry K. Kimtai, CBS
PS Ministry of Health



Mr. Harry is the Principal Secretary of the State Department for Medical Services at the Ministry of Health in the Republic of Kenya. He is responsible for

coordinating medical services as the Accounting and Authorized officer under the direction of the Cabinet Secretary for Health. Currently, he is leading the Health Care Services Reforms aimed at achieving universal health coverage (UHC).

Mr. Harry Kimtai was born on December 13, 1968. He holds a Bachelor of Arts degree in Economics, a Master of Arts in Economics, and a Master of Philosophy in Economics with a specialization in Regional Planning and Economic Development from Bhopal University, India (1989 – 1995).

He has served in various capacities in the Government of Kenya. He was first appointed as the Principal Secretary at the State Department for Livestock from 2018 until 2023. He also served as Director at the Capital Markets Authority from 2016 to 2017. Between 2008 and 2014, he held the position of General Manager at Branded Fine Foods Ltd, a leading private industry player. Prior to joining Branded Fine Foods Ltd., he began his career at the Kenya Revenue Authority as a management trainee in 1996 and rose through the ranks to the position of Principal Revenue Officer from 2003 to 2006.

Dr. Jason Kap Kirwok
CS Appointee Ministry of Health



Dr. Jason, born in 1960, is a highly qualified professional with a strong academic background and extensive experience in strategic management and regional economic integration. He

holds a Bachelor of Science from the University of Nairobi and a master's in business administration from Eastern University in the USA. Additionally, he has completed specialized certificates in Strategy Development & Execution from The Wharton School and Leadership Development from the University of Cape Town.

Over the years, he has held prominent roles including his current position as the Deputy Chairperson of the NHIF Board as well as the Chair of the Social Health Authority Transition Committee. With over 30 years of experience, Dr. Jason has demonstrated his expertise in senior leadership roles, consultancy, and as a donor representative.

His career has spanned various sectors, including serving as a Senior Executive at Kenya Airways and holding advisory positions at Trademark East Africa. His blend of executive and board experience, along with his academic credentials, positions him as a distinguished figure in strategic management and regional integration.

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Mr. Andrew Mugambi Mwiricia **CS Appointee Ministry of Health**

Andrew, born in 1974, has a strong academic background in law. He holds a Post Graduate Diploma from the Kenya School of Law and a Bachelor of Laws (LLB Hons) from the University of Nairobi.

With over 15 years of experience, Andrew has been a Partner at Dentons Hamilton Harrison & Mathews since 2006, following his tenure as a Senior Associate there from 2005 to 2006. Prior to that, he held roles as an Associate at Iseme Kamau & Maema Advocates in Nairobi and Bowyer Mahihu & Co Advocates in Mombasa. Recognized by IFLR 1000, Legal 500, and Chambers Global as a leading lawyer in corporate, commercial, banking, and finance law, Andrew has significant expertise in local and multinational transactions, including acquisitions, capital market mandates, and public-private partnership (PPP) projects in energy and infrastructure.



Mr. Dennis Muthomi Gitari **Rep. Council of Governors**



Mr. Dennis born in 1989 Kenya, holds a Bachelor of Laws (LLB) degree and a Post-graduate Diploma from the Kenya School of Law.

Currently, Mr. Gitari is pursuing a Master of Laws (LLM) in Comparative Constitutional Law at the University of Nairobi.

With over six years of legal experience, Mr. Gitari has developed expertise in Commercial, Corporate, and Property Law, along with a notable track record in Employment and Human Rights Law. He serves as a board director at the National Hospital Insurance Fund, representing the Council of Governors after being nominated on January 24, 2023, for a three-year term.

Mr. Albert Obed Njeru **Central Organisation of Trade Unions(K)**



Mr. Njeru, born in 1959, is a professional accountant with certifications in Social Security and Social Health Protection. He began his

leadership journey at an early age, consistently serving as a prefect throughout his education. Njeru started his career as a shop steward and later worked as an accountant at Ramisi Sugar Company before joining KUDHEIHA in the same capacity. He served as the Embu Branch Secretary from 1997 to 2007.

