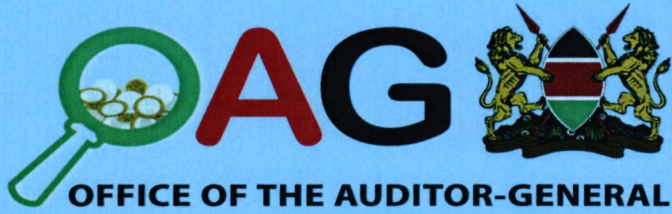


37



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 18 FEB 2021

DAY:
Thursday

PARLIAMENT
OF KENYA
LIBRARY

OF

TABLED
BY:

L. D. M

CLERK-AT
THE TABLE:

P. Muiga

THE AUDITOR-GENERAL

ON

**EAST AFRICA PUBLIC HEALTH
LABORATORY NETWORKING PROJECT
(EAPHLN) CREDIT NO.4732-KE**

**FOR THE YEAR ENDED
30 JUNE, 2020**

KENYA MEDICAL SUPPLIES AUTHORITY

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Project, or cease operations.

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON EAST AFRICA PUBLIC HEALTH LABORATORY NETWORKING PROJECT (EAPHLN) CREDIT NO.4732-KE FOR THE YEAR ENDED 30 JUNE, 2020 – KENYA MEDICAL SUPPLIES AUTHORITY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of East Africa Public Health Laboratory Networking (EAPHLN) Project set out on pages 10 to 21, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution, 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, the financial statements present fairly, in all material respects, the financial position of the East Africa Public Health Laboratory Networking (EAPHLN) Project as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Agreement Credit No.4732 - KE dated 5 July, 2010 between International Development Association and the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of East Africa Public Health Laboratory Networking (EAPHLN) Project in accordance with ISSAI 130 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement were of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Report of the Auditor-General on East Africa Public Health Laboratory Networking Project (EAPHLN) Credit No.4732-KE for the year ended 30 June, 2020 – Kenya Medical Supplies Authority

KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT



Reports and Financial Statements
For the year ended June 30, 2020

This statement is approved and signed by:

Mr. Waiganjo Karanja

Mr. Edward Njoroge

Director, Finance & Strategy

Ag. Chief Executive Officer

ICPAK M. No. 7023

Sign. 

Sign. 

Date. 30/09/2020

Date. 30/09/2020



Reports and Financial Statements
For the year ended June 30, 2020

PROJECT MANAGEMENT STATEMENT OF RESPONSIBILITIES

The project management is required to prepare financial statements, which give a true and fair view of the state of affairs of East Africa Public Health Laboratory Networking Project (EAPHLNP) as at the end of the financial year and of its surplus or deficit for that year. During FY 2019/2020 the project reported a deficit of **KSH (85,821,512)** compared to a Surplus of **KSH 82,639,687** in FY 2018/2019.

The project management is required to ensure that the Authority maintains proper accounting records, which disclose with reasonable accuracy, the financial position of the project. The management is also responsible for safeguarding the assets of the project. The project management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, consistent with previous years and in conformity with the international public sector accounting standards (IPSAS)

The project management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Project as at 30th June 2020 and of its surplus for the year then ended. The project management further confirms the accuracy and completeness of the accounting records maintained by the Authority, which has been relied upon for the preparation of financial statements as well as the adequacy of the systems of the internal financial controls.

**KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT**



**Reports and Financial Statements
For the year ended June 30, 2020**

KEMSA will continue to invest in strategic partnership that add value to the discharge of its mandate under the KEMSA Act 2013 and realization of its Vision of being a leader in innovative health supply chain support solutions that support better health service delivery.

Mr. Edward Njoroge

Ag .Chief Executive Officer

Sign.....
Date.....30/09/2020



Reports and Financial Statements
For the year ended June 30, 2020

CHIEF EXECUTIVE OFFICER'S REPORT

KEMSA Act has mandated the Authority to establish mechanisms that ensure efficiency, effectiveness and sustainability in carrying out its mandate. To achieve this, the Authority has rolled out its Strategic Plan 2019 – 2024 which is in its first year of implementation. The Plan takes into consideration Kenya's Vision 2030; Medium Term Plan III which envisions to provide "equitable and affordable health care at the highest standards. The plan also takes into consideration the Sustainable Development Goals No. 3 which seeks to ensure healthy lives and promote wellbeing for all at all ages thereby thrusting the prominence of citizen's health to the forefront of responsibilities for all governments.

