

REPUBLIC OF KENYA



Paper Laid
By LOMP Hon. Dualo
MP on 6/6/2018 PM
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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
THE MINISTRY OF HEALTH

FOR THE YEAR ENDED
30 JUNE 2017

X



MINISTRY OF HEALTH

REVISED REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Ministry of Health was formed in March 2014 by merging the former Ministry of Public Health and Sanitation and THE Ministry of Medical Services .The Ministry is represented by the Cabinet Secretary for Health who is responsible for the general policy and Strategic direction of the Ministry of the entity.

The Ministrys' mission is to build a progressive, responsive and sustainable health care system for the accelerated attainment of the highest standard of health to all Kenyans.

The mandate of the Ministry is to coordinate health policy, health regulation, National Referral Health Facilities, capacity building and provide technical assistance to Counties.

b) Key Management

Ministry of Health day-to-day management is under the following key organs:

1. Department of Preventive and Promotive Health
2. Department of Curative and Rehabilitation Health Services
3. Department of Standards and Quality Assurance Regulations
4. Department of Planning and Health Financing
5. Department of Health Sector Coordination and Intergovernmental
6. Department of Administrative Services

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

Designation	Name
Accounting Officer	-Mr. Julius Korir
Director Medical Services	-Dr. Julius Kioko
Secretary Administration	-Francis Musyimi
Head of Finance	-Peter Odundo
Chief Economist	- Elkanah Onguti
Head of Accounting Unit	-Joyce Mutugi

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d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

Audit and finance committee activities

- I. Parliamentary committee activities
- II. Development partner oversight activities
- III. Other oversight activities

e) Entity Headquarters

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Afya House
Cathedral Road
Nairobi, KENYA

f) Entity Contacts

Telephone: (254) 020-2717077
E-mail: ps@health.go.ke
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g) Entity Bankers

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h) Independent Auditors

Auditor -General
Kenya National Audit Office
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P.O. Box 30084
GOP 00100
Nairobi, Kenya

i) Principal Legal Adviser

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

II. FORWARD BY THE CABINET SECRETARY
MINISTERIAL FINANCIAL STATEMENT - 30th JUNE, 2017

1. Introduction

1.1. Background

A pre-requisite for socio-economic development of the country is good health. The health sector therefore forms a key component of the social pillar of the Vision 2030 which aims at transforming Kenya into a newly industrializing, middle income county providing a high quality of life to all its citizens in a clean and secure environment by 2030.

The Vision of the Ministry is;

- “An efficient and cost effective medical care system for a health Nation” while

The Mission of the Ministry is;

- to “promote and participate in Provision of integrated and quality curative and rehabilitative services to all Kenyans.”

There are seven (7) Semi-Autonomous Government Agencies (SAGAs) under the Ministry of Health which complement it in discharging its core functions through specialized health Services delivery, medical research and training; procurement and distribution of drugs; and financing through health insurance. These SAGAs are Kenyatta National Hospital, Moi Teaching and Referral Hospital, Kenya Medical Training College, Kenya Medical Supplies Agency, Kenya Medical Research Institute, National Aids Control Council and National Hospital Insurance Fund.

There are six statutory organizations mainly involved in regulation of health care services in the county, definition of professional standards; establishment of codes of conduct and licensing of facilities, training institutions and professional health workers.

The Ministry has a network of 285 public hospitals countrywide to provide curative and rehabilitative healthcare services. Out of this, 70% of the hospitals are sub district hospitals, District Hospitals are 26% while Regional Referral and National Referral Hospitals comprise less than 4% of all public hospitals.

1.2 Mandate

The Ministry of Health mandate as spelt out in the latest Presidential Circular can be summarized into the following key areas: -

- i. Health Policy

- ii. Curative Services
- iii. Treatment and Management of HIV/AIDS and other Sexually Transmitted infections
- iv. Maternity Services
- v. Clinics and Hospitals
- vi. Registration of Doctors and Para-medicals
- vii. Clinical laboratory Services
- viii. Regulatory bodies for pharmacy and medicine
- ix. Parastatals: Kenyatta National Hospital, Moi Teaching and Referral Hospital, Kenya Medical Training College, Kenya Medical Supplies Agency, Kenya Medical Research Institute, National Aids Control Council and National Hospital Insurance Fund.
- x. Preventive and Promotive Services

In fulfilling its mandate, the Ministry is guided by the following strategic objectives:

- i. Eliminate Communicable Conditions
- ii. Halt, and reverse the rising burden of non-Communicable Conditions.
- iii. Reduce the Burden of violence and injuries
- iv. Provide essential Health Care
- v. Minimize exposure of Health risk factors
- vi. Strengthen collaboration with health related Sectors

1.3 Priority Investment Areas

In order for the sector to realize the above mandate, the Ministry focused on the following investment areas of the health system:

1. Service Delivery System – provided a network of functions, efficient and sustainable health infrastructure, equipment, and transport for the effective delivery of health care services.
2. Capacity Building – enhanced numbers, skills and retention approaches.
3. Health Products and Technologies – ensured reliable access to quality, safe, and affordable essential medicines and medical supplies that are appropriately regulated, managed and utilized.
4. Health Management Information System strengthened, including the application of Technology in the delivery of Health Services.
5. Health Infrastructure – improved physical infrastructures.
6. Leadership and Governance – enhanced to support the management of health and service; and

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7. Health Financing – developed an equitable health care financing mechanism to ensure social protection, particularly for the poor and vulnerable and strengthen Public Private Partnerships.

The above measures are meant not only to enhance health services delivery at hospital level, but also make public hospitals health facilities of choice when seeking care. The Ministry is promoting Public Private Partnership (PPP) in order to mobilize additional financial resources and expertise for health.

1.4 Disease Burden

It is recognized that high disease burden is a barrier to economic growth. In Kenya, most of the illnesses are caused by preventable conditions. Top of the list are malaria, diseases of the respiratory system, diseases of the skin, diarrhoea and accidents which accounts for 68% of total outpatient morbidity. Positive gains have emerged in malaria and HIV Control, owing to availability of resources and improved coordination for scale up of targeted interventions. However, non-communicable diseases like cancers, diabetes and cardiovascular diseases are on the rise.

2. Changes in Policy/Strategy and Legal Frame Work

A number of key policy strategic documents and bills were developed during the period under review. These include: -

- i. Sessional Paper No.2 of 2017 on the Kenya Health Policy 2014-2030 which outlines the country's long term aspirations in attaining the overall health goals for Kenya;
 - ii. The Health Act 2017 was enacted.
 - iii. Draft Health Financing Strategy was developed
 - iv. Kenya Health Sector Strategic Plan 2014 – 2018: which outlines the sector's Medium Term objectives, priorities and implementation arrangements;
 - v. Draft Third Medium Term Plan, 2018-2022 of the Vision 2030;
 - vi. The draft Health Internship Policy;
 - vii. Development of the draft Emergency Medical Care Policy;
 - viii. The draft Kenya Health Certification Framework for E-health solutions
 - ix. Kenya Environmental Sanitation and Hygiene Policy 2016-2030 developed;
 - x. The Kenya Environmental Sanitation strategic framework 2016-2020 developed;
 - xi. The open defecation free campaign road map 2016-2020 developed;
- a) The draft Food and Nutrition Security Bill;

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- xii. The draft Food and Drug authority bill;
- xiii. The draft Environmental Health and Sanitation Bill 2017;
- xiv. The Mental Health Act was enacted.

3.0 PROGRAMME IMPLEMENTATION: 2016 / 2017

The Table below shows spending for the F.Y 2016/2017 by programmes. In summary, the Ministry utilized 80% of the allocated resources with Curative and Rehabilitative Health (Clinical) utilizing the highest percentage per program followed by General Administration and Support Services. A breakdown of spending by programmes is provided in the table that follows.

Programme (s)	Original Budget (Ksh) Million	Approved Estimates (Ksh) Million	Actual Expenditure (Ksh) Million
Recurrent			
Preventive & Promotive Health Services	1,525.27	2,128.02	1,975.79
Curative & Rehabilitative Health (Clinical)	16,546.31	17,661.14	14,559.04
Health Research and Development (KMTC & KEMRI)	5,388.39	5,593.25	4,507.15
General Administration & Support services	5,480.58	10,306.98	9,548.80
Maternal & Child Health (Maternal, Immunization and FP Services)	49.57	47.62	44.70
Total Recurrent	28,990.11	35,737.01	30,635.48
Development			
Preventive & Promotive Health Services	6,061.41	5,730.90	4,131.98
Curative & Rehabilitative Health (Clinical)	7,032.02	13,031.57	10,848.10
Health Research and Development (KMTC & KEMRI)	208.50	308.50	308.50
General Administration & Support services	9,939.88	8,779.47	5,648.56
Maternal & Child Health (Maternal, Immunization and FP Services)	8,038.00	7,846.88	5,899.60
Total Development	31,279.82	35,697.31	26,836.75

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Recurrent and Development			
Preventive & Promotive Health Services	7,586.68	7,858.91	6,107.77
Curative & Rehabilitative Health (Clinical)	23,578.33	30,692.70	25,407.14
Health Research and Development (KMTC & KEMRI)	5,596.89	5,901.75	4,815.65
General Administration & Support services	15,420.46	19,086.45	15,197.36
Maternal & Child Health (Maternal, Immunization and FP Services)	8,087.57	7,894.50	5,944.31
Total Recurrent and Development	60,269.93	71,434.32	57,472.23

Source: MOH Appropriation Accounts 2016/17, MOH Program Performance Review (MPPR) Report 2017/18)

4.0 Key Achievements of the Ministry

- 1. Free Maternity** – The Ministry scaled up access to free maternity services to reach 1.2 million women. The programme has been transformed to “Linda Mama Program” which has an expanded package of benefits for pregnant women and their new-borns for periods of one year. Under the scheme, both public and faith based health providers in Kenya are being contracted to provide services, with a target of about 80% of pregnant women and their new-borns benefiting in the first year of implementation. Further, the implementation of the Free Primary Healthcare programme in all public primary health facilities has resulted in a major increase in the utilization of health services with an average of 2.2 visits per person per year in 2016 up from 1.1 realized in 2013.
- 2. Managed Equipment Services (MES)** – Under MES programme, 98 hospitals were equipped with modern specialized equipment - two hospitals in each county and 4 at the national level – with all the 98 hospitals now fully completed.

This programme has enabled the number of digital anesthetic machines to increase from just 14 to 176 machines; the number of digital sterilization equipment has gone up from 9 to 104 machines; the number of ICU/HDU beds increased from 56 to 155 beds while the kidney dialysis machines in public hospitals has increased from just 44 in 4 hospitals to 294 between 2013 and 2017. The total daily dialysis capacity has

henceforth increased six-fold from 88 to 548 sessions across the country. These also include installation of 100 new digital x-ray systems; 50 digital mammography units and 96 digital ultrasound units.

3. **Health Workers Training** – KMTC has expanded training and seen the student population growth from 19,000 to 32,995 in the last five years while the college is now releasing 8,000 graduates up from 6,394 in 2013.
4. **Social Protection:** - In line with the Ministries universal health coverage agenda the following were implemented:

The Ministry through NHIF increased in access to quality healthcare by enrolling a total of 178,000 and 231,000 households under the Health Insurance Subsidy Programme and the programme for the Elderly and People with Severe Disabilities respectively – translating to over 700,000 people covered.

The Ministry has strengthened its staff complement with the finalization of the staff establishment and the promotions to key vacant positions are ongoing. The Ministry absorbed all the doctor interns into regular establishment upon completion of their internship, as has been the practice.

5.0 Health Sector Delivery System

- The Ministry distributed Long Lasting Insecticidal Mosquito nets to avert malaria incidences with 0.6 million, LLINs being distributed in FY 2013/14, 2014/15 and 2015/16 respectively which translated to about 25 million Kenyans sleeping under a LLIN (63% households). Indoor Residual Spraying (IRS) of households, the diagnosis-based treatment policy, supply of the preventive medicine and other integrated vector management measures, which have contributed to the low transmission. Currently 87% of public health facilities have diagnostic capacity. (Ministry of Health (MOH) [Kenya]. Kenya Annual Malaria Report, 2013-2014.
- Immunization coverage increased from 77% to 88% in KDHS 2008/09 and KDHS, 2014 while the proportion of fully immunized children according to DHIS2 data went down from 84.3% in 2012 to 79% in 2016. An estimated 11 percent of children under-five years were underweight, 7 percent wasted and 26 percent were stunted in KDHS,2014 compared to 2008/09 KDHS where an estimated 20 percent of children under-five years were underweight, 4 percent wasted and 35 percent were stunted.
- The Ministry of Health revised and adopted a new Community Health Strategy for 2014-2019 intended to strengthen the delivery of integrated comprehensive and quality community health services for all population cohorts; strengthen community structures and systems for effective implementation of community health actions and services at all levels; strengthen data demand and information use at all levels; and strengthen mechanisms for resource

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mobilization and management for sustainable implementation of community health services which has a focus on placing formally employed government workers, Community Health Extension Workers (CHEW) into communities and households as an extension of static health facilities. major efforts have been made in scaling up of community health services. Some counties (Turkana, Homabay, Siaya, Nyeri, Kakamega and Busia) have a network of community health resources that cover the whole population in the county. Other such as are at a coverage rate above 80%.