In 2007, he became the General Secretary of KUDHEIHA Workers, where he has been a diligent advocate for workers' rights. His commitment to the Labor movement and his belief in continuous learning have been central to his leadership philosophy, encouraging workers to continually enhance their skills to remain competitive.

National Health Insurance Car loan & Mortgage Scheme

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Mr. Michael Kahiti **Alternate Member CS National Treasury**



Mr. Kahiti, with a birth year of 1965, is a distinguished professional who holds a master's degree in Economic Policy Management from Makerere

University and a Bachelor of Economics from the University of Nairobi. His educational background has provided him with a solid foundation in economic policy and planning.

With extensive experience in the public sector, he currently holds the esteemed position of Director of Planning at the National Treasury, a role he has served in since July 2020. In this capacity, he is tasked with overseeing the formulation of external borrowing plans and conducting financial negotiations for externally funded development projects. Previously, he steered the Central Planning & Project Monitoring Unit from February 2006 to January 2021, where he refined his skills in project monitoring and economic planning.

Dr. Andrew Were Onyino **CS Appointee Ministry of Health**



Dr. Were, born in 1983, is a highly qualified medical professional with a master's degree in Plastic, Reconstructive, and Aesthetic Surgery and a Bachelor of Medicine and

Surgery, both from the University of Nairobi. He is also a fellow in Capacity Building for Effective Health, Human Resource for Health (CBEH-HRH).

With over 14 years of years of experience in the public, private, and non-governmental health sectors and currently serves as the President of the Kenya Medical Association. Dr. Were is also a Consultant Plastic and Reconstructive Surgeon at Kenyatta National Hospital. He has been instrumental in advancing reproductive health policies and contributing to the regulation of medical practice in Africa. As the Founder and CEO of Daktari Media Africa LLC, he spearheads Daktari Online, an influential medical resource portal serving over 50,000 healthcare professionals across Africa. Dr. Were's ongoing work in the reform agenda by the Ministry of Health highlights his commitment to improving the medical field in Kenya and beyond.

National Health Insurance Car loan & Mortgage Scheme

Annual Report and Financial Statements For the year ended 30th June 2024

Dr. Rachel Monyoncho Federation of Kenya Employers

Dr. Rachel born in 1963, is a highly accomplished professional in the field of organizational management. She holds a prestigious Doctor of Philosophy (Ph.D.) in Organizational Theory and Behaviour, a Master of Business Administration in Strategic Management and International Business, and a Bachelor of Science in Chemistry, Botany, and Zoology.



Dr. Ogamba brings over two decades of extensive expertise in human resource management and consulting to the table. Her illustrious career includes serving as the Human Resource Director at G4S Security Limited from 2009 to 2011 and as the Human Resource Manager for the Northland and Eastern Africa Coca-Cola Subgroup from 2006 to 2008. Her comprehensive knowledge and proven track record in strategic management and organizational development make her an invaluable asset in any professional setting. Her commitment to excellence, coupled with her innovative approach, sets her apart as a leader in her field and makes her a compelling choice for any organizational endeavour.



Ms. Irene Mora Ogamba Rep. Council of Governors

Ms. Irene born in 1972, holds a Master of Laws (LLM) in Governance, Law, and Democracy from the University of Nairobi, a Post Graduate Diploma in Law from the Kenya School of Law, and a Bachelor of Law (LLB) from Nagpur University. She began her legal career in 1996, gaining early experience at Somaia & Company Advocates, followed by a role as a Legal Associate at Macharia Mukiri & Company Advocates from 1999 to 2001.

Ms. Ogamba has extensive experience in legal services, particularly in government and organizational settings. Since October 2020, she has served as the Director of Legal Services for the Council of Governors. Previously, she was the Manager of Legal and Board Affairs at the National Industrial Training Authority from 2013 to 2020 and held senior positions in the Ministry of Gender, Children, and Social Development, as well as the Department of Administrator-General. Her career reflects a strong commitment to legal governance and public service.