The Kenya government has continued to give priority to strengthening of National Health Systems. This has been done through deliberate measures to commit more funds to the health sector in the national budget and partnering with development agencies. With support from the World Bank East Africa Public Health Networking Project will bring together the public health laboratory of East Africa by building the capacity and giving regional focus to realize better health for the citizen.

KEMSA role in the implementation of the project was to offer supply chain services i.e. procurement, warehousing and distribution of laboratory equipment and consumables. KEMSA distributes program commodities which at times are integrated with Essential Medicines and Medical Supplies (EMMS). This includes reproductive health commodities, nutritional food supplements, TB/Leprosy laboratory equipment and consumable and ARV's. This is aimed at reducing distribution costs and managing medical commodities within one supply chain resulting in greater reach and efficiencies.

During the year 2019/2020, KEMSA used its strength in supply chain management to realize value for money in procuring laboratory equipment and consumables on behalf of the project.

KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT



Reports and Financial Statements
For the year ended June 30, 2020

- Hospital located in high transmission areas with large numbers of migrants or refugees.
- Regional teaching hospitals which can serve as centres of excellence for conducting training and research
- Commitment to collaborate and coordinate efforts within and across countries

The satellite laboratories in Kenya are located in

- Machakos
- Malindi
- Kitale
- Busia
- National Public Health Laboratory Services
- Wajir

KEMSA is the procurement agent for EAPHL Project where funds are sent from World Bank through Ministry of Health to KEMSA to cater for cost of Equipment and consumables required at the satellite laboratories. Procurement functions are governed by procurement laws and are carried out in accordance with World Bank's guidelines.

KEMSA has been offering supply chain services to the project in line with World Bank guideline to ensure that the project achieves its set objectives.

Project Start Date:	July, 05 2010
Project End Date:	31st March 2020 but extended to 30th September 2020
Project Sponsor:	The World Bank, Government of Kenya

Project contact person:

Name: Head National Public Health Laboratory Services
East Africa Public Health Laboratory Networking Project

Email: mamoumuro@gmail.com



Reports and Financial Statements
For the year ended June 30, 2020

PROJECT INFORMATION

East Africa Public Health Laboratory Networking Project (EAPHLNP) started on 5th July 2010 and was expected to close on 31st March 2020 but has been extended to 30th September 2020.

Project Development Objective was to establish a network of efficient high quality, accessible public health laboratories for the diagnosis and surveillance of TB and other communicable diseases.

The project includes three mutually reinforcing components which were to assist Kenya Rwanda, Tanzania and Uganda to diagnose communicable disease of public health importance and to share information about those diseases to amount an effective regional response.

Project Objectives

- Strengthen capacity to diagnose communicable diseases of public health importance and share information to mount an effective regional response.
- Support joint training and capacity building to expand the pool of qualified laboratory technicians.
- Fund joint operational research and promote knowledge sharing to enhance the evidence base for these investments and support regional coordination and program management.

In Kenya, the satellite laboratories are based at regional or district hospital in strategic cross border areas or in densely populated peri-urban areas where poverty is rampant and slum conditions serve as a breeding ground for the spread of diseases. Selected sites are based on

**KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT**



**Reports and Financial Statements
For the year ended June 30, 2020**

1. PROJECT GENERAL INFORMATION

(a) Project Physical Address

13 Commercial Street, Industrial Area,
P.O Box 47715 00100,
NAIROBI

(b) Project Contacts

Telephone: +254 20 3922 000
Email: info@kemsa.co.ke
Website www.kemsa.co.ke

(c) Project Bank

National Bank of Kenya
Harambee Avenue,
NAIROBI

(d) Auditors

Office of the Auditor-General
Anniversary Towers, University Way,
NAIROBI.