- The Ministry has established and operationalized the Public Health Emergency Operations Centre (PHEOC) to develop, strengthen and maintain the capacity to respond promptly and effectively to public health risks and public health emergencies. This is part of the global health security agenda which focuses on improving health globally through partnerships with Ministries of Health. The Environmental Sanitation and Hygiene Policy (2016-2030) and the Environmental Sanitation and Hygiene Strategic frame work (2016-2020) were launched in 2016. Further, the National Health Care Waste Management strategic plan 2015 – 2020 was launched during the period.
- Kenya is experiencing an epidemiological transition in its disease burden from infectious to non-communicable conditions resulting in a triple burden of disease (Communicable diseases, non-communicable diseases and injuries). A number of measures are being implemented to address this challenge. The National Cancer Institute was established with its board of trustees inaugurated in February 2015. The National Cancer Control Strategy 2017-2017 has also been developed to guide the implementation of cancer control activities in the country. The STEPs survey was undertaken in 2015/16 and provides baseline data on prevalence of NCDs. The Kenya National Strategy for Control and Prevention of NCDs, 2015-2020 was also launched in 2015.
- The Ministry has also undertaken the following infrastructure projects: Construction and equipping of a Maternity block at Likoni Sub-County Hospital; construction of a 30 bed Maternity ward and Theatre at Ngong County Hospital; equipped 98 Hospitals under Managed Equipment Services Project; constructed 40 classrooms for the Medical Training College (MTC), completed construction of the Phase I of the Central Radioactive Waste Processing Facility (CRWPF) at Oloolua Forest; established 20 Health facilities in the slum areas and procured an additional 100 mobile facilities for installation in other urban centres; initiated the construction of the East Africa Kidney Institute as a centre of excellence for skills & tertiary education;

construction of the burns unit at Kenyatta National Hospital; construction of Neuro-Surgery Centre at Moi Teaching and Referral Hospital, amongst others.
- Ministry of Health and its partners through the Neglected Tropical Diseases (NTD) Unit have implemented the NTD control strategies, NTDs major mapping, and the Kenya National School-Based Deworming Programme (NSBDP) which has led to 6.4 million school-age children being de-wormed between by 2016/2017. Mass treatment of LF has been

implemented in 23 endemic sub-counties on the Kenyan coast in 2015 and 2016; 63% treatment coverage has been achieved (KNSP for Control of NTDs, 2016). Targeting 13,952,274 people, the Mass Drug Administration (MDA) for Trachoma has achieved national coverage of 79.4% in 2015 (KNSP for Control of NTDs, 2016).

- The Mass Drug Administration (MDA) for Trachoma achieved national coverage of 79.4% in 2015 (KNSP for Control of NTDs, 2016). The burden of visual impairment (including blindness) and ocular morbidity stands at about 22%, totalling to about 9 million, with 250,000 people blind. All these people require eye care services. Over 80 % of these cases are treatable or preventable with Ophthalmic complications emerging to be among the leading of the Non-Communicable diseases.
- With these developments, there is a need to re-focus our goals towards control, elimination and eradication of selected NTDs by 2020 in line with the WHO Africa Regional goals.
- Since the introduction of Multidrug Therapy (MDT), the global leprosy burden has significantly reduced, from 5.2 million in 1985 to 175,554 people with leprosy at the end of 2014. The drive to “eliminate” leprosy as a public health problem was achieved globally in the year 2000 and in most countries by 2005 (Global Leprosy Strategy, 2016-2020).
- Kenya embarked on the development of the Central Radioactive Waste Processing and temporary storage Facility (CRWPF) in 2006 at Oloolua forest, Ngong to ensure the safety and security of radioactive sources and intercepted nuclear materials in illicit trafficking. Phase I of the three phases were completed in 2016/17 FY.

6.0 Emerging Issues Relating to the Ministry of Health

- Increasing visibility in a long-standing health issue that continues to obstruct the public health goal of reducing morbidity, mortality and disability as in the case of Multidrug resistant Tb and HIV/AIDs.
- Political unrest and increase cross border travels has led to an increase in emerging and re-emerging Diseases (Haemorrhagic fever, airborne viral epidemics, polio)
- Rebasng of the economy and Kenya becoming low middle income Country will change the dynamics in terms of funding for heath.
- The increasing Challenge in management and coordination of the limited supply of specialized Health care professionals to cover all the counties effectively to ensure fair access to relevant health services to all.
- Control and enforcement of health practice both conventional and traditional medicine remains weak.

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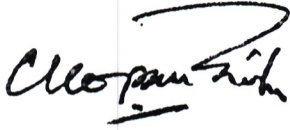
7.0 Challenges

The Ministry was constrained by several factors emanating from:-

- a) Trends in Health Outcomes that undermine the health system response include communicable diseases accounts for the highest proportion of disease burden in the sector. Despite the significant decrease on HIV/AIDS prevalence rate, the co-infection of HIV/AIDS and TB coupled with the emergence of drug resistant strains of TB pose a serious problem to the sector. Despite great strides in tuberculosis control, it is estimated that 19% still remain undetected. Additionally, funding of HIV/AIDS programmes still remain donor dependent at 80%.
- b) Weaknesses in resource allocation and use: These include, weak linkages between policy making, planning and budgeting processes, little relationship between budget as formulated and budget executed, weak accounting systems, poor management of external aid, inadequate reporting of financial performance evidence based planning,
- c) The sector still faces challenges of skewed distribution of skilled health workers with some areas of the country facing significant gaps while others have optimum/surplus numbers. However, since service delivery has now been devolved to the county governments, determination and fixing of the disparity to facilitate achievement of set priorities is key priority to the counties
- d) There is inadequate infrastructure and skewed distribution of available infrastructure with a bias towards the urban areas. Timely maintenance still remains a challenge; there exists obsolete equipment that require replacement with modern ones
- e) Lack of the necessary legal framework to compel the affected sector to contribute towards the management of cases arising from health emergencies.
- f) Industrial unrest from health workers that seriously disrupt health services
- g) Failure to expand the National Health Insurance Scheme – Stakeholders differences over increased contributions
- h) Rising incidence of non-communicable diseases, e.g. diabetes, cancer and heart diseases
- i) Low physical access to services particularly in arid and semi-arid areas while user fees continue to be an obstacle to poor population.
- j) Limited coverage of the social health insurance by the National Hospital Insurance Fund within the informal sector.
- k) Physical access to services is a challenge particularly in arid and Semi Arid Districts while user fees continue to be an obstacle to poor population. TB/HIV co-infection of 41% and a growing threat of MDR/XDRTB
- m) Pending bills which a huge part of allocated funds;
- n) General inadequate funding for to the health sector and heavy reliance on donors for a number of activities related to health systems strengthening;
- o) High out of pocket and catastrophic expenditure;
- p) Increased industrial unrest emanating from devolution of human resources;
- q) Inadequate trained personnel, including specialists and sub-specialists due to limited financial resources; and
- r) An ageing health workforce that poses a challenge on succession management.

8.0 Conclusion

While substantial gains have been achieved and Kenya has the potential of meeting the SDGs but concerted efforts are required to increase funding and strengthen the health systems to deliver quality healthcare. Finally, I wish to acknowledge the cordial relation that we have had in working with the County Governments, partners and the support of the National Treasury that provided the funds for Recurrent and Development Expenditure.



Dr. Cleopa Mailu, EGH
CABINET SECRETARY

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. 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.

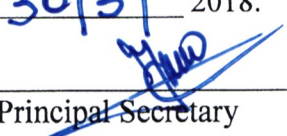
The Accounting Officer in charge of the Ministry of Health is responsible for the preparation and presentation of the Ministry of Health financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2017. 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 entity; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

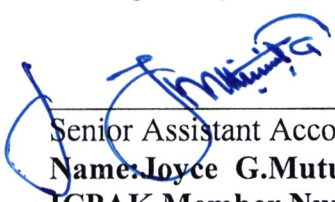
The Accounting Officer in charge of the Ministry of Health accepts responsibility for the Ministry of Health financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Ministry of Health financial statements give a true and fair view of the state of Ministry of Health transactions during the financial year ended June 30, 2017, and of the Ministry of Health financial position as at that date. The Accounting Officer charge of the Ministry of Health further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Ministry of Health financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Ministry of Health confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Ministry of Health 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 Ministry of Health 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 Ministry of Health financial statements were approved and signed by the Accounting Officer on 30/3/ 2018.


Principal Secretary
Name: Julius K. Korir


Senior Assistant Accountant General
Name: Joyce G. Mutugi (Mrs.)
ICPAK Member Number: 4265

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE MINISTRY OF HEALTH FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Ministry of Health set out on pages 16 to 42, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined 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 Ministry of Health as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Un-surrendered Old Deposits Balances from former Ministries

As previously reported, included in the statement of assets and liabilities as at 30 June, 2017 is cash and cash equivalent balance of Kshs.103,136,706. Further information revealed that deposits totaling Kshs.10,956,114,687 that were held in former Ministries of Medical Services and Ministry of Public Health and Sanitation which merged to form Ministry of Health were never transferred to the new deposit account contrary to Treasury Circular No.AG/CONF.17/01/65 of September, 2013 which required deposits in former Ministries to be analysed and transferred to new account.

Report of the Auditor-General on the Financial Statements of Ministry of Health for the year ended 30 June 2017

Consequently, management is in breach of Treasury Circular No.AG/CONF/17/01/65 of 2013 for failing to transfer the deposits of Kshs.10,956,114,687 to the new deposit account.

2. Bank Reconciliation – Recurrent Account

The statement of assets and liabilities as at 30 June 2017 reflects cash and cash equivalent balance of Kshs.103,136,706. Included in this amount, is recurrent account balance of Kshs.64,353,351. Further scrutiny of the bank reconciliation statement for the recurrent cash book as at 30 June 2017 revealed payments in cash book not recorded in the bank statement totaling Kshs.11,362,254 out of which Kshs.2,007,668 had not been captured in the bank statement as at the time of audit in March 2018. No reason has been given for the inordinate delay in getting the same captured in bank statement.

Consequently it has not been possible to determine the accuracy of Kshs.2,007,668 included in the cash and cash equivalent balance of Kshs.103,136,706 in the statement of financial assets and liabilities as at 30 June 2017.

3. Imprest and Advances

The statement of financial assets and liabilities as at 30 June 2017 reflects outstanding imprest and advances totaling Kshs.11,406,952. Included in the imprest balance is an amount of Kshs.10,535,336 which ought to have been accounted for on or before 30 June 2017 but which was still outstanding as at the time of audit in February, 2018.

In the circumstance, it has not been possible to confirm the validity and accuracy of the accounts receivables balance of Kshs.11,406,952 and the propriety of the same as at 30 June 2017.

4. Compensation of Employees

The statement of receipts and payments for the year ended 30 June 2017 reflects compensation to employees of Kshs.5,221,516,247.

4.1 Unsupported Payments

Included in the basic salaries and wages of permanent and temporary employees in note 6 to the financial statements is expenditure amounting to Kshs.6,204,018 whose payment vouchers and other related supporting records were not availed for audit review.

4.2 Deductions omitted from the Financial Statements

A review of the monthly payroll and supporting documentation, revealed that basic salaries and wages of permanent and temporary employees as disclosed in note 6 to the financial statements omitted an amount of Kshs.14,000,922 in arriving at the gross amounts in the financial statements.

In the circumstance, it has not been possible to confirm the expenditure of Kshs.20,254,940 included in the compensation of employees of Kshs.5,221,516,247 in the statement of receipts and payments for the year ended 30 June 2017.

5. Acquisition of Assets

The statement of receipts and payments for the year ended 30 June 2017 includes expenditure on acquisition of assets of Kshs.365,431,957 out of which payment vouchers and other related supporting records amounting to Kshs.68,190,154 were not availed for audit review. In addition, the particulars of the specific assets the expenditure relate to were not provided.

Consequently it has not been possible to ascertain the propriety of Kshs.68,190,154 included in the acquisition of assets figure of Kshs.365,431,957 in the statement of receipts and payments for the year ended 30 June 2017.

6. Emergency Relief and Refugee Assistance

The statement of receipts and payments for the year ended 30 June 2017 includes expenditure on other grants and transfers amounting to Kshs.228,139,231. Included in this balance is Kshs.195,652,052 which relates to emergency relief and refugee assistance as disclosed in note 9 to the financial statements. Payment vouchers and other related supporting documents amounting to Kshs.85,287,027 in respect of emergency relief and refugee assistance were not availed for audit review.

Consequently it has not been possible to ascertain the propriety of Kshs.85,287,027 in respect of the emergency relief and refugee assistance included in other grants and transfers of Kshs.228,139,231 in the statement of receipts and payments for the year ended 30 June 2017.

7. Errors in the Financial Statements

The statement of receipts and payments for the year ended 30 June 2017 reflects various expenditure items amounting to Kshs.73,225,828 which were charged to wrong accounts and thus contravening Section 99 (1) of the Public Finance (National Government) Regulations 2015.