National Health Insurance Car loan & Mortgage Scheme

Annual Report and Financial Statements For the year ended 31st June 2024

Dr. Zeinab Gura

Alternate Member, PS Ministry of Health

Dr. Zeinab Roka is a dynamic and accomplished healthcare professional with a remarkable 16-year career encompassing clinical, programmatic, and strategic healthcare management. With over eight years in midlevel to senior management, Dr. Roka has continuously demonstrated her ability to lead and drive impactful change within the public health sector. Her qualifications, including a Master of Science in Applied Epidemiology and a National Security and Strategy course from the National Defense College Kenya, underscore her expertise in addressing complex health challenges at both national and international levels, making her a valuable asset in shaping robust health systems. Dr. Roka's impressive list of over 40 publications on health-related matters reflects her passion for advancing knowledge and best practices within the field.



In addition to her professional achievements, Dr. Roka's leadership extends to her roles as a board member of the National Hospital Insurance Fund, the Kenya Nuclear Regulatory Authority, and the Africa Field Epidemiology Network, as well as her council membership at UMMA University. These positions not only showcase her influence in shaping healthcare policies and regulations but also highlight her dedication to fostering collaborations and partnerships across diverse healthcare institutions.

Overall, Dr. Roka's wealth of experience, coupled with her strong leadership and academic background, positions her as a persuasive and influential figure in driving forward the agenda for Universal Health Coverage and Health Security. Her proven track record and multidisciplinary expertise make her an invaluable asset in addressing the complex challenges facing the healthcare industry today.



CS. Catherine Kinya Mungania
Director, Legal Services NHIF

With over 10 years of experience in corporate law and administration, CS. Catherine is a seasoned professional who has consistently delivered exceptional results. Her qualifications include a Master of Laws and a Bachelor of Laws, demonstrating her deep understanding of legal principles and practices. Additionally, she's an advocate of the high court and holds a diploma in human resource management as well as being a certified public secretary (CS)

Throughout her career, Catherine has successfully navigated complex legal frameworks and provided strategic counsel to senior management. Her expertise in corporate governance, contract negotiation, and risk management has been instrumental in driving organizational success. Catherine's strong leadership and communication skills have enabled her to effectively manage diverse teams and foster a culture of excellence within the corporate services division.

As Director of Corporate Services, Catherine is dedicated to driving operational efficiency, legal compliance, and sustainable growth. Catherine's combination of academic excellence and practical experience uniquely position her as a trusted leader.

2. KEY MANAGEMENT TEAM

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

National Health Insurance Car loan & Mortgage Scheme

Annual Report and Financial Statements For the year ended 30th June 2024

Mr. Elijah Gichaga Wachira Chief Executive Officer NHIF



Born in 1968, Mr. Elijah Wacira is a seasoned professional with a comprehensive academic and professional background in business and insurance. Holding a Master of Business Administration and a Bachelor of Arts, he is an active member of the Insurance Institute of Kenya and the Marketing Society, demonstrating his deep expertise and dedication to the fields of business development and insurance.

He has held several prominent roles in private insurers. Since October 2023, he has served as the Chief Executive Officer of the National Hospital Insurance Fund (NHIF) and subsequently as the Acting Chief Executive Officer of the Social Health Authority (SHA). His prior leadership positions include Managing Director at CIC General and Acting Group CEO at CIC Group PLC. Additionally, he served as a general manager at AAR health services before assuming a similar role at Madison insurance in November 2010. Mr. Wacira's career trajectory highlights his success in driving major insurance and business development initiatives.



CPA. Robert Mbarani Ingasira Director, Financial Services NHIF

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

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

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

National Health Insurance Car loan & Mortgage Scheme

Annual Report and Financial Statements For the year ended 31st June 2021

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

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



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

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

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



Ms. Hazel is a visionary leader with an extensive educational background and a proven track record in management. Her qualifications include a Master of Politics & Policy, a Bachelor of

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

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

Mr. Martin Ayoo **Director, ICT NHIF**



With a Master of Science in Data Communications, a Bachelor of Science in Information Technology, and a Diploma and Certificate in Information Technology, Martin

comes equipped with a wealth of knowledge and expertise. He has further refined his skills through completing the Strategic Leadership Development Programme, Senior Management Course, Advanced Certificate in Operational Management, and Executive Leadership and Governance Programme.

