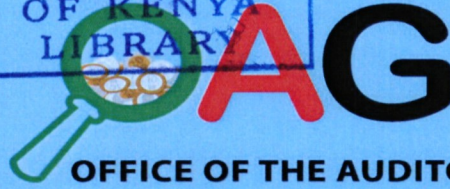



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OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

 THE NATIONAL ASSEMBLY <b>REPORT</b>	
DATE: 14 MAR 2023	
DAY: TUESDAY	
TABLED BY:	DEPUTY MAJORITY PARTY LEADER
OF	
CLEARED AT THE TABLE:	INZOFU MWA LB

**THE AUDITOR-GENERAL**

**ON**

**EAST AFRICA'S CENTRE OF EXCELLENCE  
FOR SKILLS AND TERTIARY EDUCATION IN  
BIOMEDICAL SCIENCES - PHASE 1 (LOAN  
NO.2100150031997) PROJECT**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**MINISTRY OF HEALTH**



**PROJECT NAME: EAST AFRICA'S CENTRE OF EXCELLENCE**

**IMPLEMENTING ENTITY: MINISTRY OF HEALTH (MOH)**

**PROJECT LOAN NUMBER: 2100150031997**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2022**

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

***EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
2100150031997  
Reports and Financial Statements  
For the year ended JUNE 30TH, 2022***

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
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**For the year ended JUNE 30TH, 2022**

**1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

**Name:** East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences

**Phase 1 - Project Loan Number:** 2100150031997

**Afya House**

**AFDB Prefab offices**

**Objective:** The key objective of the project is to focus on public health problems affecting the country, including infectious diseases, use of scientific evidence for policy formulation and program implementation.

**Address:** The project headquarters offices are Nairobi, Nairobi County, Kenya.

The address of its registered office is:

P.O Box 30016 – 00100

Afya House. Cathedral Road

Nairobi.

**Contacts:** The following are the project contacts

Telephone: (254) 0202717077

E-mail: pshealth.go.ke

Website: wwwhealth.go.ke

**1.2 Project Information**

Project Start Date:	The project start date is 17-12-2014
Project End Date:	The project end date is 31/12/2022
Project Manager:	The project manager is Dr. Hossan Ajuck
Project Sponsor:	The project sponsor is ADF and GOK

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (CONTINUED)**

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Health Ministry.
Project number	<b>P-Z1-IBO-23    Loan Number 2100150031997</b>
Strategic goals of the project	The strategic goals of the project are as follows:  I.    Training II.   Research III.  Service delivery
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Training of public health workers (ii) Research and analysis of public health information
Project duration	The project started on 17 <sup>th</sup> December, 2014 and is expected to run until 31 <sup>st</sup> December 2022

**1.4 Bankers**

The following are the bankers for the current year:

- (i) Central Bank of Kenya

**1.5 Auditors**

Office of the Auditor General.  
P.O. Box 30084-00100  
Nairobi

**1.6 Roles and Responsibilities**

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (CONTINUED)**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Dr.Martin Sirengo	Head Departmennt of health Infrastructure		Involved in the day to day running of Health infrastructure projects in the country. Reporting to the Ministry and the Financiers on the Projects
Dr. Hossan Dennis Ajuck	Project Manager	MPH, BSDT, IPPHL	Involved in the day to day running of the EAKIP project. Reporting to the Ministry and the Financiers on the Project
Stellah Oduogi	Project Accountant	BCOM,CPA(K)	Carrying out the accounting functions of the Project
Catherine Kimira	Procurement Officer	SCMO I Procurement	Carrying out the procurement functions of the Project
Professor Mungai Ngugi	Academic officer	Urologist	In charge of academic programs
Robinson Manguro	M&E Officer	Architect	In charge of project M&E issues

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.7 Funding summary**

The Project is for a duration of 5 years from 2014 to 2019 but was given an extension of 3 years to December 2022 with an approved budget of 27,500,000 UA equivalent to Kshs 3,674,000,000 billion as highlighted in the table below:

Below is the funding summary:

**(a) Source of funds**

Source of funds	Donor Commitment-		Amount received to date – (30-06- 2022)		Undrawn balance to date (30-06- 2022)	
	Donor currency UA	Kshs	Donor currency UA	Kshs	Donor currency UA	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>	-	-	-	-	-	-
ADB	25,000,000	3,340,000,000	12,974,265	1,733,361,739	12,025,735	1,606,638,261
<b>(ii) Counterpart funds</b>	-	-	-	-	-	-
Government of Kenya	2,500,000	334,000,000	1,309,257	174,916,763	1,190,743	159,083,237
Miscellaneous			12,802.5	1,710,413		(1,710,413)
<b>Total</b>	<b>27,500,000</b>	<b>3,674,000,000</b>	<b>14,264,035</b>	<b>1,909,988,915</b>	<b>13,235,965</b>	<b>1,764,011,085</b>