(e) Legal Advisers

The Attorney General
State law office,
Harambee Avenue
P. O. Box 40112
NAIROBI

**KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH PROJECT**

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WORLD BANK KE-4732

**EAST AFRICA PUBLIC HEALTH
LABORATORY NETWORKING PROJECT**

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2020

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Project monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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.
- 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 applicable 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 Project'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 Project 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 Project 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

29 December, 2020

KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT



Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE			
For year ended 30 th June, 2020			
	Note	2019/2020	2018/2019
		Kshs	Kshs
Revenue from non - exchange transactions			
Receipts from World Bank	1	-	85,864,578
Total Revenue		-	85,864,578
Expenses	-		
Purchase of Medical Equipment & consumables	2	85,816,651	3,224,286
Bank Charge	3	4,860	605
Total Expenses		85,821,512	3,224,891
Surplus/(Deficit) for the period		(85,821,512)	82,639,687

KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT



Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION			
As at 30 th June 2020			
Assets	Note	2019/2020 Kshs	2018/2019 Kshs
Current Assets			
Cash and Cash-equivalents	4	29,065,065	117,377,477
Total Current Assets		29,065,065	117,377,477
Non -Current Assets			
Non -Current Assets		-	-
Total Assets		29,065,065	117,377,477
Liabilities			
Current Liabilities			
Trade and other payables from exchange transaction	6	10,493,897	12,984,796
Non- current liabilities			
Total Liabilities		10,493,897	12,984,796
Net Assets		18,571,169	104,392,681
Revenue Reserves	5	18,571,169	104,392,681
Total Net Asset and Liabilities		29,065,065	117,377,477

The Financial Statements signed by:

Mr. Waiganjo Karanja

Mr. Edward Njoroge

Director, Finance & Strategy

Ag. Chief Executive Officer

ICPAK M. No. 7023

Signature

Sign

Date 30/09/2020

Date 30/09/2020

KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT



Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended 30th June, 2020

Attributable to the owners of the controlling entity						
	Self insurance reserve	Reserve capital replacement development reserve	Housing reserve	Accumulated Surplus	Minority interest	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Balance as at 30 June 2018				21,752,994		21,752,994
Surplus For the Period Transfer to/from Accumulated Surplus				82,639,687		82,639,687
Balance as at 30 June 2019				104,392,681		104,392,681
Surplus For the Period Transfer to/from Accumulated Surplus				(85,821,512)		(85,821,512)
Balance as at 30 June 2020				18,571,169		18,571,169

KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT



Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF CASHFLOW
As at 30th June, 2020

	Note	2019/2020 Kshs	2018/2019 Kshs
Cash flows from operating activities			
Receipts			
Receipts From World Bank	1	-	85,864,578
Total		-	85,864,578
Payments			
Payment to suppliers lab Equipment	2	85,816,651	3,224,286
Bank charge	3	4,860	605
Cash From Operation		85,821,512	3,224,891
Cash flow from operating Activities		(85,821,512)	82,639,687
Adjust for:			
Increase (Decrease) in Payables		(2,490,900)	(3,518,666)
Net Cash flow from operating Activities		(88,312,412)	79,121,021
Net Cash used on investing Activities		-	-
Cash flow used in Finance Activities		-	-
Net Increase/Decrease in cash and Cash Equivalent		(88,312,412)	79,121,021
Cash & Cash Equivalents at the start of the Year		117,377,477	38,256,456
Cash & Cash equivalents at end of the year June 30 2020		29,065,065	117,377,477

STATEMENT OF BUDGET COMPARISON				
For Financial Year ended June ,2020				
	Original Budget	Actual on Comparable Basis	Performance Difference	Reasons for re-allocation-IPSAS 24.29
	2019-2020	2019-2020	2019-2020	
Revenue				
Grants from East Africa Public Laboratory Networking Project	-	-	-	
Other Income		-	-	No interest during the financial year
TOTAL INCOME	-	-	-	
Payments				
Procurement of laboratory Equipment and Consumables	85,864,578	83,510,231	2,354,348	These are actual amounts relating to budgets of FY 18/19
Procurement of laboratory Equipment and Consumables	2,220,227	2,306,586	(86,358)	The variance is Exchange rate difference
Bank charges		4,860	(4,860)	These are the bank charges incurred during the FY year 2019/20
TOTAL EXPENSES	88,084,806	85,821,677	2,263,129	
SURPLUS FOR THE PERIOD	(88,084,806)	(85,821,677)	(2,263,129)	

SUMMARY OF 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 on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS).

a). Revenue Recognition

i) Revenue from non-exchange transactions

Fees

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



**Reports and Financial Statements
For the year ended June 30, 2020**

Transfers from other Government Entities

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

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion

When the outcome of the transaction can be estimated reliably.