Martin holds memberships in prestigious professional organizations such as the Computer Society of Kenya, Information Systems Audit Control Association (ISACA), Project Management Institute (PMI), and Association of Computing Practitioners-Kenya (ACPK). With experience as the Manager ICT at Lapfund.

National Health Insurance Car loan & Mortgage Scheme

Annual Report and Financial Statements For the year ended 30th June 2024

CS. Catherine Kinya Mungania

Director, Legal Services NHIF



With over 10 years of experience in corporate law and administration, CS. Catherine is a seasoned professional who has consistently delivered exceptional results.

Her qualifications

include a Master of Laws and a Bachelor of Laws, demonstrating her deep understanding of legal principles and practices. Additionally, she's an advocate of the high court and holds a diploma in human resource management as well as being a certified public secretary (CS)

Throughout her career, Catherine has successfully navigated complex legal frameworks and provided strategic counsel to senior management. Her expertise in corporate governance, contract negotiation, and risk management has been instrumental in driving organizational success. Catherine's strong leadership and communication skills have enabled her to effectively manage diverse teams and foster a culture of excellence within the corporate services division.

As Director of Corporate Services, Catherine is dedicated to driving operational efficiency, legal compliance, and sustainable growth. Catherine's combination of academic excellence and practical experience uniquely position her as a trusted leader.

Mr. Ibrahim Mohamed Alio

Director, Corporate Services NHIF



Mr. Alio is a seasoned professional with a broad spectrum of expertise encompassing the public and private sectors, particularly in

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

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

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

National Health Insurance Car loan & Mortgage Scheme

Annual Report and Financial Statements For the year ended 30th June 2024

3. FIDUCIARY MANAGEMENT

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

No.	Designation	Name
1.	Chief Executive Officer	Mr. Elijah Gichaga Wachira
2.	Director Audit	CPA. Pariken Ole Sankei
3.	Director Beneficiary & Provider Management	Ms. Hazel Jemutai Koitaba
4.	Director Corporate Services	Mr. Ibrahim Mohamed Alio
5.	Director Financial Services	CPA. Robert Mbarani Ingasira
6.	Director ICT	Mr. Martin Ayoo
7.	Director Legal Services	CS. Catherine Kinya Mungania

4. CHAIRMAN'S STATEMENT

Dear Members and Stakeholders,

I am pleased to present the annual report for the Social Health Authority (SHA) car loan and mortgage scheme for the year ended June 30, 2024.

This has been a year of significant transformation for the Authority, marked by the implementation of the Social Health Insurance Act No. 16 of 2023.

Our primary focus is to offer loans to the employees to enable them acquire houses/vehicles at affordable rates.

As we continue to navigate these transformative times, I am confident that our efforts will yield positive, long-lasting outcomes for all Kenyans. Our vision of a healthcare system that is accessible, affordable, and sustainable is within reach. I would like to express my gratitude to the Board, our partners, and the entire SHA team for their dedication and tireless work in pursuit of this goal.



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

National Health Insurance Car loan & Mortgage Scheme

Annual Report and Financial Statements For the year ended 30th June 2024

REPORT OF THE CHIEF EXECUTIVE OFFICER



The first financial year ending 30 June 2024, has been a period of substantial growth and strategic realignment for the Social Health Authority (SHA).

Our core mandate - ensuring every Kenyan has access to affordable healthcare - has been our guiding principle as we transitioned to the new Social Health Insurance framework.

Looking ahead, we remain committed to enhancing our service delivery through digital innovations, community engagement, and strict adherence to statutory obligations. As we embark on this new phase of development, we are focused on leveraging partnerships, technology, and our expertise to ensure sustainable and equitable healthcare for all.

I extend my sincere thanks to the Board, our partners, and the dedicated SHA staff who continue to work tirelessly in the pursuit of better health outcomes for all Kenyans.