Exchange rate 1 UA= KES 133.6

**(b) Application of funds**

Application of funds	Amount received to date – (30th June 2022)		Cumulative Amount paid to date – (30th June 2022)		Unutilised balance to date (30th June 2022)	
	Donor currency	Kshs		Kshs	Donor currency	Kshs
	(A)	(A')		(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
AFDB	12,974,265	1,733,361,739	12,945,310	1,729,493,412	28,955	3,868,327
Total	<b>12,974,265</b>	<b>1,733,361,739</b>	<b>12,945,310</b>	<b>1,729,493,412</b>	<b>28,955</b>	<b>3,868,327</b>
<b>(i) Counterpart funds</b>						
Miscellaneous	12,802.5	1,710,413	12,803	1,710,413		
	<b>12,987,067</b>	<b>1,735,072,152</b>	<b>12,958,113</b>	<b>1,731,203,825</b>	<b>28,955</b>	<b>3,868,327</b>

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
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**2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES**

**Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

**Progress on attainment of Strategic development objectives**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

PROJECT	OBJECTIVES	OUTCOME	INDICATORS	PERFORMANCE
EAKI	Policy formulation and	. Hire a consultant . Workshops	. ToRs /Expression of Interest/Advertisement	. Contract . Workshop
	Strategic planning	convened to develop the operational plan	. Final operational plan submitted to MOH	Reports and Strategic plan is the development process
		Strategic Plan and Operational Guidelines and Labor market policy	ToRs /Expression of Interest/Advertisement	Contract and Strategic Documents
	Coordination and partnerships	Project Managers salaries	status of implementation	Project manager reported.
		Office Consumables and communication support	Professional Opinion/Purchased airtime	S13
		Repairs and Servicing of Project Vehicles and Fuel	Motor Vehicle Inspection reports and Repair invoices	Motor Vehicle Inspection Report

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		Monitoring and Evaluation Officer Salaries	status of implementation	Recruited but did not report
		Repair of ADB office block	BoQ's and RFQ's	Final Certificate on Repairs (done)
		Carry out service of Office Printers and Photocopiers	Service report	Service Report
		Support UON Research office	Hire Statistician/epidemiologist and office assistant	Hire Consultant and hold Stakeholders workshops
			Develop Research strategy and platform	Hire Consultant and hold Stakeholders (not done)

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
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### **3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

EAKI will be a specialized hospital that is key in ensuring that the kidney disease burden is not only reduced but fully managed in the region, as we build capacity of our health care workers, there is a plan to ensure that the Centre of excellence addresses all the challenges within EAC and beyond. We are also focused to ensure that we attract medical tourism. The main activities will include: service delivery, training and research in Urology and Nephrology

The Kenya Health Sector Strategic and Investment Plan (KHSSP) 2018-2023, has spelt out the short term strategies that the health sector will use in implementing the Kenya Health Policy (KHP) 2014-2030. The KHSSP 2018-2023 covers all actors in the Health arena and will guide in developing their strategic as well as operational plans.

In implementing the strategic plan, the Ministry of Health (MOH) has roles it is expected to undertake as one of the Actors in the health arena. EAKI Strategic and Investment Plan spells out the strategies the MoH will use to effectively play its role in the sector as part of implementing the health agenda as spelt out in KHP.

As the MOH has developed the KHSSP 2018-2023, the EAKI SP is expected to guide its strategic positioning to play its role as elaborated in the project details. The **East Africa Kidney Institute**, is a proposed Centre of excellence in renal care, training and research to be set up in Kenya as part of the East African Community's objective of development of relevant and highly skilled workforce in biomedical sciences to meet the EAC immediate labor market needs and support EAC's free labor market protocols. It is envisioned that EAKI will also attract medical tourism from the region and beyond.

EAKI is jointly funded by the Government of Kenya and the African Development Bank (AfDB) and its establishment is aligned to the Medium-Term Plan (MTP III) for the Vision 2030 aimed at development of specialized skills a priority to promote medical tourism within the region to increase Kenya's competitiveness regionally and globally. EAKI is part of the EAC COEs focusing on Nephrology and Urology Institute while Uganda is hosting the Cancer CoE; Tanzania, Heart CoE and Rwanda hosts eHealth and Rehabilitation Sciences.

Upon completion, EAKI will allow multi-partite participation by putting clinical services, medical research, and professional training together; and concentrating medical expertise, advanced technology and cases of complex renal illnesses in one place.

#### **1. Sustainability strategy and profile**

Sustainability plan is on cause and this can done through the development of 2022-2027 strategic plan. Currently a roadmap has been developed as stated below by the concept note developed:

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**The roadmap to strategic plan**

The Strategic objectives of EAKI are;

1. To improve expertise and strengthen specialized health care services to Kenyans and the East African Region.
2. To reduce the burden on chronic kidney disease through enhancement of promotive and preventive interventions.
3. To provide high quality regional based renal health services to stem outward referrals to foreign countries. To improve specialists teaching and training
4. To strengthen regional healthcare referral services and attract medical tourism to the country.
5. To promote quality research in medical specialties and maintain a registry on renal conditions.

**EAKI project has the following components;**

**Component I: Establish a Regional Centre's of Excellence in Urology and Nephrology in Kenya through Construction of the EAKI complex:**

This component aims at establishing the infrastructure, equipment and systems of a centres of excellence in Kenya as part of the regional network of CoEs in the East Africa region. Specifically, the goal of this component is to facilitate;

- i. Higher education programs and clinical training;
- ii. Scientific and operational research;
- iii. Delivery of specialized preventive, curative and promotive services.