Component in the financial statements	Note in the financial statement	Item	Specific details	Wrong account charged	Correct account for the item	Amount
						Kshs
Use of Goods and Services	Note 7	Rental of produced assets	Commodities	Rental of produced assets	Specialized materials and supplies	19,025,840
Use of Goods and Services	Note 7	Rental of produced assets	Assets	Rental of produced assets	Acquisition of Assets	3,440,277
Acquisition of assets	Note 11	Acquisition of assets	Chemicals and reagents	Acquisition of assets	Specialized materials and Supplies	11,221,395
Acquisition of assets	Note 11	Acquisition of assets	Antivirus license	Acquisition of assets	Routine maintenance-other assets	951,500
Acquisition of assets	Note 11	Acquisition of assets	Stationeries	Acquisition of assets	Office and General Supplies and services	606,500

Other Grants and Transfers	Note 9	Emergency relief and Refugee Assistance	Supplies	Emergency relief and Refugee Assistance	Use of goods and services	26,197,337
Use of Goods and Services	Note 7	Office and General Supplies	Supplies	Office and General Supplies	Foreign travel and subsistence	1,400,400
Use of Goods and Services	Note 7	Office and General Supplies	Supplies	Office and General Supplies	specialized materials and services	1,248,200
Use of Goods and Services	Note 7	Office and General Supplies	Domestic travel	Office and General Supplies	Domestic travel and subsistence	1,524,405
Use of Goods and Services	Note 7	Office and General Supplies	Fuel	Office and General Supplies	Fuel and other lubricants	892,000
Use of Goods and Services	Note 7	Office and General Supplies	Conference	Office and General Supplies	Hospitality supplies and services	484,000
Use of Goods and Services	Note 7	Office and General Supplies	Allowances	Other grants and transfers	Domestic travel and subsistence	854,000
Use of Goods and Services	Note 7	Hospitality supplies and services	Internal Quality Auditors	Hospitality supplies and services	Domestic travel and subsistence	197,500
Use of Goods and Services	Note 7	Office and general supplies and services	Hospitality	Office and general supplies and services	Hospitality supplies and services	739,298
Use of Goods and Services	Note 7	Office and general supplies and services	Security	Office and general supplies and services	Utilities supplies and services	3,445,200
Use of Goods and Services	Note 7	Office and general supplies and services	Travel	Office and general supplies and services	Domestic travel and subsistence	997,976
			Total			73,225,828

Due to the above errors, it has not been possible to determine the accuracy and validity of payments totaling Kshs.73,225,828 under statements of receipts and payments for the year ended 30 June 2017.

8. Proposed Upgrading of Othaya District Hospital

As previously reported, the Ministry awarded a contract for the upgrading of facilities at Othaya District Hospital to M/S Jaswant Singh and Brothers at a price of Kshs.436,300,798.80 which was later revised to Kshs.501,745,918.50. The initial completion period was 85 weeks but was extended to 123 weeks with new completion date being 25 October 2012. A status report dated 21 February, 2014 indicates cumulative payments of Kshs.501,745,917.70 representing 99.9% of the revised contract sum of Kshs.501,574,917.70. At the time, 192 weeks had elapsed out of contract period of 123 weeks.

Despite this apparent overpayment, the following works were outstanding:

- (a) Floor tiling and grouting
- (b) Wall tiling
- (c) Window glazing
- (d) Window stays and fasteners
- (e) Ceiling

- (f) Fixing of door leaves, locks, and glazing
- (g) Internal and external painting
- (h) Ramp and staircase finishes
- (i) Worktop and counter finishes
- (j) Road drainage
- (k) Medical gas installation

An inspection of the project carried out on November 2015 revealed that the contractor and subcontractors were not on site. Although it indicated that the project had been terminated on a mutual agreement no documentary evidence was made available for audit verification. Further, no evidence was provided that the performance guarantee had been recalled and discharged against uncompleted works.

Further information shows that the directorate gave an estimate for completion of outstanding works as Kshs.272,500,000. Though the Ministry put a request to National Treasury for funding, Treasury responded by advising that health was a devolved function and therefore Nyeri County should take over. Further information also reveal that Lunao Enterprises was given a new contract to complete the remaining works at a contract sum of Kshs.141,959,487.

The total expenditure for the construction of the hospital had accumulated to Kshs.578,542,747 by 30 June 2016.

In addition, the ministry reported an expenditure of Kshs.145,154,150 during the year 2016/2017 for construction of Othaya District hospital which accumulated to Kshs.723,696,897 by 30 June 2017 and which when compared against the initial contract value of Kshs.436,300,798 gives rise to a variation of Kshs.287,396,099 which is about 66%. No project progress reports have been availed for audit review.

Consequently, it has not been possible to ascertain whether the Government obtained value for money for the expenditure of Kshs.723,696,897.

9. Long Outstanding County Debts

As previously reported, during 2013-2014 financial year, the ministry paid on behalf of county government salaries totaling Kshs.19,208,279,767 which were to be recovered in the same financial year. Documents and information available indicate that the ministry only recovered Kshs.14,837,973,349 during 2013-2014 financial year leaving a balance of Kshs.4,370,306,417 which has remained outstanding to date and which has not been disclosed in the financial statements for the year ended 30 June 2017 as detailed below:

No.	County	Total Per County	Payment By The County	Unpaid Balance As At 30 June 2017
1	Baringo	436,539,829.10	203,160,522.20	233,379,306.90
2	Bomet	149,939,229.60	109,228,726.00	40,710,503.60
3	Bungoma	542,025,991.90	169,903,393.00	372,122,598.90

4	Busia	345,973,625.30	70,000,000.00	275,973,625.30
5	Embu	524,931,828.35	-	524,931,828.35
6	Garissa	292,081,393.65	62,762,901.00	229,318,492.65
7	Homa Bay	394,803,166.65	129,949,868.00	264,853,298.65
8	Isiolo	194,420,151.70	113,038,625.00	81,381,526.70
9	Kajiado	294,670,326.80	130,287,385.60	164,382,941.20
10	Kakamega	713,869,101.55	337,034,472.00	376,834,629.55
11	Keiyo Marakwet	324,977,919.40	295,200,241.85	29,777,677.55
12	Kericho	422,131,230.95	251,000,000.00	171,131,230.95
13	Kiambu	1,089,527,249.25	784,583,345.55	304,943,903.70
14	Kilifi	397,785,611.10	239,951,406.50	157,834,204.60
15	Kirinyaga	334,363,914.90	-	334,363,914.90
16	Kisii	582,690,519.80	366,131,142.30	216,559,377.50
17	Kisumu	709,470,408.35	357,612,798.00	351,857,619.35
18	Kitui	391,677,717.55	391,677,717.55	-
19	Kwale	231,334,998.40	231,334,998.40	-
20	Laikipia	266,319,861.50	-	266,319,861.50
21	Lamu	113,266,122.30	52,101,739.85	61,164,382.45
22	Machakos	591,362,875.90	169,654,816.00	421,708,059.90
23	Makueni	406,610,823.65	145,828,399.40	260,782,424.25
24	Mandera	90,891,533.85	90,891,534.30	(0.45)
25	Marsabit	183,407,716.40	141,430,190.70	41,977,525.70
26	Meru	576,851,358.20	576,851,358.20	-
27	Migori	276,885,532.30	110,382,633.00	166,502,899.30
28	Mombasa	682,711,688.50	-	682,711,688.50
29	Muranga	436,763,132.55	150,000,000.00	286,763,132.55
30	Nairobi County	1,650,432,382.40	200,000,000.00	1,450,432,382.40
31	Nakuru	1,120,516,449.95	240,000,000.00	880,516,449.95
32	Nandi	316,123,713.30	-	316,123,713.30
33	Narok	272,498,842.10	125,275,446.35	147,223,395.75

34	Nyamira	211,470,903.45	96,202,703.00	115,268,200.45
35	Nyandarua	374,637,572.10	118,933,341.00	255,704,231.10
36	Nyeri	744,981,628.25	-	744,981,628.25
37	Samburu	137,563,770.75	137,563,773.20	(2.45)
38	Siaya	271,951,370.10	-	271,951,370.10
39	Taita Taveta	233,302,146.50	184,390,145.75	48,912,000.75
40	Tana River	121,374,420.60	56,306,932.00	65,067,488.60
41	Tharaka	270,821,606.00	-	270,821,606.00
42	Trans Nzoia	371,743,295.85	331,620,768.10	40,122,527.75
43	Turkana	155,882,042.75	87,372,822.00	68,509,220.75
44	Uasin Gishu	410,059,769.25	188,495,201.60	221,564,567.65
45	Vihiga	209,312,955.10	93,376,410.75	115,936,544.35
46	Wajir	126,188,330.75	126,188,330.75	-
47	West Pokot	211,133,707.20	172,249,260.40	38,884,446.80
	Total For County's	19,208,279,765.85	7,837,973,349.30	11,370,306,416.55
	Recoveries from The National Treasury		7,000,000,000.00	7,000,000,000.00
	Total	19,208,279,765.85	14,837,973,349.30	4,370,306,416.55

The ministry has not explained why the amount has remained outstanding and why it has not been disclosed in the financial statements.

10. Irregular Payment on Portable Clinics

As previously reported, the Ministerial Tender Committee awarded the contract for Supply of Portable Medical Clinics to an Investments company vide Ministerial Tender Committee minutes No.MOH/MTC/.37/2014-2015 held on 29 June, 2015 to supply one hundred (100) portable medical clinics at Kshs.10,000,000 each totalling to Kshs.1 billion. On 17 July 2015, the contract to Supply, Install, Commission and Hand over was signed between the Investment company and the Ministry. The contract period was to be from the date of signing of the contract to the end of financial year 2015-2016 and has since elapsed despite the fact that the contract has not been executed. During the 2015-2016 financial year, the Ministry paid Kshs.800,000,000 for portable clinics but before installing, commissioning and handing over thus contravening the contractual agreement. Further, information available indicates that the containers were stored in government premises in Mombasa despite the fact that ownership has not passed to the Government.

Consequently, it has not been possible to determine whether the Government obtained value for money for the expenditure of Kshs.800,000,000.

11. Pending Bills

Records maintained by the Ministry of Health indicate that bills totaling Kshs.250,187,749 were not settled during the year 2016/2017 but were instead carried forward to 2017/2018. Had the bills been paid and the expenditure charged to the account for 2016/2017 the statement of receipts and payments for the year would have reflected a deficit of Kshs.180,365,136 instead of a surplus of Kshs.69,822,613.

Further, pending bills amounting to Kshs.75,820,676 relate to the year 2015/2016 (Kshs.65,685,624) and 2014/2015 (Kshs.10,135,052) which ought to have been cleared/paid as a priority in compliance with the Treasury Circular ref: No./DGIPE/A/1/10 of 18 December 2015 which requires all pending bills to be paid as a priority in the following financial year before payments for the financial year are made.

Consequently, the Ministry failed to comply with the Treasury Circular of ref: No./DGIPE/A/10 of 18 December 2015 on priority payments of pending bills.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Ministry of Health in accordance with ISSAI 30 on 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 the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.1 Budget Absorption

The Ministry of Health had an approved total budget of Kshs.71,434,320,022 voted for the financial year 2015/2016 comprising of Kshs.35,737,009,339 for recurrent vote and Kshs.35,697,310,683 for development vote with an overall budget absorption of 79% as summarized below:

Item	Budget Allocation 2016/2017 (Kshs)	Actual 2015/2016 (Kshs)	Under Absorption (Kshs)	Absorption rate in (%)
Recurrent	35,737,009,339	30,343,689,889	5,393,319,450	85
Development	35,697,310,683	26,339,720,127	9,357,590,556	74
Total	71,434,320,022	56,683,410,016	14,750,910,006	79

Although the recurrent budget absorption and utilization rate was above three quarters i.e. 85%, the budget utilization rate for the Development budget was lower i.e. 74%. The implication of this is that more than quarter of the budgeted development programmes may not have been implemented. In this regard, there is need for the Accounting Officer to refocus the budgetary process with a view to focusing on priority areas in health infrastructure to boost the health services for the citizens of Kenya.

1.2 Recurrent Vote

The ministry recurrent budget for the year ended 30 June 2017 was Kshs.35,737,009,339 against actual expenditure of Kshs.30,343,689,889 resulting to under absorption of Kshs.5,393,319,450 as detailed below;

Item	Budget (Kshs)	Actual (Kshs)	Under Absorption (Kshs)	(%) Under Expenditure
Compensation of Employees	5,928,263,701	5,221,516,247	706,747,454	12
Use of goods and services	2,092,857,648	1,420,610,289	672,247,359	32
Transfers to Other Government Units	27,242,054,277	23,304,163,426	3,937,890,851	14
Other grants and transfers	249,375,913	228,139,231	21,236,682	9
Social Security Benefits	100,000,000	100,000,000	-	0
Acquisition of Assets	124,457,800	69,260,696	55,197,104	44
Total	35,737,009,339	30,343,689,889	5,393,319,450	15

From the above analysis, it is evident that the Ministry under-spent on some budget lines with transfer to other government units leading with the highest amount of unutilized allocation of Kshs.3,937,890,851. This is an indication of idle funds not put to proper use for services delivery. The management may have over budgeted on

recurrent expenditure and therefore need for a more realistic budget for better delivery of services to the citizens.