.....
CPA ROBERT MBARANI INGASIRA

AG. CHIEF EXECUTIVE OFFICER SHA

3. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by Social Health Insurance Act of 2023 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *(quote the applicable legislation establishing the Fund)*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 20xx, and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern *(disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements)*. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

National Health Insurance Car loan & Mortgage Scheme

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30th September 2024 and signed on its behalf by:



.....
DR. MOHAMED ABDI MOHAMED
CHAIRPERSON BOARD OF DIRECTORS SHIA



.....
CPA ROBERT MBARANI INGASIRA
AG. CHIEF EXECUTIVE OFFICER SHIA

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL HEALTH INSURANCE FUND- CAR LOAN AND MORTGAGE SCHEME FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Health Insurance Fund Car Loan & Mortgage Scheme set out on pages 28 to 39 which comprise of the statement

Report of the Auditor-General on National Health Insurance Fund Car Loan & Mortgage Scheme for the year ended 30 June, 2024

of financial position as at 30 June, 2024 and the statement of financial performance, statement of net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Health Insurance Fund Car Loan and Mortgage Scheme as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Financial Assets

The statement of financial position and as disclosed in Note 4 to the financial statements reflects financial assets balance of Kshs.1,040,099,697 in respect of outstanding loan issued to National Health Insurance Fund (NHIF) staff under the scheme. Included in the balance is transfers amount of Kshs.15,684,430 for both car loan and mortgage schemes which is not supported with an approved list of applicants, transaction numbers, loan amount and date of transfers for each scheme.

In the circumstances, the accuracy and completeness of financial asset (utilized funds) of Kshs.1,040,099,697 could not be confirmed.

2. Unsupported Unutilized Deposit

The statement of financial position and as disclosed in Note 3 to the financial statements reflects unutilized deposit of Kshs.356,979,398. Included in the balance is Kshs.81,132,113 for approved facilities held pending drawdown out of which Kshs.27,024,514 relates to a local bank car loan which was not supported with approved list of applicants indicating the amount and date of approval. Further, the amount includes transfer of Kshs.13,084,691 in the same bank which was not supported with approved list of transfers, amount and date of transfer. In addition, the unutilized deposit balance includes Kshs.160,754,322 to another local bank's Savings and Loan (S&L) mortgage available for commitment which was not supported with bank statements and certificate of balance.

In the circumstances, the accuracy and completeness of unutilized deposit balance of Kshs.356,979,398 could not be confirmed.

3. Inaccuracies in Accumulated Surplus

The statement of financial position reflects accumulated surplus balance of Kshs.450,986,727 while the statement of changes in net assets reflects a balance of Kshs.420,628,207 resulting to unexplained variance of Kshs.30,358,520.

In the circumstances, the accuracy and completeness of accumulated surplus of Kshs.450,986,727 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the National Health Insurance Fund Car Loan and Mortgage Scheme 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.

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

Other Information

Conclusion

The Management is responsible for the other information set out on page 3 to 26 which comprise of Key NHIF Information, The Board of Directors, Key Management Team, Fiduciary Management, Chairman's Statement and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

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

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. Lack of Car Loan and Mortgage Policy and Regulations

The statement of financial position and as disclosed in note 4 to the financial statements reflects financial asset (utilized funds) balance of Kshs.1,040,099,697. However, the Scheme operates without an approved car loan and mortgage policy and regulations and therefore, the car loan and mortgage loan advanced at 5.5% and 5% per annum respectively were not legally backed. This was contrary to Section 68(1) of the Public Finance Management Act, 2012 which requires Accounting Officer of a national government entity to be accountable to the National Assembly; for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

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

2. Failure to Recover and Remit Fringe Benefit Tax

Note 4 to the financial statement reflects financial asset (utilized funds) balance of Kshs.1,040,099,697 out of which an amount of Kshs.1,024,415,267 relates to fully disbursed loans and Kshs.15,684,430 relates to total transfers of car loans and mortgage funds advanced to employees at a rate of 5.5% and 5% respectively. However, it was noted that the Fund Management has not been remitting to Kenya Revenue Authority (KRA) fringe benefit tax accrued from the low interest loans extended to its members.