**Component II: Regional Integration.**

Support EAC Regional Integration agenda in Higher Education to respond to Labor Market needs. This component will support regional integration in higher education and labor market regulation: Specifically, the focus will be on:

- i. Development and implementation of a regional integration strategy on higher medical education and research;
- ii. Development of a policy and operational guideline that guides and facilitates enrolment of students from EAC member states to those Centers of Excellence through an agreed and equitable framework;
- iii. Production of a regional labor market policy and supporting operational arrangements to enhance regional integration in skilled labor market;
- iv. Development, with member states, of a strategic plan of expanding the project in the other regional countries.

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**Component III: Project Management and Coordination**

This component supports project management coordination, monitoring and evaluation including assessment of the effectiveness of the approaches used in the program in terms of quality and relevance to the job market.

**OBJECTIVES OF THE EAKI-SP CONCEPT PAPER**

- To provide a draft roadmap of key milestones in the process of development of EAKI-SP;
- To outline the methodology for developing the strategic plan;
- To provide guidance on the institutional arrangements;
- To provide an estimate of the resources and possible sources of support for the process;

**METHODOLOGY FOR DEVELOPING THE EAKI-SP**

The coordination structures will be as follows;

1. Steering Committee

Steering Committee, comprised of members from MOH, KNH, KMTC and UON will be appointed by the Principal Secretary (PS). The steering committee shall guide the process of developing the SP.

2. Technical Committee

The PS will appoint a Technical Committee that will draft the SP after review of relevant documents, including, but not limited to; the Constitution, Kenya Health Policy, the KHSSP 2018-23, the UHC road map, project details, East Africa Community Health Strategy, the Health Act 2017 and other relevant legislation, relevant Government circulars and any other relevant materials deemed appropriate for this purpose as well as other performance review reports. The Technical committee will determine their modus operandi in undertaking the task. This may include establishing thematic groups to carry out the exercise.

3. Thematic groups

As per the EACE, Project Appraisal Report (PAR), the Ministry of Health is the Executing Agency (EA) while the Kenyatta National Hospital, The University of Nairobi and Kenya Medical Training College are the users/beneficiary institutions. The three institutions jointly own the land on which the proposed complex will be constructed. Other collaborating agencies are the Ministries of Education, The National Treasury and the East Africa Community.

The thematic groups will be organized around the operational areas for the Kidney Institute. A core team that will coordinate and collate the output from the various groups.

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The thematic groups shall be provided a format for deriving the necessary information towards developing the draft SP.

All groups will have representatives of the entities i.e; MOH, KMTC, KNH, and UON.

The thematic groups will include;

- i. Leadership and governance (policy, planning, quality assurance, social accountability and regulation)- strategies, interventions, indicators, targets and investment areas with budgets
- ii. Service delivery-strategies and interventions per each policy area, indicators, targets and investment areas with budgets
- iii. Health products and technologies, including blood- strategies, interventions, indicators, targets and investment areas with budgets
- iv. Human resource for health- strategies, interventions, indicators, targets and investment areas with budgets
- v. Infrastructure- strategies, interventions, indicators, targets and investment areas with budgets
- vi. Health financing- strategies, interventions, indicators, targets and investment areas with budgets including overall document costing
- vii. HIS /M&E- strategies, interventions, indicators, targets and investment areas with budgets including the M&E framework
- viii. Research and development- strategies, interventions, indicators, targets and investment areas with budgets

4. Coordination and Secretariat

The Department of Central Planning and Project Monitoring shall provide the Technical back stopping for the development of the East African Kidney Institute Strategic Plan. The Department shall provide coordination for the process.

Consultation Process

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Where appropriate, there will be comprehensive consultations with:

1. MoH entities
2. Health related Ministries
3. Key health sector partners
4. Private sector

Validation and Endorsement

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The draft Strategic Plan shall be consolidated by the core team. It will then be subjected to internal validation and endorsement before editing, printing and circulation.

**ROADMAP**

Phase	Major milestones	Responsible	Time line
Develop draft EAKI-SP	Mobilize financial support for EAKI-SP drafting workshop	EAKI/ADB	July 2021
	Conduct workshops to develop draft EAKI-SP	CPPMD	Oct 2021
Finalization, launch and dissemination	Internal validation of draft EAKI-SP	CPPMD	May 2022 (After CS endorsement)
	Incorporation of comments	CPPMD	March 2022
	Editing of final draft	CPPMD	March 2022
	Endorsement of final document	CS	April 2022
	Printing, launch and dissemination	CPPMD	May 2022

In summary, there is a need to finalize on the memorandum of understanding between the stakeholders which includes the KMTC, KNH and UoN so that the process of strategic plan can continue on the road towards sustainability.