1.3 Development Vote

The ministry development budget for the year ended 30 June 2017 was Kshs.35,697,310,683 against actual expenditure of Kshs.26,339,720,127 resulting to under absorption of Kshs.9,357,590,556 as detailed below;

Item	Budget Allocation 2016/2017 (Kshs)	Actual 2015/2016 (Kshs)	Under Absorption (Kshs)	Absorption rate in (%)
Use of goods and services	14,950,700,000	10,353,374,432	4,597,325,568	31
Transfers to Other Government Units	19,909,997,342	15,690,174,434	4,219,822,908	21
Acquisition of Assets	836,613,341	296,171,261	540,442,080	65
Total	35,697,310,683	26,339,720,127	9,357,590,556	26

From the above analysis, it is evident that the Ministry under-spent on all budget lines with use of goods and services leading with the highest amount of unutilized allocation of Kshs.4,597,325,568 resulting to overall under absorption of Kshs.9,357,590,556 The implication of this is that more than a quarter of the budgeted development programmes may not have been implemented. The management may have also over budgeted on development programmes and therefore needs more realistic budget in future for improved goods and services delivery to Kenyan people.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Ministry's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Ministry or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Ministry's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

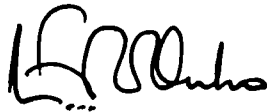
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Ministry's to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Ministry to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 April 2018


IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY-MINISTRY OF HEALTH

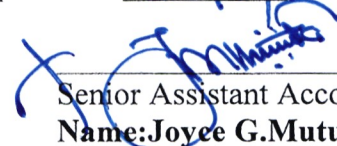
**Ministry of Health
Reports and Financial Statements
For the year ended June 30, 2017**

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Proceeds from Domestic and Foreign Grants	1	91,317,840	344,846,160
Exchequer releases	2	56,452,317,388	42,167,301,618
Proceeds from Foreign Borrowings	4	201,024,306	26,200,552
Proceeds from Sale of Assets	5	8,573,096	14,068,266
TOTAL RECEIPTS		56,753,232,630	42,552,416,596
PAYMENTS			
Compensation of Employees	6	5,221,516,247	5,774,486,223
Use of goods and services	7	11,773,984,722	9,446,922,471
Transfers to Other Government Units	8	38,994,337,860	24,233,374,821
Other grants and transfers	9	228,139,231	1,438,788,391
Social Security Benefits	10	100,000,000	100,000,000
Acquisition of Assets	11	365,431,957	1,589,204,993
TOTAL PAYMENTS		56,683,410,017	42,582,776,899
SURPLUS/DEFICIT		69,822,613	(30,360,303)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/3/2018 and signed by:

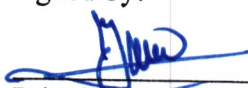

Principal Secretary
Name: Julius K. Korir, CBS



Senior Assistant Accountant General
Name: Joyce G. Mutugi (Mrs.)
ICPAK Member: 4265

VI. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	12A	101,185,294	80,017,247
Cash Balances	12B	1,951,412	-
Total Cash and cash equivalent		103,136,706	80,017,247
Accounts receivables – Outstanding Imprests and Advances	13	11,406,952	7,649,699
TOTAL FINANCIAL ASSETS		114,543,658	87,666,946
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	14	(37,071,346)	(7,701,815)
NET FINANCIAL ASSETS		77,472,312	79,965,131
REPRESENTED BY			
Fund balance b/fwd	15B	7,649,699	110,325,434
Surplus/Deficit for the year		69,822,613	(30,360,303)
NET FINANCIAL POSITION		77,472,312	79,965,131

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/3/2018 and signed by:


 Principal Secretary
 Name: Julius K. Korir, CBS



 Senior Assistant Accountant General
 Name: Joyce G. Mutugi (Mrs.)
 ICPAK Member :4265

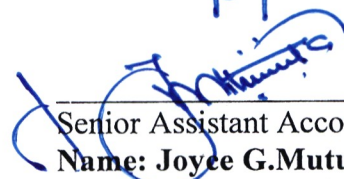
**Ministry of Health
Reports and Financial Statements
For the year ended June 30, 2017**

VII. STATEMENT OF CASH FLOWS

		2016-2017 Kshs	2015-2016 Kshs
Receipts for operating income			
Proceeds from Domestic and Foreign Grants	1	91,317,840	344,846,160
Exchequer Releases	2	56,452,317,388	42,167,301,618
Other Revenues		-	-
Payments for operating expenses			
Compensation of Employees	6	(5,221,516,247)	(5,774,486,223)
Use of goods and services	7	(11,773,984,722)	(9,446,922,471)
Transfers to Other Government Units	8	(38,994,337,860)	(24,233,374,821)
Other grants and transfers	9	(228,139,231)	(1,438,788,391)
Social Security Benefits	10	(100,000,000)	(100,000,000)
Adjusted for:			
Adjustments during the year		(83,774,500)	9,564,870
Net cash flow from operating activities		141,882,668	1,528,140,742
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	5	8,573,096	14,068,266
Acquisition of Assets	11	(365,431,957)	(1,589,204,993)
Net cash flows from Investing Activities		(356,858,861)	(1,575,136,728)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	4	201,024,306	26,200,552
Proceeds from Domestic Borrowings	3	37,071,346	7,701,815
Repayment of principal on Domestic and Foreign borrowing		-	-
Net cash flow from financing activities		238,095,652	33,902,367
NET INCREASE IN CASH AND CASH EQUIVALENT		23,119,459	(13,093,619)
Cash and cash equivalent at BEGINNING of the year	12A	80,017,247	93,110,865
Cash and cash equivalent at END of the year	12A	103,136,706	80,017,247

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/3/ 2018 and signed by:


Principal Secretary
Name: Julius K. Korir, CBS


Senior Assistant Accountant General
Name: Joyce G. Mutugi (Mrs.)
ICPAK Member: 4265

Ministry of Health
Reports and Financial Statements
For the year ended June 30, 2017

II. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Proceeds from Domestic and Foreign Grants	7,743,463,020	(5,238,217,020)	2,505,246,000	91,317,840	2,413,928,160	4%
Exchequer releases	63,011,427,545	-	63,011,427,545	56,452,317,388	6,559,110,157	90%
Proceeds from Sale of Assets	2,909,176,477	-	2,909,176,477	8,573,096	2,900,603,381	0%
Other Receipts	1,068,700,000	-	1,068,700,000	-	1,068,700,000	0%
Proceeds from Foreign Borrowings	2,710,000,000	(770,230,000)	1,939,770,000	201,024,306	1,738,745,694	10%
PAYMENTS	77,442,767,042	(6,008,447,020)	71,434,320,022	56,753,232,630	14,681,087,392	
Compensation of Employees	5,720,719,716	207,543,985	5,928,263,701	5,221,516,247	706,747,454	88%
Use of goods and services	15,852,402,952	1,191,154,696	17,043,557,648	11,773,984,722	5,269,572,926	69%
Transfers to Other Government Units	36,701,813,441	10,450,238,178	47,152,051,619	38,994,337,860	8,157,713,759	83%
Other grants and transfers	234,375,913	15,000,000	249,375,913	228,139,231	21,236,682	91%
Social Security Benefits	100,000,000	-	100,000,000	100,000,000	-	100%
Acquisition of Assets	1,660,618,000	(699,546,859)	961,071,141	365,431,957	595,639,184	38%
Totals	60,269,930,022	11,164,390,000	71,434,320,022	56,683,410,017	14,750,910,005	
Surplus/Deficit	17,172,837,020	(17,172,837,020)	-	69,822,613	(69,822,613)	

Notes:-

- Compensation of employees-Number of Interns under training were less than approved establishment
- Transfer to Other government Units-Semi-Autonomous units retain their A-I-A collections however, disbursement to Sagas are net of A-I-A
- Use of Goods and Services-In adequate exchequer funding at the close of the financial year
- Other Grants and Transfers-Non-remittances of Invoices by International Organisations within the financial reporting year
- Use of goods and services, Transfer to other government units and acquisition of Assets- Non-receipt of returns by spending entities to facilitate capturing of A-I-A for donors
- Proceeds from Foreign Borrowings -Non-remittances of support documents from the spending entities

The entity financial statements were approved on 30/3/2018 and signed by:


Principal Secretary
Name: Julius K. Korir, CBS


Senior Assistant Accountant General
Name: Joyce G. Mutugi (Mrs.)

ICPAK Member: 4265

Ministry of Health
Reports and Financial Statements
For the year ended June 30, 2017

SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	31,759,132,862	-	31,759,132,862	30,229,300,000	1,529,832,862	95%
Proceeds from Sale of Assets	2,909,176,477	-	2,909,176,477	8,573,096	2,900,603,381	0%
Other Receipts	1,068,700,000	-	1,068,700,000	-	1,068,700,000	0%
	35,737,009,339	-	35,737,009,339	30,237,873,096	5,499,136,243	85%
PAYMENTS						
Compensation of Employees	5,720,719,716	207,543,985	5,928,263,701	5,221,516,247	706,747,454	88%
Use of goods and services	1,542,439,932	550,417,716	2,092,857,648	1,420,610,289	672,247,359	68%
Transfers to Other Government Units	21,295,957,277	5,946,097,000	27,242,054,277	23,304,163,426	3,937,890,851	86%
Other grants and transfers	234,375,913	15,000,000	249,375,913	228,139,231	21,236,682	91%
Social Security Benefits	100,000,000	-	100,000,000	100,000,000	-	100%
Acquisition of Assets	96,618,000	27,839,800	124,457,800	69,260,696	55,197,104	56%
Totals	28,990,110,838	6,746,898,501	35,737,009,339	30,343,689,889	5,393,319,450	85%
Surplus/Deficit	6,746,898,501	(6,746,898,501)	-	(105,816,793)	105,816,793	-

Notes:-

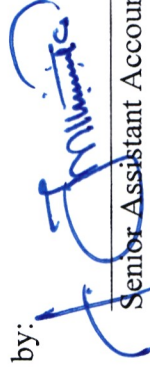
- vii. Compensation of employees-Number of Interns undertraining were less than approved establishment
- viii. Transfer to Other government Units-Semi-Autonomous units retain their A-I-A collections however, disbursement to Sagas are net of A-I-A
- ix. Use of Goods and Services-In adequate exchequer funding at the close of the financial year
- x. Other Grants and Transfers-Non-remittances of Invoices by International Organisations within the financial reporting year

The entity financial statements were approved on 30/3/2018 and signed by:



Principal Secretary

Name: Julius K. Korir, CBS



Senior Assistant Accountant General

Name: Joyce G. Mutugi (Mrs.)

ICPAK Member: 4265

Ministry of Health
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X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Proceeds from Domestic and Foreign Grants	7,743,463,020	(5,238,217,020)	2,505,246,000	91,317,840	2,413,928,160	4%
Exchequer releases	31,252,294,683	-	31,252,294,683	26,223,017,388	5,029,277,295	84%
Proceeds from Foreign Borrowings	2,710,000,000	(770,230,000)	1,939,770,000	201,024,306	1,738,745,694	10%
TOTALS	41,705,757,703	(6,008,447,020)	35,697,310,683	26,515,359,534	9,181,951,149	
PAYMENTS						
Use of goods and services	14,309,963,020	640,736,980	14,950,700,000	10,353,374,432	4,597,325,568	69%
Transfers to Other Government Units	15,405,856,164	4,504,141,178	19,909,997,342	15,690,174,434	4,219,822,908	79%
Acquisition of Assets	1,564,000,000	(727,386,659)	836,613,341	296,171,261	540,442,080	35%
Totals	31,279,819,184	4,417,491,499	35,697,310,683	26,339,720,127	9,357,590,556	74%
Surplus/Deficit	10,425,938,519	(10,425,938,519)	-	175,639,407	(175,639,407)	

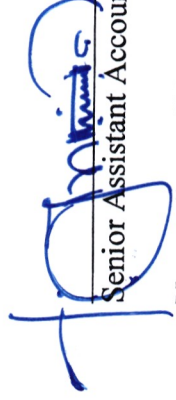
Notes:-

- Use of goods and services, Transfer to other government units and acquisition of Assets- Non-receipt of returns by spending entities to facilitate capturing of A-I-A for donors
- Proceeds from Foreign Borrowings -Non-remittances of support documents from the spending entities

The entity financial statements were approved on 30/3/2018 and signed by:


Principal Secretary

Name: Julius K. Korir, CBS


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Name: Joyce G. Mutugi (Mrs.)
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Ministry of Health
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C. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2017		Adjustments		Final Budget 2017		Actual on comparable basis Date, 2017		Budget utilization difference	
	Kshs		Kshs		Kshs		Kshs		Kshs	
00000	-		-		-		1,390,270,604.00		(1,390,270,604.00)	
040100000	7,858,914,503.00		-		7,858,914,503.00		5,800,049,525.20		2,058,864,977.80	
401010000	705,289,752.00		-		705,289,752.00		448,375,368.95		256,914,383.05	
401020000	476,629,266.00		-		476,629,266.00		311,166,944.85		165,462,321.15	
401030000	9,044,833.00		-		9,044,833.00		(131,542.00)		9,176,375.00	
401040000	185,689,840.00		-		185,689,840.00		118,835,980.00		66,853,860.00	
401050000	6,362,260,812.00		-		6,362,260,812.00		4,801,357,403.00		1,560,903,409.00	
401060000	120,000,000.00		-		120,000,000.00		120,445,370.00		(445,370.00)	
040200000	30,692,701,749.00		-		30,692,701,749.00		25,205,104,778.00		5,487,596,971.00	
402010000	16,800,979,219.00		-		16,800,979,219.00		13,598,283,396.00		3,202,695,823.00	
402020000	-		-		-		-		-	
402030000	-		-		-		-		-	
402040000	12,155,076,302.00		-		12,155,076,302.00		10,700,961,297.00		1,454,115,005.00	
402050000	1,736,646,228.00		-		1,736,646,228.00		905,860,085.00		830,786,143.00	
040300000	5,901,748,666.00		-		5,901,748,666.00		4,815,647,117.00		1,086,101,549.00	
403010000	4,066,786,401.00		-		4,066,786,401.00		2,980,684,852.00		1,086,101,549.00	
403020000	1,834,962,265.00		-		1,834,962,265.00		1,834,962,265.00		-	
040400000	19,086,454,986.00		-		19,086,454,986.00		14,935,834,994.00		4,150,619,992.00	
404010000	14,050,909,100.00		-		14,050,909,100.00		11,326,240,723.00		2,724,668,377.00	
404020000	1,618,902,672.00		-		1,618,902,672.00		551,907,483.00		1,066,995,189.00	
404030000	200,061,288.00		-		200,061,288.00		148,049,964.00		52,011,324.00	
404040000	3,216,581,926.00		-		3,216,581,926.00		2,909,636,824.00		306,945,102.00	

**Ministry of Health
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For the year ended June 30, 2017**

Programme/Sub-programme	Original Budget 2017	Adjustments	Final Budget 2017	Actual on comparable basis Date, 2017	Budget utilization difference
04050000	7,894,500,118.00	-	7,894,500,118.00	5,942,704,031.00	1,951,796,087.00
405010000	375,936,238.00	-	375,936,238.00	23,940,114.00	351,996,124.00
405020000	5,796,000,000.00	-	5,796,000,000.00	5,236,996,000.00	559,004,000.00
405030000	1,722,563,880.00	-	1,722,563,880.00	681,767,917.00	1,040,795,963.00
405040000	-	-	-	-	
T0000000	63,011,427,545.00	-	63,011,427,545.00	56,283,405,704.00	6,728,021,841.00
GRAND TOTAL	134,445,747,567.00	-	134,445,747,567.00	114,373,016,753.20	20,072,730,813.80

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Ministry of Health budgets which are programme based.)

XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the **Ministry of Health**. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity

3. Recognition of receipts and payments

a) Recognition of receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the entity.

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

SIGNIFICANT ACCOUNTING POLICIES

Transfers from the Exchequer

Transfer from Exchequer is 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 entity.

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations 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/donation 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.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the Entity may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2017, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

SIGNIFICANT ACCOUNTING POLICIES

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of disclosure. This summary is disclosed as an annexure to the Ministry of Health financial statements.

4. In-kind contributions

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

5. 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.

SIGNIFICANT ACCOUNTING POLICIES

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2017, this amounted to Kshs 37,071,346 compared to Kshs 7,701,815 in prior period as indicated on note 14.

There were no other restrictions on cash during the year

6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**Ministry of Health
Reports and Financial Statements
For the year ended June 30, 2017**

XIII. NOTES TO THE FINANCIAL STATEMENTS

1 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2016-2017	2015-2016
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
UNICEF	13100		91,317,840	344,846,160
			91,317,840	344,846,160

(The grant was for support of water sanitation and hygiene under Environmental Health Programme)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 EXCHEQUER RELEASES

Description	2016-2017	2015-2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	7,498,233,038	7,676,716,480
Total Exchequer Releases for quarter 2	12,628,981,531	12,162,584,810
Total Exchequer Releases for quarter 3	14,979,369,982	10,752,440,395
Total Exchequer Releases for quarter 4	21,345,732,837	11,575,559,933
Total	56,452,317,388	42,167,301,618

Note: The total Approved Net Estimates for the financial year 2015/16 was Ksh 63,011,427,545 against Total Gross Exchequer releases of Ksh.57, 736,726,944 resulting into under-issues of Ksh 5,274,700,601.

**Ministry of Health
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 PROCEEDS FROM DOMESTIC BORROWINGS

	2016-2017	2015-2016
Borrowing from Other Domestic Creditors	37,071,346	7,701,815
Total	37,071,346	7,701,815

(This comprises of General deposits and retention monies relating to third parties)

4 PROCEEDS FROM FOREIGN BORROWINGS

	2016-2017	2015-2016
	Kshs	Kshs
Foreign Borrowing - Direct Payments	201,024,306	26,200,552
Total	201,024,306	26,200,552

(The borrowing relates to waste disposal, management and Cancer centre training and development)

5 PROCEEDS FROM SALE OF ASSETS

	2016-2017	2015-2016
	Kshs	Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	8,573,095	14,068,266
Total	8,573,095	14,068,266

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 COMPENSATION OF EMPLOYEES

	2016-2017	2015-2016
	Kshs	Kshs
Basic salaries of permanent employees	1,283,047,680	1,349,754,940
Basic wages of temporary employees	2,003,080,677	3,092,109,308
Personal allowances paid as part of salary	1,683,387,890	1,082,621,970
Employer Contributions Compulsory national health insurance schemes	252,000,000	250,000,000
Total	5,221,516,247	5,774,486,220

Insurance costs relate to transfers to National Hospital Insurance fund as contribution towards National Health Insurance. This relates to compensation of employees and not use of goods and services as categorized in IFMIS

Ministry of Health
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 USE OF GOODS AND SERVICES

	2016-2017	2015-2016
	Kshs	Kshs
Utilities, supplies and services	80,658,705	82,017,501
Communication, supplies and services	36,928,540	107,846,156
Domestic travel and subsistence	68,205,543	387,290,186
Foreign travel and subsistence	3,609,129	5,478,598
Printing, advertising and information supplies & services	70,980,925	442,176,724
Rentals of produced assets	9,580,175,758	4,568,544,208
Training expenses	211,421,276	801,594,669
Hospitality supplies and services	29,649,582	116,287,101
Specialized materials and services	1,327,340,563	2,230,229,251
Office and general supplies and services	21,410,703	38,129,496
Other operating expenses	236,974,545	261,723,488
Routine maintenance – vehicles and other transport equipment	20,750,482	38,455,048
Routine maintenance – other assets	55,836,822	319,970,046
Fuel and Other Lubricants	30,042,149	47,179,999
Total	11,773,984,722	9,446,922,471

Ministry of Health
 Reports and Financial Statements
 For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2016-2017	2015-2016
	Kshs	Kshs
Transfers to National Government entities (SCOA Codes 2630100- Current	23,251,732,319	16,821,257,217
2630200- Capital	11,804,124,699	5,887,932,836
2640400- Other grants	52,431,107	41,708,158
2640500- Other Capital grants	3,886,049,735	1,482,476,610
TOTAL	38,994,337,860	24,233,374,821

The above transfers were made to the following self-reporting entities in the year:

Description	Recurrent	Development	Total	2015-2016
	Kshs	Kshs	Kshs	Kshs
Transfers to SAGAs and SCs				
KENYA MEDICAL TRAINING COLLEGE	2,615,000,000	278,066,667	2,893,066,667	2,556,903,793
KENYATTA NATIONAL HOSPITAL	6,942,829,541	343,000,000	7,285,829,541	6,858,461,541
KENYA MEDICAL RESEARCH INSTITUTE	1,799,462,265	35,500,000	1,834,962,265	1,806,412,265
KENYA MEDICAL SUPPLIES AGENCY	376,000,000	-	376,000,000	334,530,593
MOI TEACHING AND REFERAL HOSPITAL	5,154,705,867	90,000,000	5,244,705,867	4,534,926,767
NATIONAL AIDS CONTROL COUNCIL	584,000,000	358,146,308	942,146,308	679,000,000
GENEVA OFFICE-IHO	37,845,646		37,845,646	-
NATIONAL HOSPITAL INSURANCE FUND	-	1,381,275,853	1,381,275,853	-
Transfers to County Governments			-	
47 Counties	900,000,000	-	900,000,000	-
47 COUNTIES-FREE MATERNITY	-	4,836,996,000	4,836,996,000	-
47 COUNTIES-NEGOTIATED ALLOWANCE	4,841,889,000	-	4,841,889,000	-
CONDITIONAL GRANTS-2 COUNTIES	-	200,000,000	200,000,000	-
Transfers to Projects-GoK counterpart funding			-	
EAST AFRICA PUBLIC LABORATORY NETWORKING PROJECT	-	200,000,000	200,000,000	-
GLOBAL FUND -MALARIA ROUND 10 - SPECIAL	-	1,991,489,542	1,991,489,542	-
GLOBAL FUND-HIV/AIDS	-	220,156,096	220,156,096	-

Ministry of Health
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ROUND 7				
TUBERCULOSIS ROUND 6	-	865,461,769	865,461,769	-
TRANSFORMATIVE HEALTH SYSTEMS	-	515,874,477	515,874,477	-
EAST AFRICAN CENTRE OF EXCELLENCE	-	76,039,072	76,039,072	-
KENYA HEALTH SECTOR SUPPORT	-	382,797,147	382,797,147	-
Other Payments			-	
RELATED PAYMENTS	-	29,321,768	29,321,768	-
TOTAL	23,251,732,319	11,804,124,699	35,055,857,018	16,770,234,959

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statements

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 OTHER GRANTS AND TRANSFERS

Explanation	2016-2017	2015-2016
	Kshs	Kshs
Membership dues and subscriptions to international organizations-26200000	28,334,605	17,060,920
Scholarships and other educational benefits-2640100	4,152,574	55,800
Emergency relief and refugee assistance	195,652,052	583,371,671
Refund to Exchequer-GFD-IDA	-	838,300,000
Total	228,139,231	1,438,788,391

10 SOCIAL SECURITY BENEFITS

Explanation	2016-2017	2015-2016
	Kshs	Kshs
Government pension and retirement benefits	100,000,000	100,000,000
Total	100,000,000	100,000,000

(Provisions for Early retirement benefits for officers in Kenyatta National Hospital)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACQUISITION OF ASSETS

Non Financial Assets	2016-2017	2015-2016
	Kshs	Kshs
Purchase of Buildings		-
Construction of Buildings	247,787,266	1,185,738,593
Purchase of Vehicles and Other Transport Equipment	71,396,000	-
Purchase of Household Furniture and Institutional Equipment	451,240	639,600
Purchase of Office Furniture and General Equipment	2,995,000	20,478,429
Purchase of Specialized Plant, Equipment and Machinery	42,802,451	133,348,371
Research, Studies, Project Preparation, Design & Supervision	-	249,000,000
Sub-total	365,431,957	1,589,204,993
Total	365,431,957	1,589,204,993

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Class of Account	2016-2017	2015-2016
			Kshs	Kshs
1000181688	Ksh	Development	1,364,997	37,056,370
1000181478	Ksh	Current	64,353,351	35,259,062
1000181168	Ksh	Deposit	35,466,946	7,701,815
Total			101,185,294	80,017,247

12B: CASH IN HAND

	2016-2017	2015-2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	1,951,412	-
Total	1,951,412	-

Cash in hand should also be analyzed as follows:

	2016-2017	2015-2016
	Kshs	Kshs
Cash held in Recurrent Cashbook	347,012	-
Cash held in Deposits	1,604,400	-
Total	1,951,412	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2016-2017	2015-2016
	Kshs	Kshs
Government Imprests	11,381,116	7,291,080
Salary advances	25,836	358,619
Total	11,406,952	7,649,699

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Priscilla Santau Migiro	21-Jan-17	296,500.00	-	296,500.00
Peter N.Mwangi	27-Jan-17	165,540.00	-	165,540.00
Dr.Joel Gondi	19-Apr-17	956,355.00	-	956,355.00
Dr.Jean Gitau	13-Jun-2017	279,397.50	-	279,397.50
Hellen Wambui Kiarie	10-Jun-2017	1,311,000.00	-	1,311,000.00
Dan W Owiti	15-May-17	52,900.00	-	52,900.00
Dr. Anne W Nganga	23-Feb-17	414,382.00	-	414,382.00
Dr.Muthoni Gichu	5-Mar-17	37,000.00	-	37,000.00
Stephen Cheruiyot	3-Jun-17	475,756.00	-	475,756.00
Micah k kiso	10-Apr-17	70,000.00	-	70,000.00
Lolem Lokolile	14-Feb-2017	186,700.00	-	186,700.00
Pepela Wanjala	09-Jun-2017	1,272,000.00	-	1,272,000.00
Isabella Maina	02-Mar-2017	613,500.00	-	613,500.00
Stephen Mutinda Munene	8-Jun-2017	652,800.00	-	652,800.00
Gaudencia Mokaya	01-Jun-2017	1,774,900.00	-	1,774,900.00
Ephraim Mwanza Ondonge	03-Jun-.17	1,317,500.00	-	1,317,500.00
Patrick N.Mutiso	30-Dec-2016	476,100.00	-	476,100.00
Lydia Muthoni Kamau	8-Jun-2017	34,700.00	-	34,700.00
Martha Muselu Muthami	14-Mar-2017	24,285.00	-	24,285.00
Albert Omariba	15-Feb-2017	88,200.00	-	88,200.00
Alice Wangui	23-Jun-17	168,400.00	-	168,400.00
Elizabeth Masaku	7-Apr-17	56,000.00	-	56,000.00
moses Mule Musembi	30-May-2017	180,000.00	-	180,000.00
Peter Martin Kathumbi	5-Jun-.2017	23,400.00	-	23,400.00
Francis Muma	02-Jun-2017	339,600.00	-	339,600.00
Monica Wambui Rurie	13-Apr-2017	63,800.00	-	63,800.00
Manase Bocha	26-May-2017	50,400.00	-	50,400.00
		11,381,116	-	11,381,116

14. ACCOUNTS PAYABLE

Description	2016-2017	2015-2016
	Kshs	Kshs
Deposits	37,071,346	7,701,815
Total	37,071,346	7,701,815

15A.FUND BALANCE BROUGHT FORWARD

Description	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	80,017,247	93,110,865
Cash in hand	-	59,000
Accounts Receivables	7,649,699	26,818,242
Accounts Payables	(7,701,815)	(9,662,671)
Total	79,965,131	110,325,434

15B.ADJUSTED FUND BALANCE BROUGHT FORWARD

Description	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	80,017,247	93,110,865
Cash in hand	-	59,000
Accounts Receivables	7,649,699	26,818,242
Accounts Payables	(7,701,815)	(9,662,671)
Prior year adjustment	(72,315,432)	-
Total	7,649,699	110,325,434

Note:-Prior year adjustment refers to Bank Balances for both the Development Cashbook (Ksh 37,057,370) and Recurrent Cashbook (Ksh 35,259,062) which were recovered back from the respective accounts by the National Treasury at the close of Financial Year 2015/16. The bank balances therefore, do not form part of the fund balance brought forward to Financial year 2016/17

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the Ministry of Health

- Key management personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	2016/2017	2015/2016
	Kshs	Kshs
Key Management compensation	-	-
	=====	=====
Transfers to the Other Ministries Departments and Agencies	-	-
Transfers to other State Corporations and Semi-Autonomous Government Agencies		
35,055,857,018		
Transfers to Government Development Projects	-	-
Transfers from other Ministries Departments and Agencies	-	-
	=====	=====

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	2016 – 2017	2015 – 2016
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	1,265,000.00	-
Supply of goods	248,922,749.40	-
Supply of services	-	-
	250,187,749.40	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Senior management	3,513,074	2,155,620
Middle management	6,839,256	4,654,160
Lower Cadre	1,028,785	481,300
	11,381,116	7,291,080

18. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.