This was contrary to section 12(B1) of the Income Tax Act, 2010 that requires an employer to pay fringe benefit tax in respect of a loan provided to an employee or director at an interest rate lower than the market interest rate.

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

3. Lack of Approved Budget

Review of the Scheme's operations revealed that they were not guided by an approved budget in the administration of the Fund. This was contrary to Section 68(2)(h) of the

Public Finance Management Act, 2012 which requires the accounting officer to prepare estimates of expenditure of the entity in conformity with the strategic plan.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects.

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

Responsibilities of the Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

National Health Insurance Car loan & Mortgage Scheme

Annual Report and Financial Statements For the year ended 30th June 2024

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


	Note	2023/2024
		Kshs.
Revenue from exchange transactions		
Interest income	1	25,768,583
Other income		-
Total revenue		25,768,583
Expenses		
Management fees		-
Other Operating Expenses	2	1,630
Total expenses		(1,630)
Surplus/(deficit) before tax		25,766,953
Taxation		-
Surplus/ (Deficit) after Tax		25,766,953

National Health Insurance Car loan & Mortgage Scheme
Annual Report and Financial Statements For the year ended 30th June 2024

5. Statement of Financial Position as at 30th June 2024

	Note	2023/2024
		Kshs.
Assets		
Current assets		
Bank – Unutilized Deposit	3	356,979,398
Total Current Assets		356,979,398
Non-current assets		
Financial Asset (Utilized Funds)	4	1,040,099,697
Total Non-Current Assets		1,040,099,697
Total assets (A)		1,397,079,095
Liabilities		
Trade and other payables		-
Total Current Liabilities		-
Total liabilities (B)		-
Net Assets (A-B)		1,397,079,095
Represented/Financed By:		
Car loan revolving fund		49,604,500
Mortgage revolving fund		896,487,868
Accumulated surplus/Deficit		450,986,727
Net Assets		1,397,079,095

The financial statements were approved on 30th September 2024 by:



 Dr Mohamed Abdi Mohamed
 Chairperson SHA



 Cpa Robert Mbarani Ingasira
 Acting Chief Executive Officer
 SHA



 Fransisca W Mwanza
 Head of Finance & Accounts
 SHA
 ICPAK M/No 4834

National Health Insurance Fund Car loan & Mortgage Scheme
Annual Report and Financial Statements For the year ended 30th June 2024

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

	Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Balance as at 1 July 2022	896,487,869	49,604,500	400,139,310	1,346,231,679
Surplus/(deficit) for the period	-	-	25,080,464	25,080,464
Funds received during the year	-	-	-	-
Interest capitalized*	-	-	-	-
Transfers	-	-	(14,674,090)	(14,674,090)
As at 30 June 2023	896,487,869	49,604,500	410,545,684	1,356,638,053
Balance as at 1 July 2023	896,487,869	49,604,500	410,545,684	1,356,638,053
Surplus/(deficit) for the period	-	-	25,766,953	25,766,953
Funds received during the year	-	-	-	-
Interest capitalized*	-	-	-	-
Transfers	-	-	(15,684,430)	(15,684,430)
As at 30 June 2024	896,487,869	49,604,500	420,628,207	1,366,720,576

(Provide details on the nature and purpose of reserves. Include a column for any other fund that the entity may be managing.)

*Where the Fund provides for interest to be revolved into the fund, such interest should not be recognized in the statement of financial performance.

National Health Insurance Fund Car loan & Mortgage Scheme
Annual Report and Financial Statements For the year ended 30th June 2024

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

	Note	2023/2024
		Kshs.
Cash flows from operating activities		
Receipts		
Interest received	1	25,768,583
Total receipts		25,768,583
Payments		
Other Operating Expenses	2	(1,630)
Tax Paid		-
Total payments		(1,630)
Net cash flow from operating activities		25,766,953
Cash flows from investing activities		
Purchase of Long-term Deposit		(15,684,430)
Net cash flows used in investing activities		(15,684,430)
Net increase/(decrease) in cash and cash equivalents		10,082,522
Cash and cash equivalents at 1 July 2023	3	346,896,876
Cash and cash equivalents at 30 June		356,979,398

(PSASB has prescribed the direct method of cash flow preparation/ presentation for entities reporting under IPSAS Accrual basis of accounting)

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Notes to the Financial Statements

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

1. Interest income

Description	2023/2024
	Kshs.
Interest Income from Mortgage Loans	25,041,294
Interest Income from Car Loans	727,288
Interest Income from Investments in financial assets	-
Interest Income on Bank Deposits	-
Other (Specify)	-
Total Interest Income	25,768,582

2. Other operating expenses

Description	2023/2024
	Kshs.
Remittance Charges Q1	240
Remittance Charges Q2	180
Remittance Charges Q3	520
Remittance Charges Q4	690
Total	1,630

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3. Bank Balances (Unutilised Deposits)

Description	2023/2024
	Kshs.
Approved facilities held Pending Drawdown (AHPD)	81,132,113
At appraisal stage	127,450,366
Available amount for commitment	160,754,322
Transfers	(13,084,691)
Add: Interest	727,288
Total	356,979,398

4. Financial Assets

Description	2023/2024
	Kshs.
Utilized funds (Fully disbursed loans)	1,024,415,267
Transfers	15,684,430
Total	1,040,099,697

5 Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*. The financial statements have been prepared in accordance with the PFM Act, *(include any other applicable legislation)*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

6 Significant Accounting Policies

a. 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 *(remove if not applicable)* and at various commercial banks at the end of the financial year.

b. Comparative figures

The National Health Insurance Fund is preparing the scheme financial statement for the first time hence we have not provided comparative figures for prior periods.

c. Events after the reporting period

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

d. Ultimate and Holding Fund

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The Fund is established by the Act No 9 of 1998 and later amended in 2022. Its ultimate parent is the state department for medical services the Government of Kenya.

e. Currency

The financial statements are presented in Kenya Shillings (Kshs.).

7 Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs.	Kshs.
NHIF Car Loan/ Mortgage Account	1,397,079,095	1,371,312,143
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash and Cash equivalents	1,397,079,095	1,371,312,143

8a) Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	2023/2024	2022/2023
		Kshs.	Kshs.
Mortgage and Car Loan Fund			
NHIF KCB S&L and NBK Car Loan		1,397,079,095	1,371,312,143
Fixed Deposit Accounts			
SHA Commercial Bank		-	-
Sub- Total		1,397,079,095	1,371,312,143
On- Call Deposits			
Bank Xxx		-	-
Sub- Total		-	-
Current Account			
SHA Commercial Bank		-	-
Bank B		-	-

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Financial Institution	Account number	2023/2024 Kshs.	2022/2023 Kshs.
Sub- Total		-	-
Others (Specify)		-	-
Cash On Hand		-	-
Mobile Money		-	-
Sub- Total		-	-
Grand Total		1,397,079,095	1,371,312,143

(Provide the average effective interest rate to the fixed deposit as at the time of investment in respect of the period).

9 Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund 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 Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

b) Liquidity risk management

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

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (*subject to review and approval by the Audit and Risk Management Committee*) and for the day-to-day implementation of those policies.

There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

d) Interest rate risk

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

Management of interest rate risk

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

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e) Capital risk management.

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

Description	2023/2024
	Kshs.
Revolving fund	946,092,369
Accumulated surplus (<i>Reserves</i>)	450,986,727
Total funds	1,397,079,096
Less: cash and bank balances	(204,465,067)
Net debt/(excess cash and cash equivalents)	1,192,614,029
Gearing	85%

10 Currency

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

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APPENDIX III- IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS

The financial statements for the Carloan & Mortgage scheme are being prepared for the first time and therefore there are no prior audit recommendation.

MR. ROBERT MBARANI INGASIRA
AG. CHIEF EXECUTIVE OFFICER SHA

DR. MOHAMED ABDI MOHAMED
CHAIRPERSON -BOARD OF DIRECTORS SHA