**2. Environmental performance**

**Key Environmental Issues & Potential Impacts** The proposed EAKI is expected to have net positive benefits to the country and the East African Community. The positive impacts include: land use optimization, improved access to specialized public medical care; and improvement of biomedical research & knowledge on renal diseases. The key potential negative impacts and proposed mitigation measures for the proposed project are summarized in the table below: Table 2: Summary of Key Negative Impacts and Proposed Mitigation Measures

Potential Impact	Mitigation measures
Land Pollution	<ul style="list-style-type: none"> <li>• Establish a robust solid waste management system</li> </ul>
Air pollution	<ul style="list-style-type: none"> <li>• Preventive maintenance of emergency diesel generator</li> <li>• Incorporation of renewable energy technologies</li> <li>• Landscaping &amp; tree planting along site boundary</li> </ul>

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Land Use conflict	<p>Apply for extension of use for the plot – for institutional and recreational purpose)</p> <ul style="list-style-type: none"> <li>• Extension of use approval for the EAKIP plot from physical planning department NCC</li> <li>• Seek approval from KCAA for the project as the site is adjacent to KNH heliport (helicopter landing area)</li> <li>• Relocation &amp; upgrade of recreational facilities</li> </ul>
Water and Ecosystem pollution	<ul style="list-style-type: none"> <li>• Connect the facility to the existing public sewer line</li> <li>• Seek WRMA approval for drilling proposed borehole</li> <li>• Abstraction of ground water much permitted by WRMA</li> <li>• Wastewater &amp; storm water collection &amp; treatment prior to discharge to environment</li> </ul>
Occupational safety & health concerns	<p>Undertake risk assessment of facility;</p> <ul style="list-style-type: none"> <li>• Continuous training of workers on hazards &amp; emerging workplace risks</li> <li>• Provision of appropriate PPE</li> <li>• Effective management of waste including hazardous medical waste.</li> </ul>
Potential increase in HIV/AIDS infections	<p>Contractor should undertake HIV/AIDS education &amp; awareness in partnership with the local administration &amp; religious institutions.</p>

The findings of the ESIA based on the disclosed project details and the baseline site assessment indicated that the project is desirable and will support the realization of national and regional development goals. The project design has incorporated good environmental practice by adopting key green building design criteria such as storm water harvesting, use of natural lighting strategies & solar water heating technologies in line with existing national laws and regulations. The project design also specifies high standards for designs of key project elements including the civil works, mechanical systems and electrical systems. The project is therefore deemed feasible from environmental and social view point when implemented alongside the Environmental Management plan developed for this project. The report recommends that the EAKI project should be approved by NEMA subject to conditions deemed necessary by the Authority to advance sustainable development.

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There is a robust waste management is well outlined in the contract and there is a team of consultants who have been assigned to supervise and approve all the works. As far as air pollution is concerned, the procurement of the generator is in the process and specification has been done together with the preventive maintenance plan. The provision of solar energy is also in the contract and installation has begun.

On the land use and conflict; all necessary approvals were obtained and the state of art pitch construction will take place once funds are available. Occupation safety is taken seriously and there are weekly meetings to assess the safety level and the report is shared among stakeholders. There is also a safety officer on site and in summary, all the staff are provided with PPEs. Periodic awareness of HIV/AIDS is conducted and is documented

**3. Employee welfare**

Currently the staff in the PIU are redeployed MOH staff and the employment of staff will commence when the institute is operational.

We have an environmental specialist who supervises the main contractor to ensure that OSHA act is followed to the later. We have weekly safety reports that is shared among the stakeholders. All staff on site are also ensured as per the contract requirements.

**Market place practices-**

**a) Responsible Supply chain and supplier relations-**

The Project uses both AfDB and Country System guidelines for supply chain management. Supplier and service provider contracts are maintained well in the project.

Payments for goods delivered and services rendered are paid promptly after thorough inspection and acceptance.

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
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**4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary for the Ministry of Health and the Project Manager for East Africa's Centre of Excellence Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the year ended on June 30th, 2021. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting year; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

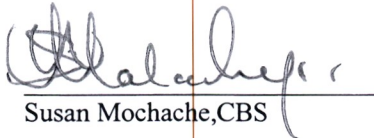
The Principal Secretary for the Ministry of Health and the Project Manager for East Africa's Centre of Excellence Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Health and the Project Manager for East Africa's Centre of Excellence Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the year ended June 30th, 2022 and of the Project's financial position as at that date. The Principal Secretary for Health and the Project Manager for East Africa's Centre of Excellence Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the Ministry of Health and the Project Manager for East Africa's Centre of Excellence Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial statements**

The Project financial statements were approved by the Principal Secretary for the Ministry of Health and the Project Manager on September 30th, 2022 and signed by them.

  
Susan Mochache, CBS

Principal Secretary

Date 3<sup>rd</sup> 11/2022 .....

  
Dr. Hossan Dennis Ajuck

Project Manager

Date 8/11/2022 .....

# REPUBLIC OF KENYA



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

## REPORT OF THE AUDITOR-GENERAL ON EAST AFRICA'S CENTRE OF EXCELLENCE FOR SKILLS AND TERTIARY EDUCATION IN BIOMEDICAL SCIENCES - PHASE 1 (LOAN NO.2100150031997) PROJECT FOR THE YEAR ENDED 30 JUNE, 2022 - MINISTRY OF HEALTH

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### PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (Loan No.2100150031997) Project set out on pages 1 to 14, which comprise of the statement of financial assets as at 30 June, 2022, and the statement of receipts and payments, 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 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, the financial statements present fairly, in all material respects, the financial position of East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (Loan No.2100150031997) Project as at 30 June, 2022, and 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 and Financing Agreement No.2100150031997 dated 17 December, 2014 between African Development Fund and the Republic of Kenya.

### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (Loan No.2100150031997) Management 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.

### Emphasis of Matter

#### 1.0 Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget of Kshs.1,160,000,000 and actual on comparable basis of Kshs.554,331,070, resulting in an under-funding of Kshs.605,668,930 (or 52%) of the budget. Similarly, the Project spent Kshs.551,755,580 out of the approved expenditure budget of Kshs.1,160,000,000, resulting in an under-absorption of Kshs.608,244,420 (or 52%) of the budget.

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

## **2.0 Unutilized Balance**

The project information and overall performance under funding summary at paragraph 1.7 reflects total commitment of Kshs.3,674,000,000 and amount received to date (30 June, 2022) of Kshs.1,908,278,502 resulting to a difference of Kshs.1,765,721,498 (or 48%). Meaning the Project has attained 52% performance level with project end date indicated as 31 December, 2022.

In the circumstances, the primary objective of focusing on public health problems affecting the country, including infectious diseases, use of scientific evidence for policy formulation and program implementation may not be realized and could reduce the ability of Project and the Ministry of Health to attract donor support.

### **Key Audit Matters**

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

## **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 CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

## **Basis for Conclusion**

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by Financing Agreement dated 17 December, 2014 between African Development Fund and the Republic of Kenya, I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash 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 controls, risk management and overall governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 Project's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective

processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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 and that public resources are applied in an effective way, 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 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 controls 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 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 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 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.

  
 CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**11 November, 2022**

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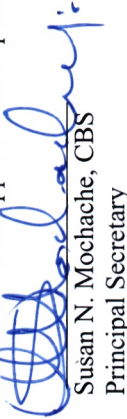
*Report of the Auditor-General on East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (Loan No.2100150031997) Project for the year ended 30 June, 2022 - Ministry of Health*

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER: 2100150031997**  
**Reports and Financial Statements**  
**For the year ended JUNE 30TH, 2022**

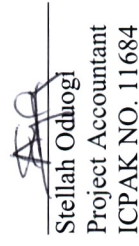
**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE, 2022**

Note	FY 2021/22		FY 2020/21		Cumulative to Date
	Receipts and payments controlled by the entity Kshs	Receipts and Payments made by third parties Kshs	Receipts and payments controlled by the entity Kshs	Payments made by third parties Kshs	
<b>RECEIPTS</b>					
11.1 Receipts from Government of Kenya		68,700,929	-	39,707,194	174,916,763
11.2 Loan from External Development Partners	30,461,181	455,168,960	-	512,942,778	1,733,361,739
11.3 Miscellaneous Receipts			1,710,413	-	1,710,413
<b>TOTAL REVENUES</b>	<b>30,461,181</b>	<b>523,869,889</b>	<b>1,710,413</b>	<b>552,649,972</b>	<b>1,909,988,915</b>
<b>PAYMENTS</b>					
11.4 Compensation of Employees	7,214,391	1,030,526	1,030,526	-	38,623,843
11.5 Purchase of goods and services	20,671,300	42,539,375	4,342,000	52,749,716	370,116,208
11.6 Acquisition of Non-financial Assets		480,299,988	55,221,694	499,900,256	1,497,381,338
<b>TOTAL PAYMENTS</b>	<b>27,885,691</b>	<b>523,869,889</b>	<b>60,594,220</b>	<b>552,649,972</b>	<b>1,906,121,389</b>
<b>SURPLUS/DEFICIT</b>	<b>2,575,490</b>	<b>2,575,490</b>	<b>(58,883,807)</b>	<b>-</b>	<b>3,867,526</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved on September 30<sup>th</sup>, 2022 and signed by;

  
Susan N. Mochache, CBS  
Principal Secretary

  
Dr. Hossain Dennis Ajuck  
Project Manager

  
Stella Odhigi  
Project Accountant  
ICPAK NO. 11684

Date 8<sup>th</sup> 11/2022.....

Date 8/11/2022.....

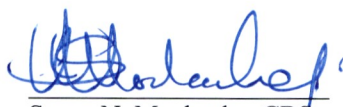
Date 8/11/2022.....


**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
2100150031997**  
**Reports and Financial Statements**  
**For the year ended JUNE 30TH, 2022**


**7. STATEMENT OF FINANCIAL ASSETS AS AT 30<sup>TH</sup> JUNE, 2022**

	Note	FY 2021/22	FY 2020/21
Bank Balances	12	3,868,327	1,292,135
Total Cash and Cash equivalents		3,868,327	1,292,135
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,868,327</b>	<b>1,292,135</b>
REPRESENTED BY:			
Fund balance b/fwd	12	1,292,135	60,175,941
surplus / (deficit) for the year		2,575,490	(58,883,807)
Prior year adjustment:	13B	<b>702</b>	
<b>NET FINANCIAL POSITION</b>		<b>3,868,327</b>	<b>1,292,135</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 30<sup>th</sup>, 2022 and signed by:

  
Susan N. Mochache, CBS  
Principal Secretary  
Date 8/11/2022

  
Dr. Hossan Dennis Ajuck  
Project Manager  
Date 8/11/2022

  
Stellah Oduogi  
Project Accountant  
ICPAK NO. 11684  
Date 8/11/2022

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
2100150031997**

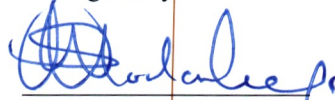
**Reports and Financial Statements**


**For the year ended JUNE 30TH, 2022**


**8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2022**

		Kshs 2021/2022	Kshs 2020/2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Receipts from Government of Kenya	11.1	68,700,929	39,707,194
Miscellaneous Receipts	11.3		1,710,413
		<b>68,700,929</b>	<b>41,417,607</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	11.4	(8,244,917)	(1,030,526)
Use of goods and services	11.5	(63,210,675)	(57,091,716)
		(2,754,664)	(16,704,635)
<b>Net cashflow from operating activities</b>			<b>(16,704,635)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Non-financial Assets	11.6	(480,299,988)	(555,121,950)
<b>Net cash flow from investing Activities</b>		<b>(480,299,988)</b>	<b>(555,121,950)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Loan from External Development Partners	11.2	485,630,142	512,942,778
<b>Net cash flow from financing activities</b>		<b>485,630,142</b>	<b>512,942,778</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>2,575,490</b>	<b>(58,883,807)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>1,292,135</b>	<b>60,175,941</b>
<b>Prior year adjustment</b>	13B	702	
<b>Cash and cash equivalent at END of the year</b>	12	<b>3,868,327</b>	<b>1,292,135</b>

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 September 30<sup>th</sup> September 2022 and signed by:

  
Susan N. Mochache, CBS  
Principal Secretary

  
Dr. Hossan Dennis Ajuck  
Project Manager

  
Stellah Oduogi  
Project Accountant  
ICPAK NO. 11684

Date 8<sup>th</sup>/11/2022

8/11/2022

8/11/2022

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER: 2100150031997**


**Reports and Financial Statements**

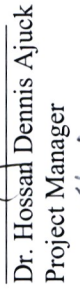
**For the year ended JUNE 30TH, 2022**

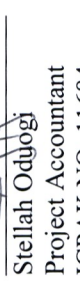
**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Consolidated	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Utilisation Variance e=c-d	% of Utilisation f=d/c %
<b>Receipts/Payments Item</b>						
<b>Receipts</b>						
Receipts from Government of Kenya	200,000,000		200,000,000	68,700,929	131,299,071	32%
Loan from External Development Partners	960,000,000		960,000,000	485,630,141	474,369,858	51%
<b>Total Receipts</b>	<b>1,160,000,000</b>		<b>1,160,000,000</b>	<b>554,331,070</b>	<b>605,668,930</b>	<b>58%</b>
<b>Payments</b>						
Compensation of employees	10,000,000		10,000,000	8,244,917	1,755,083	82%
Use of goods and services	170,000,000		170,000,000	63,210,675	106,789,325	35%
Acquisition of Non-financial Assets	980,000,000		980,000,000	480,299,988	499,700,012	49%
<b>Total Payments</b>	<b>1,160,000,000</b>		<b>1,160,000,000</b>	<b>551,755,580</b>	<b>608,244,420</b>	<b>47%</b>
<b>Surplus/Deficit</b>				<b>2,575,490</b>	<b>(2,575,490)</b>	

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 June 30<sup>th</sup> September 2022 and signed by:

  
Susan N. Mochache, CBS  
Principal Secretary

  
Dr. Hossan Dennis Ajuck  
Project Manager  
Date: 8/11/2022

  
Stellah Odjogi  
Project Accountant  
ICPAK NO. 11684  
Date: 8/11/2022

***EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
2100150031997***

***Reports and Financial Statements***

***For the year ended JUNE 30TH, 2022***

**10. SIGNIFICANCE ACCOUNTING POLICIES**

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

**10.1 Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Accounting Standards Board of Kenya.

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

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid out by the Project.

- i. **Recognition of revenue and expenses**  
The Project recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Project. In addition, the Project recognises all expenses when the event occurs and the related cash has actually been paid out by the Project.
- ii. **In-kind donations**  
In-kind donations are contributions made to the Project 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 of in-kind donations can be reliably determined, the Project includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the donation is not recorded.
- iii. **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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which had not been surrendered or accounted for at the end of the financial year.
- iv. **Budget**  
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same year as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. A high-level assessment of the Project's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

***EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
2100150031997***

***Reports and Financial Statements***

***For the year ended JUNE 30TH, 2022***

v. **Comparative figures**

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

vi. **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 30,2022.