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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Principal Secretary



Senior Assistant Accountant General

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS
PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	A	B	C	d=a-c		
Construction of civil works						
1 Croco Construction Co.Ltd	1,265,000.00		-	1,265,000.00	1,265,000.00	Insufficient Funds
Sub-Total	1,265,000.00			1,265,000.00	1,265,000.00	
Supply of Good and Services						
1 Vanlabs Quick Solution	305,500.00		-	305,500.00	305,500.00	Insufficient Funds
2 Vanlabs Quick Solution	531,900.00		-	531,900.00	531,900.00	Insufficient Funds
3 Vanlabs Quick Solution	595,000.00		-	595,000.00	595,000.00	Insufficient Funds
4 Vanlabs Quick Solution	375,450.00		-	375,450.00	375,450.00	Insufficient Funds
5 Vanlabs Quick Solution	255,600.00		-	255,600.00	255,600.00	Insufficient Funds
6 Vanlabs Quick Solution	189,760.00		-	189,760.00	189,760.00	Insufficient Funds
7 Vanlabs Quick Solution	242,300.00		-	242,300.00	242,300.00	Insufficient Funds
8 Vanlabs Quick Solution	95,700.00		-	95,700.00	95,700.00	Insufficient Funds
9 Vanlabs Quick Solution	244,000.00		-	244,000.00	244,000.00	Insufficient Funds
10 Vanlabs Quick Solution	310,050.00		-	310,050.00	310,050.00	Insufficient Funds
11 Vanlabs Quick Solution	218,250.00		-	218,250.00	218,250.00	Insufficient Funds
12 Vanlabs Quick Solution	68,000.00		-	68,000.00	68,000.00	Insufficient Funds
13 Vanlabs Quick Solution	129,000.00		-	129,000.00	129,000.00	Insufficient Funds
14 Vanlabs Quick Solution	139,000.00		-	139,000.00	139,000.00	Insufficient Funds
15 Vanlabs Quick Solution	32,100.00		-	32,100.00	32,100.00	Insufficient Funds
16 Vanlabs Quick Solution	181,850.00		-	181,850.00	181,850.00	Insufficient Funds
17 Vanlabs Quick Solution	64,500.00		-	64,500.00	64,500.00	Insufficient Funds
18 Vanlabs Quick Solution	120,750.00		-	120,750.00	120,750.00	Insufficient Funds

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19	Vanlabs Quick Solution	160,000.00	-	160,000.00	160,000.00	Insufficient Funds
20	Vanlabs Quick Solution	68,000.00	-	68,000.00	68,000.00	Insufficient Funds
21	Vanlabs Quick Solution	82,550.00	-	82,550.00	82,550.00	Insufficient Funds
22	Vanlabs Quick Solution	34,000.00	-	34,000.00	34,000.00	Insufficient Funds
23	Raypharm Enterprises	520,000.00	-	520,000.00	520,000.00	Insufficient Funds
24	Raypharm Enterprises	520,000.00	-	520,000.00	520,000.00	Insufficient Funds
25	Raypharm Enterprises	445,000.00	-	445,000.00	445,000.00	Insufficient Funds
26	Raypharm Enterprises	310,960.00	-	310,960.00	310,960.00	Insufficient Funds
27	Raypharm Enterprises	245,200.00	-	245,200.00	245,200.00	Insufficient Funds
28	Raypharm Enterprises	125,450.00	-	125,450.00	125,450.00	Insufficient Funds
29	Raypharm Enterprises	168,500.00	-	168,500.00	168,500.00	Insufficient Funds
30	Raypharm Enterprises	78,712.00	-	78,712.00	78,712.00	Insufficient Funds
31	Raypharm Enterprises	148,200.00	-	148,200.00	148,200.00	Insufficient Funds
32	Raypharm Enterprises	369,700.00	-	369,700.00	369,700.00	Insufficient Funds
33	Raypharm Enterprises	340,170.00	-	340,170.00	340,170.00	Insufficient Funds
34	Colmeds total supplies	51,000.00	-	51,000.00	51,000.00	Insufficient Funds
35	Colmeds total supplies	344,760.00	-	344,760.00	344,760.00	Insufficient Funds
36	Colmeds total supplies	167,200.00	-	167,200.00	167,200.00	Insufficient Funds
37	Colmeds total supplies	280,800.00	-	280,800.00	280,800.00	Insufficient Funds
38	Colmeds total supplies	571,400.00	-	571,400.00	571,400.00	Insufficient Funds
39	Colmeds total supplies	247,200.00	-	247,200.00	247,200.00	Insufficient Funds
40	Colmeds total supplies	25,500.00	-	25,500.00	25,500.00	Insufficient Funds
41	Colmeds total supplies	47,040.00	-	47,040.00	47,040.00	Insufficient Funds
42	Colmeds total supplies	11,700.00	-	11,700.00	11,700.00	Insufficient Funds
43	Colmeds total supplies	203,200.00	-	203,200.00	203,200.00	Insufficient Funds
44	Colmeds total supplies	170,000.00	-	170,000.00	170,000.00	Insufficient Funds
45	Colmeds total supplies	159,700.00	-	159,700.00	159,700.00	Insufficient Funds
46	Colmeds total supplies	76,752.00	-	76,752.00	76,752.00	Insufficient Funds
47	Colmeds total supplies	63,648.00	-	63,648.00	63,648.00	Insufficient Funds
48	Tobena General Agencies	1,230,000.00	-	1,230,000.00	1,230,000.00	Insufficient Funds
49	Maanzoni Lodge	347,605.00	-	347,605.00	347,605.00	Insufficient Funds
50	Gr Services	295,000.00	-	295,000.00	295,000.00	Insufficient Funds

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51	The Standard Group	122,148.00	-	122,148.00	122,148.00	Insufficient Funds
52	Express Communication Ltd	197,200.00	-	197,200.00	197,200.00	Insufficient Funds
53	Faram Limited	14,840,000.00	-	14,840,000.00	14,840,000.00	Insufficient Funds
54	Firmstar Limited	192,500.00	-	192,500.00	192,500.00	Insufficient Funds
55	Godoni Investment	345,000.00	-	345,000.00	345,000.00	Insufficient Funds
56	Hatari Security Guard	1,252,800.00	-	1,252,800.00	1,252,800.00	Insufficient Funds
57	Hatari Security Guard	487,200.00	-	487,200.00	487,200.00	Insufficient Funds
58	Hatari Security Guard	1,740,000.00	-	1,740,000.00	1,740,000.00	Insufficient Funds
59	Hatari Security Guard	1,740,000.00	-	1,740,000.00	1,740,000.00	Insufficient Funds
60	Hatari Security Guards Ltd	1,722,600.00	-	1,722,600.00	1,722,600.00	Insufficient Funds
61	Jepco Services	428,190.00	-	428,190.00	428,190.00	Insufficient Funds
62	Jepco Services	428,190.00	-	428,190.00	428,190.00	Insufficient Funds
63	Jepco Services	428,190.00	-	428,190.00	428,190.00	Insufficient Funds
64	Jepco Services	428,190.00	-	428,190.00	428,190.00	Insufficient Funds
65	Kcb Leadership Centre Nbi	228,110.00	-	228,110.00	228,110.00	Insufficient Funds
66	Kcb Leadership Centre Nbi	215,118.00	-	215,118.00	215,118.00	Insufficient Funds
67	Kcb Leadership Centre Nbi	127,418.00	-	127,418.00	127,418.00	Insufficient Funds
68	Kenya Wildlife Service	564,270.00	-	564,270.00	564,270.00	Insufficient Funds
69	M/S Jimmon Services	353,140.00	-	353,140.00	353,140.00	Insufficient Funds
70	M/S Jimmon Services	353,140.00	-	353,140.00	353,140.00	Insufficient Funds
71	M/S Jimmon Services	353,140.00	-	353,140.00	353,140.00	Insufficient Funds
72	M/S Maestro Limited	654,000.00	-	654,000.00	654,000.00	Insufficient Funds
73	M/S Maestro Limited	654,000.00	-	654,000.00	654,000.00	Insufficient Funds
74	M/S Maestro Limited	654,000.00	-	654,000.00	654,000.00	Insufficient Funds
75	M/S Maestro Limited	1,962,000.00	-	1,962,000.00	1,962,000.00	Insufficient Funds
76	M/S Simba Corporation Ltd	83,111.00	-	83,111.00	83,111.00	Insufficient Funds
77	M/S Simba Corporation Ltd	295,053.00	-	295,053.00	295,053.00	Insufficient Funds
78	Maanzoni Lodge	240,400.00	-	240,400.00	240,400.00	Insufficient Funds
79	Maanzoni Lodge	871,000.00	-	871,000.00	871,000.00	Insufficient Funds
80	Maanzoni Lodge	404,000.00	-	404,000.00	404,000.00	Insufficient Funds
81	Maestro Limited	654,000.00	-	654,000.00	654,000.00	Insufficient Funds
82	Maestro Limited	654,000.00	-	654,000.00	654,000.00	Insufficient Funds

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83	Maestro Limited	267,960.00	-	267,960.00	267,960.00	Insufficient Funds
84	Maestro Limited	267,960.00	-	267,960.00	267,960.00	Insufficient Funds
85	Maestro Limited	267,960.00	-	267,960.00	267,960.00	Insufficient Funds
86	Maestro Limited	267,960.00	-	267,960.00	267,960.00	Insufficient Funds
87	Mara Ways Tours	37,000.00	-	37,000.00	37,000.00	Insufficient Funds
88	Mara Ways Tours	27,305.00	-	27,305.00	27,305.00	Insufficient Funds
89	Mara Ways Tours	28,850.00	-	28,850.00	28,850.00	Insufficient Funds
90	Mara Ways Tours	72,000.00	-	72,000.00	72,000.00	Insufficient Funds
91	Mara Ways Tours	102,149.00	-	102,149.00	102,149.00	Insufficient Funds
92	Mara Ways Tours	372,565.00	-	372,565.00	372,565.00	Insufficient Funds
93	Mara Ways Tours	1,934,085.00	-	1,934,085.00	1,934,085.00	Insufficient Funds
94	Mara Ways Tours	950,250.00	-	950,250.00	950,250.00	Insufficient Funds
95	Mara Ways Tours	769,545.00	-	769,545.00	769,545.00	Insufficient Funds
96	Mara Ways Tours	392,700.00	-	392,700.00	392,700.00	Insufficient Funds
97	Mara Ways Tours	108,000.00	-	108,000.00	108,000.00	Insufficient Funds
98	Mara Ways Tours	48,500.00	-	48,500.00	48,500.00	Insufficient Funds
99	Mara Ways Tours	15,000.00	-	15,000.00	15,000.00	Insufficient Funds
100	Medisel Kenya Limited	378,000.00	-	378,000.00	378,000.00	Insufficient Funds
101	Medisel Kenya Limited	731,000.00	-	731,000.00	731,000.00	Insufficient Funds
102	Nation Media Group	94,050.00	-	94,050.00	94,050.00	Insufficient Funds
103	Nation Media Group	94,050.00	-	94,050.00	94,050.00	Insufficient Funds
104	Pago Airways Travel Services Ltd	326,570.00	-	326,570.00	326,570.00	Insufficient Funds
105	Silver Springs Hotel	108,000.00	-	108,000.00	108,000.00	Insufficient Funds
106	Simba Corporation	295,053.83	-	295,053.83	295,053.83	Insufficient Funds
107	Simba Corporation	83,111.00	-	83,111.00	83,111.00	Insufficient Funds
108	Utalii Hotel Nairobi	3,435,800.00	-	3,435,800.00	3,435,800.00	Insufficient Funds
109	Utalii Hotel Nairobi	553,300.00	-	553,300.00	553,300.00	Insufficient Funds
110	Utalii Hotel Nairobi	869,400.00	-	869,400.00	869,400.00	Insufficient Funds
111	The Windsor Golf & Club	354,606.00	-	354,606.00	354,606.00	Insufficient Funds
112	Mensa General Supplies	498,000.00	-	498,000.00	498,000.00	Insufficient Funds
113	Kiwaka General Merchants	994	-	994.00	994.00	Insufficient Funds