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

Finance Income

Finance income comprises interest receivable from holding current accounts.

b). Budget Information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.



**Reports and Financial Statements
For the year ended June 30, 2020**

c). Trade And Other Receivables

Trade and other receivables are recognized at fair values.

d). Cash And Cash Equivalents

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

e). Trade And Other Payables

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

f). Exchange Rate Differences

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



Reports and Financial Statements
For the year ended June 30, 2020

g) Comparative figures

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

h). Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

KENYA MEDICAL SUPPLIES AUTHORITY
WB KE-4732 EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT



Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS FY 2019/2020

1	<u>Operating Income</u>	-	-
		2019/2020	2018/2019
		Kshs	Kshs
	Receipts from World Bank	-	85,864,578
	Other income - Interest Income	-	-
	Total	-	<u>85,864,578</u>
2	<u>Purchase of medical Equipment</u>	2019/2020	2018/2019
		Kshs	Kshs
	Purchase of Medical Equipment and Consumables	85,816,651	3,224,286
	Total	<u>85,816,651</u>	<u>3,224,286</u>
3	<u>Finance cost</u>	2019/2020	2018/2019
		Kshs	Kshs
	Bank charge	4,860	605
	Total	<u>4,860</u>	<u>605</u>
4	<u>Cash and Cash Equivalents</u>	2019/2020	2018/2019
		Kshs	Kshs
	Bank balance as at end of the period	29,065,065	117,377,477
	Total	29,065,065	117,377,477



Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS FY 2019/2020

5	Revenue Reserves	2019/2020	2018/2019
-		Kshs	Kshs
-	At the beginning of the year	104,392,681	21,752,994
-	Deficit / surplus for the year	(85,821,512)	82,639,687
-	Balance at year end	18,571,169	104,392,681
6	Trade and other payable	2019/2020	2018/2019
-		Kshs	Kshs
-	Payables from exchange transactions	10,493,897	12,984,796
-	Total	10,493,897	12,984,796
7	Cash Flow from Operations	2019/2020	2018/2019
-	Surplus (Deficit) for the year	(85,821,512)	82,639,687
-	Working Capital Adjustments:		
-	Decrease/(Increase) in Receivables	-	-
-	(Decrease)/Increase in payables	(2,490,900)	3,518,666
-	Net Cash Flows from Operating Activities	(88,312,412)	79,121,021

NOTES TO THE FINANCIAL STATEMENTS FY 2019/2020

PROGRESS ON FOLLOW UP OF AUDIT 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 period 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:	Timeframe:
				(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
Other Matters	<p>Budget Control and Performance The statement of Comparison between the Budget and actual amounts reflects approved revenue budget of KSH 85,864,578 and actual amounts realized of KSH 64,135,422 resulting to an under-funding of KSH 21,729,156 or 25% of the Budget However out of the received amount of 64,135,422 only ksh 3,224,286 relating to 2015/2016 budget was absorbed resulting to an under absorption of 60,911,136 or 95% of revenue. The low absorption could adversely affect the achievement of the planned activities hence impacting negative on service delivery.</p>	<p>The original Budget for procurement of laboratory Equipment and Reagents for new sites (MTRH& Marsabit ,original sites and NPHL) was Ksh.150,000.000 and not Ksh. 85,864,578 as indicated. The actual funds received was Ksh. 85,864,578 which resulted in a Budget-Actual variance of Ksh. 64,135,422. We wish to clarify that there is no risk of underfunding since the funds received were as per the tender awards for the HPTs. As at 30th June 2020, HPTS valued at Ksh. 83,840,073 had been supplied and paid for.</p>	Finance Manager	Resolved	