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
2100150031997**

**Reports and Financial Statements**

**For the year ended JUNE 30TH, 2022**

**11. NOTES TO THE FINANCIAL STATEMENTS**

<b>11.1 RECEIPTS FROM GOVERNMENT OF KENYA</b>					
			<b>2021/2022</b>	<b>2020/2021</b>	<b>Cumulative to Date</b>
			<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
	<i>Other transfers from government entities</i>				-
	COUNTERPART FUNDING THROUGH MINISTRY OF HEALTH		68,700,929	39,707,194	174,916,763
			<b><u>64,387,129</u></b>	<b><u>39,707,194</u></b>	<b><u>174,916,763</u></b>

<b>11.2 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS</b>										
	Name Donor	of	D a t e r e c e i v e d	A m o u n t i n l o a n c u r r e n c y	L o a n s r e c e i v e d i n c a s h	L o a n s r e c e i v e d a s d i r e c t p a y m e n t *	Total amount in KShs		C u m u l a t i v e t o d a t e	
							FY 2021/22	FY 2020/21		
					<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>		
	<b>Loans Received from Bilateral Donors (Foreign Governments)</b>									
	ADB - USD				30,461,181	455,168,960	485,630,141	512,942,779	1,733,361,739	
	Special A/C				-	-	-	-		
	<b>Total</b>				<b>-</b>	<b>30,461,181</b>	<b>455,168,960</b>	<b>485,630,141</b>	<b>512,942,779</b>	<b>1,733,361,739</b>

**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER:  
2100150031997  
Reports and Financial Statements  
For the year ended JUNE 30TH, 2022**

<b>11.3 MISCELLANEOUS RECEIPTS</b>						
				<b>TOTAL RECEIPTS</b>		<b>Cumulativ e to- date</b>
		<b>Receipts controlled by the entity in Cash</b>	<b>Receipts controlled by third parties</b>	<b>FY 2021/22</b>	<b>FY 2020/21</b>	
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
	Other receipts not classified elsewhere(Receipt from GOK )	-	-		1,710,413	1,710,413
	Less Adjustment					-
					<b><u>1,710,413</u></b>	<b>1,710,413</b>

<b>11.4 COMPENSATION OF EMPLOYEES</b>						
				<b>FY 2021/22</b>	<b>FY2020/21</b>	<b>Cumulativ e to- date</b>
		<b>Payments made by the Entity in Cash</b>	<b>Payments made by third parties</b>	<b>Total Payments</b>		
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
	Basic salaries of permanent employee	7,214,391	1,030,526	8,244,917	1,030,526	38,623,843
	<b>Total</b>	<b><u>7,214,391</u></b>	<b><u>1,030,526</u></b>	<b><u>8,244,917</u></b>	<b><u>1,030,526</u></b>	<b><u>38,623,843</u></b>

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<b>11.5 USE OF GOODS AND SERVICES</b>						
				<b>Total Payments</b>		<b>Cumulative to- date</b>
		<b>Payments made by the Entity in Cash</b>	<b>Payments made by third parties</b>	<b>FY 2021/22</b>	<b>FY2020/21</b>	
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Accommodation expenses						46,764,281
Communication, supplies and services						207,950
Domestic travel and subsistence			15,921,920	15,921,920	4,886,825	43,547,669
Foreign travel and subsistence					-	3,394,575
Printing, advertising and information supplies & services					-	739,674
Office Supply			1,837,652	1,837,652	692,995	9,300,123
Training expenses(UON & KNH)	15,433,800	6,048,000	21,481,800	16,391,100		110,018,820
Hospitality supplies and services					-	1,440,602
Conference services	5,237,500	2,676,660	7,914,160	7,640,000		27,362,833
Specialized Material & services Consultancy					26,033,871	31,512,882
Advertising					292,106	578,370
general supplies and services					-	293,400
Routine maintenance – vehicles and fuel and lubricant					499,999	6,499,998
Consultancy services: – Technical and professional services		16,055,143	16,055,143		-	86,037,599
Routine maintenance – vehicles for transport					654,820	2,417,432
<b>Total</b>		<b><u>20,671,300</u></b>	<b><u>42,539,375</u></b>	<b><u>63,210,675</u></b>	<b><u>57,091,716.00</u></b>	<b><u>370,116,208</u></b>

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11.6	ACQUISITION OF NON-FINANCIAL ASSETS							
				Total Payments		Cumulative to-date		
				Payments made by Entity	Payments made by third parties		FY 2020/2022	FY 2020/2021
				KShs	KShs		KShs	KShs
Equipment Lot II(Angelica supplies)			0	0	72,332,994			
Equipment Lot I(Megascope Healthcare)				11,960,410	89,665,455			
Equipment Lot II(Lued(A) Chemicals)				0	76,680,239			
Equipment Lot I(Debra Limited)				0	44,336,263			
Refurbishment of buildings				2,245,630	2,245,630			
Construction and Civil works		476,825,388	476,825,388	538,849,988	1,204,099,230			
Purchase of office furniture & general equipment		469,600	469,600	1,363,992	2,961,597			
Purchase of specialised plant, equipment and machinery		570,000	570,000		570,000			
Purchase of computers , laptos, I-pads and accessories,Car		2,435,000	2,435,000	701,930	4,489,930			
<b>Total</b>		<b><u>480,299,988</u></b>	<b><u>480,299,988</u></b>	<b><u>555,121,951</u></b>	<b><u>1,497,381,338</u></b>			

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**12.CASH AND CASH EQUIVALENTS**

	2021/22	2020/21
	KShs	KShs
Bank accounts	3,868,327	1,292,135
<b>Total</b>	<b><u>3,868,327</u></b>	<b><u>1,292,135</u></b>