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114	Kenya Wildlife Service	1,089,360.00	-	1,089,360.00	1,089,360.00	Insufficient Funds
115	A-One Health Care Limited	379,750.00	-	379,750.00	379,750.00	Insufficient Funds
116	Kcb Leadership Centre Nbi	475,192.00	-	475,192.00	475,192.00	Insufficient Funds
117	Refine Medicals	5,040.00	-	5,040.00	5,040.00	Insufficient Funds
118	Oceanbays Investments	1,709,000.00	-	1,709,000.00	1,709,000.00	Insufficient Funds
119	Netanel Enterprises	51,000.00	-	51,000.00	51,000.00	Insufficient Funds
120	Copycat Ltd	853,000.00	-	853,000.00	853,000.00	Insufficient Funds
121	Pong Agencies	58,464.00	-	58,464.00	58,464.00	Insufficient Funds
122	Transfield Trading Company	464,875.00	-	464,875.00	464,875.00	Insufficient Funds
123	Rivercross Tracking Ltd	216,040.10	-	216,040.10	216,040.10	Insufficient Funds
124	Nginu Power Engineering	1,152,063.65	-	1,152,063.65	1,152,063.65	Insufficient Funds
125	Bayer Health Care Ltd	1,147,382.00	-	1,147,382.00	1,147,382.00	Insufficient Funds
126	Sarova Stanley Nairobi	255,000.00	-	255,000.00	255,000.00	Insufficient Funds
127	Kemsa Nairobi	1,091,189.00	-	1,091,189.00	1,091,189.00	Insufficient Funds
128	Matunda Traders	975,865.00	-	975,865.00	975,865.00	Insufficient Funds
129	Ondoana Suppliers	1,268,400.00	-	1,268,400.00	1,268,400.00	Insufficient Funds
130	Bel-Ea Pharmacy Ltd	65,590.00	-	65,590.00	65,590.00	Insufficient Funds
131	Harleys Ltd	104,450.00	-	104,450.00	104,450.00	Insufficient Funds
132	Janto Agencies	490,000.00	-	490,000.00	490,000.00	Insufficient Funds
133	Retina (Ea) Medical Supplies	85,000.00	-	85,000.00	85,000.00	Insufficient Funds
134	Joyvonnal Agencies	388,100.00	-	388,100.00	388,100.00	Insufficient Funds
135	Tamia Limited	2,174,426.62	-	2,174,426.62	2,174,426.62	Insufficient Funds
136	Jaluera East Africa Ltd	1,890,000.00	-	1,890,000.00	1,890,000.00	Insufficient Funds
137	Gazeti Limited	2,635,990.00	-	2,635,990.00	2,635,990.00	Insufficient Funds
138	Gazeti Limited	2,635,990.00	-	2,635,990.00	2,635,990.00	Insufficient Funds
139	Simba Corporation Ltd	20,466.00	-	20,466.00	20,466.00	Insufficient Funds
140	Magicwave Communications Ltd	78,000.00	-	78,000.00	78,000.00	Insufficient Funds
141	Lued (A) Chemicals Ltd	1,000,000.00	-	1,000,000.00	1,000,000.00	Insufficient Funds
142	Mara Ways Tours And Travel	390,000.00	-	390,000.00	390,000.00	Insufficient Funds
143	Mara Ways Tours And Travel	511,280.00	-	511,280.00	511,280.00	Insufficient Funds
144	Mara Ways Tours And Travel	71,500.00	-	71,500.00	71,500.00	Insufficient Funds

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145	Milele Resort	105,000.00	-	105,000.00	105,000.00	Insufficient Funds
146	Helmogo Enterprises	1,420,000.00	-	1,420,000.00	1,420,000.00	Insufficient Funds
147	Bethum General Suppliers	1,875,000.00	-	1,875,000.00	1,875,000.00	Insufficient Funds
148	Angelica Medical Supplies	868,000.00	-	868,000.00	868,000.00	Insufficient Funds
149	Cherry Gold technologies	419,300.00	-	419,300.00	419,300.00	Insufficient Funds
150	Delko Investment	2,261,000.00	-	2,261,000.00	2,261,000.00	Insufficient Funds
151	Carojam Impact Solution & General Agency	975,000.00	-	975,000.00	975,000.00	Insufficient Funds
152	Felam Enterprises	1,180,000.00	-	1,180,000.00	1,180,000.00	Insufficient Funds
153	Supertech Designers	1,615,000.00	-	1,615,000.00	1,615,000.00	Insufficient Funds
154	Motor Renewers	95,700.00	-	95,700.00	95,700.00	Insufficient Funds
155	Kasera Enterprises	1,160,000.00	-	1,160,000.00	1,160,000.00	Insufficient Funds
156	Supertech Designers	405,000.00	-	405,000.00	405,000.00	Insufficient Funds
157	Wanderjoy Party World	487,200.00	-	487,200.00	487,200.00	Insufficient Funds
158	Mavuno (K) Masters Ltd	38,000.00	-	38,000.00	38,000.00	Insufficient Funds
159	The Standard Group Ltd	883,588.00	-	883,588.00	883,588.00	Insufficient Funds
160	Toyota Kenya Limited	492,563.00	-	492,563.00	492,563.00	Insufficient Funds
161	Toyota Kenya Limited	196,865.00	-	196,865.00	196,865.00	Insufficient Funds
162	Toyota Kenya Limited	46,895.00	-	46,895.00	46,895.00	Insufficient Funds
163	Toyota Kenya Limited	21,032.00	-	21,032.00	21,032.00	Insufficient Funds
164	Toyota Kenya Limited	364,194.00	-	364,194.00	364,194.00	Insufficient Funds
165	Toyota Kenya Limited	53,094.00	-	53,094.00	53,094.00	Insufficient Funds
166	Hatari Security Guards Ltd	1,740,000.00	-	1,740,000.00	1,740,000.00	Insufficient Funds
167	Hatari Security Guards Ltd	1,740,000.00	-	1,740,000.00	1,740,000.00	Insufficient Funds
168	Nation Media Group Ltd	1,972,000.00	-	1,972,000.00	1,972,000.00	Insufficient Funds
169	Nation Media Group Ltd	139,200.00	-	139,200.00	139,200.00	Insufficient Funds
170	The Standard Group Ltd	1,628,640.00	-	1,628,640.00	1,628,640.00	Insufficient Funds
171	Sevenseals Agencies	50,000.00	-	50,000.00	50,000.00	Insufficient Funds
172	Channah Supplies	1,220,000.00	-	1,220,000.00	1,220,000.00	Insufficient Funds
173	Negit Enterprises	1,375,000.00	-	1,375,000.00	1,375,000.00	Insufficient Funds
174	Kedda Enterprises	660,000.00	-	660,000.00	660,000.00	Insufficient Funds
175	Relama Traders	477,250.00	-	477,250.00	477,250.00	Insufficient Funds

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176	Salmir Limited	1,388,155.00	-	1,388,155.00	1,388,155.00	Insufficient Funds
177	Reasons Investments	1,280,000.00	-	1,280,000.00	1,280,000.00	Insufficient Funds
178	Elirsha Supplies	960,000.00	-	960,000.00	960,000.00	Insufficient Funds
179	Kappex Enterprises Limited	1,020,000.00	-	1,020,000.00	1,020,000.00	Insufficient Funds
180	Motor Renewers	28,000.00	-	28,000.00	28,000.00	Insufficient Funds
181	Simba Motor Co Operation	191,807.15	-	191,807.15	191,807.15	Insufficient Funds
182	Jepco Services & Renovators	428,190.00	-	428,190.00	428,190.00	Insufficient Funds
183	Madara Motor Services	494,740.00	-	494,740.00	494,740.00	Insufficient Funds
184	Gazeti Limited	2,678,720.00	-	2,678,720.00	2,678,720.00	Insufficient Funds
185	Interline Investment	921,000.00	-	921,000.00	921,000.00	Insufficient Funds
186	D T Dobie	122,595.00	-	122,595.00	122,595.00	Insufficient Funds
187	Toyota Kenya Ltd	228,643.00	-	228,643.00	228,643.00	Insufficient Funds
188	Wall Street Distribution Agencies	371,520.00	-	371,520.00	371,520.00	Insufficient Funds
189	Jamwaa Logistics	1,320,000.00	-	1,320,000.00	1,320,000.00	Insufficient Funds
190	Eastern Broadcasting Corporation	261,000.00	-	261,000.00	261,000.00	Insufficient Funds
191	Lunao enterprises	11,803,237.05	-	11,803,237.05	11,803,237.05	Insufficient Funds
192	Mara Ways Tours & Travel	174,848.00	-	174,848.00	174,848.00	Insufficient Funds
193	Wamunju Enterprises	1,559,000.00	-	1,559,000.00	1,559,000.00	Insufficient Funds
194	Interken Marketing	1,902,000.00	-	1,902,000.00	1,902,000.00	Insufficient Funds
195	Hadwell enterprises	1,230,000.00	-	1,230,000.00	1,230,000.00	Insufficient Funds
196	Wisikim investment	1,380,000.00	-	1,380,000.00	1,380,000.00	Insufficient Funds
197	Evacom enterprises	1,402,000.00	-	1,402,000.00	1,402,000.00	Insufficient Funds
198	Multiface Research & Dev.	4737050	-	4,737,050.00	4737050	Insufficient Funds
199	Faram East Africa	14,480,000.00	-	14,480,000.00	14,480,000.00	Insufficient Funds
200	Soulco Kenya	373,404.00	-	373,404.00	373,404.00	Insufficient Funds
201	Lake Naivasha simba lodge	870,000.00	-	870,000.00	870,000.00	Insufficient Funds
202	Butch Resort Hotel	834,000.00	-	834,000.00	834,000.00	Insufficient Funds
203	Mara ways Tours & travel	37,500.00	-	37,500.00	37,500.00	Insufficient Funds
204	Clean tone graphics	411,100.00	-	411,100.00	411,100.00	Insufficient Funds
205	Austmat ltd	1,825,000.00	-	1,825,000.00	1,825,000.00	Insufficient Funds

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206	Exxon Technologies	856,290.00	-	856,290.00	856,290.00	Insufficient Funds
207	Delaxin enterprises	489,600.00	-	489,600.00	489,600.00	Insufficient Funds
208	Gobem General supplies	1,375,000	-	1,375,000.00	1,375,000	Insufficient Funds
209	Simba Corporation	2,000,000.00	-	2,000,000.00	2,000,000.00	Insufficient Funds
210	Graphic villa agencies	320,500.00	-	320,500.00	320,500.00	Insufficient Funds
211	Star Point Limited	258,000.00	-	258,000.00	258,000.00	Insufficient Funds
212	Berch investment ltd	853,000.00	-	853,000.00	853,000.00	Insufficient Funds
213	Jotaya enterprises	435,220.00	-	435,220.00	435,220.00	Insufficient Funds
214	Starine Agencies	1,590,000.00	-	1,590,000.00	1,590,000.00	Insufficient Funds
215	Betimes office equipment	488,385.00	-	488,385.00	488,385.00	Insufficient Funds
216	Modern business solution	1,674,825.00	-	1,674,825.00	1,674,825.00	Insufficient Funds
217	Benextel enterprises limited	125,600.00	-	125,600.00	125,600.00	Insufficient Funds
218	Kosgkem Agencies	820,000.00	-	820,000.00	820,000.00	Insufficient Funds
219	Janzik enterprises ltd	222,550.00	-	222,550.00	222,550.00	Insufficient Funds
220	Rowamu enterprises	509,500.00	-	509,500.00	509,500.00	Insufficient Funds
221	Napoleon Star Services	1,735,230.00	-	1,735,230.00	1,735,230.00	Insufficient Funds
222	Escace company Limited	1,890,000.00	-	1,890,000.00	1,890,000.00	Insufficient Funds
223	Alcove general supplies	1,309,000.00	-	1,309,000.00	1,309,000.00	Insufficient Funds
224	Jorge ventures limited	661,000.00	-	661,000.00	661,000.00	Insufficient Funds
225	Berch investment limited	1,973,900.00	-	1,973,900.00	1,973,900.00	Insufficient Funds
226	Leo ict solutions	1,452,000.00	-	1,452,000.00	1,452,000.00	Insufficient Funds
227	Pinnacle (K) Travel & safaris	291,800.00	-	291,800.00	291,800.00	Insufficient Funds
228	Madujoy Global Services	916,688.00	-	916,688.00	916,688.00	Insufficient Funds
229	Transgoods Gen. Supplies	790,000.00	-	790,000.00	790,000.00	Insufficient Funds
230	Silgan Rite Investment Ltd	923,000.00	-	923,000.00	923,000.00	Insufficient Funds
231	Frankmar Agencies	1,185,000.00	-	1,185,000.00	1,185,000.00	Insufficient Funds
232	Malcom Investment	1,262,500.00	-	1,262,500.00	1,262,500.00	Insufficient Funds
233	Piezas Services	819,500.00	-	819,500.00	819,500.00	Insufficient Funds
234	Jaruh Suppliers	610,300.00	-	610,300.00	610,300.00	Insufficient Funds
235	Riggvalleys Holdings	2,113,180.00	-	2,113,180.00	2,113,180.00	Insufficient Funds
236	K emsa	7,779,111.00	-	7,779,111.00	7,779,111.00	Insufficient Funds
237	Kiugu Supplies	1,232,848.00	-	1,232,848.00	1,232,848.00	Insufficient Funds