**13A. Bank Accounts**  
**Project Bank Accounts**

	2022/22	2020/21
	KShs	KShs
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya (EA COE -SKILLS A/C 1000233998)	.91	.98
<b>Total Foreign Currency balances</b>	=	=
<b><u>Local Currency Accounts</u></b>		
Central Bank of Kenya (EA COE -SKILLS A/C 1000258756)	3,868,327	1,292,037
<b>Total local currency balances</b>	<b><u>3,868,327</u></b>	<b><u>1,292,037</u></b>
<b>Total bank account balances</b>	<b><u>3,868,327</u></b>	<b><u>1,292,135</u></b>

**Special Deposit Account Movement Schedule**

	2021/22	2020/21
	USD	USD
<b>(i) A/C Name [EA COE -SKILLS A/C 1000233998]</b>		
Opening balance	0.91	0.91
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>0.91</u></b>	<b><u>0.91</u></b>

**13B. PRIOR YEAR ADJUSTMENT**

	2021/2022	2020/2021
Cash Balance reported on 30 <sup>th</sup> June 2021	1,292,135	
Correct closing balance	1,292,837	
Cash undercast	702	

**13C. FUND BALANCE BROUGHT FORWARD**

	2021/22	2020/21
	KShs	KShs
Bank accounts	<b><u>3,868,327</u></b>	1,292,135
Cash in hand	-	-
<b>Total</b>	<b><u>3,868,327</u></b>	<b>1,292,135</b>

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**12. 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)
2020/2021 Audit report	<p><b>1. Unutilized Balance</b></p> <p>The project information and overall performance under funding summary at Note 1.7 to financial statements reflects donor commitment of KES. 3,674,000,000 and amount received to date (30 June 2021) of KES. 1,355,657,845 resulting to a difference of KES. 2,318,342,155. Meaning the project has attained 37% performance level with project end date</p>	<p>This was caused by delay in project implementation due to late approvals for construction from other government entities. The project activities have since progressed with the amount received as at 31<sup>st</sup> March 2022 being Kshs. 1,750,009,145 (or 47.6%).</p> <p>It is expected that the receipts will be at least 80 % by 30<sup>th</sup> June 2022 and that all donor commitments will have been received within the project's life.</p>		Resolved	

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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)
	<p>indicated as 31<sup>st</sup> December, 2022. However, the Management has not provided evidence of project extension and amounts of KES. 2,318,342,155 due from the donor may not be received.</p> <p><b>2. Budget Control and Performance</b>                      The statement of comparative budget and actual amounts reflects final budget of KES. 960,000,000 and variance (under expenditure) of KES. 336,755,885 (or 36%). This underutilization is</p>	<p>It is true that there was under expenditure of Kshs 336,755,885(36%)for the year ended 30<sup>th</sup> june 2021.This was caused by delayed approvals from other government entities and the Covid-19 containment measures which limited the project</p>		Resolved	

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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)
	an indication of failure to implement the planned programmes for the project, thus negatively impacting planned project objectives and service delivery.	activities thus slowing absorption of funds. The project has instituted mitigating measures including NEMA approval for a 24 hr construction schedule and also aligned its workplan to fast track the activities, hence absorption.			



Susan N. Mochache, CBS  
Principal Secretary

Date 8/11/2022.....



Dr. Hossan Dennis Ajuck  
Project Manager

Date 8/11/2022.....




Stellah Oduogi  
Project Accountant  
ICPAK NO. 11684


Date 8/11/2022.....


**EAST AFRICA'S CENTRE OF EXCELLENCE PROJECT LOAN NUMBER: 2100150031997**  
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**13. Annexes**

**Annex1 - Variance explanations - Comparative Budget and Actual amounts for FY 2021-2022**

	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation	Comments on Variance
	c=a+b	d	e=c-d	f=d/c %	
<b>Receipts</b>					
Receipts from Government of Kenya	200,000,000	68,700,929	131,299,071	32%	There was inadequate issue of exchequer.
Loan from External Development Partners	960,000,000	485,630,141	474,369,858	51%	The funding was as per work completed under construction.
<b>Total Receipts</b>	<b>1,160,000,000</b>	<b>554,331,070</b>	<b>605,668,930</b>	<b>58%</b>	
<b>Payments</b>					
Compensation of employees	10,000,000	8,244,917	1,755,083	82%	
Use of Goods	170,000,000	63,210,675	106,789,325		
Acquisition of Non-financial Assets	980,000,000	480,299,988	499,700,012	49%	
<b>Total Payments</b>	<b>1,160,000,000</b>	<b>551,755,580</b>	<b>608,244,420</b>	<b>47%</b>	

  
 Susan N. Mochache, CBS  
 Principal Secretary  
 Date ... 8/11/2022 .....

  
 Dr. Hossan Dennis Ajuck  
 Project Manager  
 Date ... 8/11/2022 .....

  
 Stella Oduog  
 Project Accountant  
 ICPAK NO. 11684  
 Date ... 8/11/2022 .....

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**APPENDICES**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities (i)
- ii. Bank Reconciliations (ii)
- iii. Special Deposit Account statement(s) (iiia) and (iiib)

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