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238	Caldin Enterprises	174,500.00	-	174,500.00	174,500.00	Insufficient Funds
239	Dokatech Enterprises	17,900.00	-	17,900.00	17,900.00	Insufficient Funds
240	Narse Enterprises	376,600.00	-	376,600.00	376,600.00	Insufficient Funds
241	Green City Incenerators Limited	598,000.00	-	598,000.00	598,000.00	Insufficient Funds
242	Caldin Enterprises	525,000.00	-	525,000.00	525,000.00	Insufficient Funds
243	Summit Equipment	639,400.00	-	639,400.00	639,400.00	Insufficient Funds
244	Nairobi Pest Control Services	288,000.00	-	288,000.00	288,000.00	Insufficient Funds
245	Macvey Enterprises	168,400.00	-	168,400.00	168,400.00	Insufficient Funds
246	Drafod Limited	141,540.00	-	141,540.00	141,540.00	Insufficient Funds
247	Rosrico Enterprises	260,350.00	-	260,350.00	260,350.00	Insufficient Funds
248	Adventure Enterprises	506,000.00	-	506,000.00	506,000.00	Insufficient Funds
249	Talvim Enterprises	91,200.00	-	91,200.00	91,200.00	Insufficient Funds
250	Modern Planners Limited	800,250.00	-	800,250.00	800,250.00	Insufficient Funds
251	Estec	189,080.00	-	189,080.00	189,080.00	Insufficient Funds
252	Regency Systems	494,300.00	-	494,300.00	494,300.00	Insufficient Funds
253	Continental Logistic Network Ltd	208,800.00	-	208,800.00	208,800.00	Insufficient Funds
254	Jimmon Services	10,050.00	-	10,050.00	10,050.00	Insufficient Funds
255	Jimmon Services	353,140.00	-	353,140.00	353,140.00	Insufficient Funds
256	Innovation Africa	988,000.00	-	988,000.00	988,000.00	Insufficient Funds
257	Acubarr Enterprises	211,200.00	-	211,200.00	211,200.00	Insufficient Funds
258	Tropa International Ltd	424300	-	424300	424300	Insufficient Funds
259	Berem Agencies	495,000.00	-	495,000.00	495,000.00	Insufficient Funds
260	Analic Supplies Ltd	243,600.00	-	243,600.00	243,600.00	Insufficient Funds
261	Vendours System Enterprises	498,000.00	-	498,000.00	498,000.00	Insufficient Funds
262	Affirm Innovation Enterprises	220,000.00	-	220,000.00	220,000.00	Insufficient Funds
263	Terbanic Ventures Limited	145,000.00	-	145,000.00	145,000.00	Insufficient Funds
264	Mbirwe Enterprises	497,880.00	-	497,880.00	497,880.00	Insufficient Funds
265	Janico Auto Garage	180,980.00	-	180,980.00	180,980.00	Insufficient Funds
266	Cynbran Trading Company	123,200.00	-	123,200.00	123,200.00	Insufficient Funds
267	Affirm Innovation Enterprises	267,500.00	-	267,500.00	267,500.00	Insufficient Funds

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268	Cherry Gold Technologies	419,300.00	-	419,300.00	419,300.00	Insufficient Funds
269	Nims General Supplies	191,520.00	-	191,520.00	191,520.00	Insufficient Funds
270	Akiom enterprises	3,527,400.00	-	3,527,400.00	3,527,400.00	Insufficient Funds
271	Alcon medquip	1,466,500.00	-	1,466,500.00	1,466,500.00	Insufficient Funds
272	Alcon medquip	1,917,800.00	-	1,917,800.00	1,917,800.00	Insufficient Funds
273	Alcon medquip	484,500.00	-	484,500.00	484,500.00	Insufficient Funds
274	Alcon medquip	3,837,200.00	-	3,837,200.00	3,837,200.00	Insufficient Funds
275	Becriquip Agencies	970,800.00	-	970,800.00	970,800.00	Insufficient Funds
276	Lowson Enterprises	1,443,000.00	-	1,443,000.00	1,443,000.00	Insufficient Funds
277	Lowson Enterprises	970,000.00	-	970,000.00	970,000.00	Insufficient Funds
278	Lowson Enterprises	3,711,600.00	-	3,711,600.00	3,711,600.00	Insufficient Funds
279	Lowson Enterprises	1,465,000.00	-	1,465,000.00	1,465,000.00	Insufficient Funds
280	Lowson Enterprises	911,200.00	-	911,200.00	911,200.00	Insufficient Funds
281	Mylan labpharm	3,215,400.00	-	3,215,400.00	3,215,400.00	Insufficient Funds
282	Mylan labpharm	1,877,500.00	-	1,877,500.00	1,877,500.00	Insufficient Funds
283	Mylan labpharm	2,396,600.00	-	2,396,600.00	2,396,600.00	Insufficient Funds
284	Mylan labpharm	1,898,000.00	-	1,898,000.00	1,898,000.00	Insufficient Funds
285	Mylan labpharm	1,928,300.00	-	1,928,300.00	1,928,300.00	Insufficient Funds
286	Wellway suppliers	1,458,500.00	-	1,458,500.00	1,458,500.00	Insufficient Funds
287	Jaluera East Africa Ltd	1,890,000.00	-	1,890,000.00	1,890,000.00	Insufficient Funds
	Sub-Total	248,922,749.40	0.00	248,922,749.40	248,922,749.40	
	Grand Total	250,187,749.40	0.00	250,187,749.40	250,187,749.40	

ANNEX 2 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due as Retention Monies							
1.INTERLINK INDUSTRIES	10%Retention	612,535.00	7-Jun-17	-	612,535.00		

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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
2.INTERLINK INDUSTRIES	10%Retention	1,917,902.95	21/7/2017	-	1,917,902.95		
3. BLUE STREAM ENTERP.	10%Retention	2,432,553.75	7-Jun-17	-	2,432,553.75		
4. BLUE STREAM ENTERP.	10%Retention	1,088,644.65	7-Apr-17	-	1,088,644.65		
5. BLUE STREAM ENTERP.	10%Retention	1,180,323.70	24/7/2017	-	1,180,323.70		
6.LUNAO ENTERPRISES	10%Retention	1,024,368.85	30/6/2017	-	1,024,368.85		
7.LUNAO ENTERPRISES	10%Retention	231,497.75	30/1/2017	-	231,497.75		
8.BOWL PLUMBERS	10%Retention	593,176.20	30/1/2017	-	593,176.20		
9.SENDERS SERVICES	10%Retention	1,401,217.00	22/2/2017	-	1,401,217.00		
10.SASAH CONSTRUCTION	10%Retention	622,028.00	30/1/2017	-	622,028.00		
11.SASAH CONSTRUCTION	10%Retention	16,550.00	16/8/2017	-	16,550.00		
12.GLAMA ELECTRICALS	10%Retention	128,319.50	30/1/2017	-	128,319.50		
13.GLAMA ELECTRICALS	10%Retention	1,236,794.70	30/1/2017	-	1,236,794.70		
14.TECHNIQUES GEN. MER.	10%Retention	857,916.30	30/1/2017	-	857,916.30		
15.TECHNIQUES GEN. MER.	10%Retention	727,179.70	22/3/2017	-	727,179.70		
16.SUNJUA BUILDERS	10%Retention	322,205.00	29/8/2017	-	322,205.00		
17.SUNJUA BUILDERS	10%Retention	66,373.15	21/7/2017	-	66,373.15		
18.SUNJUA BUILDERS	10%Retention	38,073.90	7-Oct-17	-	38,073.90		
19.VAGHIYANI ENTERP.	10%Retention	2,858,725.00	27/7/2017	-	2,858,725.00		
20.PONG AGENCIES	10%Retention	175,405.90	25/7/2017	-	175,405.90		
21.REFCON ENGINEERING	10%Retention	259,774.00	13/7/2017	-	259,774.00		
Sub-Total		17,791,565.00			17,791,565.00		
Amounts due as General Deposits							
1.AGRAWEL E.A.		200,350.00			200,350.00		
2.NBK		747,049.00			747,049.00		
3.AGRAWEL E.A.		267,475.00			267,475.00		
4.REBECCA BOIT		30,000.00			30,000.00		
5.GREENLIFE CROP PROTEC.		423,020.00			423,020.00		
6.HIGHCHEM MERKETING		893,350.00			893,350.00		
7.DHO A/RIVER		4,200,000.00			4,200,000.00		
8.CBK		5,196,245.00			5,196,245.00		
9.OSHO CHEMICALS		245,680.00			245,680.00		
10.R.H. DEVANI		114,630.00			114,630.00		

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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
Sub-Total		12,317,799.00			12,317,799.00		
Others (specify)							
1. OTHER REVENUE		1,533,515.00			1,533,515.00		
2. RADIATION BOARD		5,428,467.00	0	0	5,428,467.00		
Sub-Total		6,961,982.00			6,961,982.00		
Grand Total		37,071,346			37,071,346		

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ANNEX 3 – LIST OF PROJECTS IMPLEMENTED BY THE ENTITY –MINISTRY OF HEALTH

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1.	East African Public Health Network	Providing national laboratory services in research, and consultancy	Dr. Jackson M.Kioko Director of Medical Services	No
2.	OBA	Offer Quality Reproductive Health Care Services to economically disadvantaged	Dr. Peter Kimuu	No
3.	East Africa Centre of Excellence	Training, Research and Service Delivery	Mr. David Waititu	No
4.	Kenya Italy Debt for Development	Developing of Community Health Strategy through rehabilitation of health facilities	Ms Eunice Ambani	No
5.	Global Fund HIV AIDs Funding	Reduce HIV Infections and AIDs Related Diseases	Dr. Martin Sirengo	No
6.	Global Fund Tuberculosis	Reduce transmission and enhance the quality care	Dr. Kamene Kimenye	No
7.	OBA	Design and Implement Social Health Insurance System to economically disadvantaged	Dr. Peter Kimuu	No
8.	The Medical Waste Management Project	Clinical Waste Disposal System	Dr. Kepha Ombacho	No
9.	Rapid Testing Quality Improvement Initiative	HIV Testing	Dr. Kioko	
10.	National Quality Control Laboratory	Medicine Quality Standard	Dr. H. Chepkwony	
11.	Chemical, Biological Radiological and Nuclear (CBRN)	Respond to threat from CBRN	Mr. Ali Gakweli	No
12.	Transforming Health Systems for Universal Care Project	Improve Primary Health care	Dr. Ahmed Omar Ahmed	No

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ANNEX 4 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY-MINISTRY OF HEALTH

Ref. No	Transfers to SAGAs and SCs	Amount transferred during the year(Ksh.)	Inter- entity reconciliations done?(yes/no)
A	Transfers to SAGAs		
1	KENYA MEDICAL TRAINING COLLEGE	2,893,066,667	Yes
2	KENYATTA NATIONAL HOSPITAL	7,285,829,541	Yes
3	KENYA MEDICAL RESEARCH INSTITUTE	1,834,962,265	Yes
4	KENYA MEDICAL SUPPLIES AGENCY	376,000,000	Yes
5	MOI TEACHING AND REFERRAL HOSPITAL	5,244,705,867	Yes
6	NATIONAL AIDS CONTROL COUNCIL	942,146,308	Yes
7	GENEVA OFFICE-IHO	37,845,646	Yes
8	NATIONAL HOSPITAL INSURANCE FUND	1,381,275,853	Yes
B	Transfers to County Governments		
9	47 Counties	900,000,000	Yes
10	47 COUNTIES-FREE MATERNITY	4,836,996,000	Yes
11	47 COUNTIES-NEGOTIATED ALLOWANCE	4,841,889,000	Yes
12	CONDITIONAL GRANTS-2 COUNTIES	200,000,000	Yes
C	Transfers to Projects-GoK counterpart funding		
13	EAST AFRICA PUBLIC LABORATORY NETWORKING PROJECT	200,000,000	Yes
14	GLOBAL FUND -MALARIA ROUND 10 - SPECIAL	1,991,489,542	Yes
15	GLOBAL FUND-HIV/AIDS ROUND 7	220,156,096	Yes
16	TUBERCULOSIS ROUND 6	865,461,769	Yes
17	TRANSFORMATIVE HEALTH SYSTEMS	515,874,477	Yes
18	EAST AFRICAN CENTRE OF EXCELLENCE	76,039,072	Yes
19	KENYA HEALTH SECTOR SUPPORT	382,797,147	Yes
D	Other Payments		
20	RELATED PAYMENTS-ROLL OUT UHC	29,321,768	Yes
	TOTAL	35,055,857,018	

**Ministry of Health
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ANNEX 5- REPORTS GENERATED FROM IFMIS**

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes

