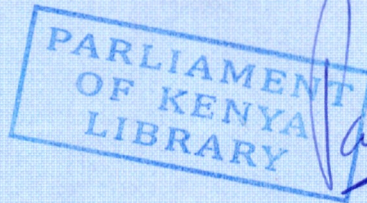


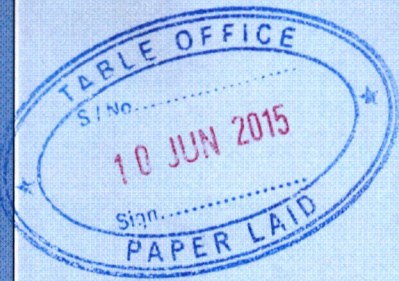
REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



*Paper Laid*  
By Hon. A. Suake, MP  
(Lom) on Wednesday  
10.06.2015 (PM)  
Mmw



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF THE  
MINISTRY OF HEALTH**

**FOR THE YEAR ENDED  
30 JUNE 2014**



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON THE MINISTRY OF HEALTH FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Ministry of Health as set out on pages 7 to 24 which comprise the statement of financial assets as at 30 June 2014 and statement of receipts and payments, the statement of cash flows and summary statement of appropriation, Recurrent and Development 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 8 of the Public Audit Act, 2003.

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.

#### **Management's Responsibility for the Financial Statements**

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

The Accounting Officer is also responsible for the submission of the financial statements to the Auditor-General, in accordance with the provisions of Sections 4 and 6 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provision of Section 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Articles 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments,

the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Adverse Opinion**

#### **1. Exchequer Releases**

The statement of receipts and payments for the year ended 30 June 2014 reflects exchequer releases balance of Kshs.32,631,908,567 while Ministry records indicate that a total of Kshs.41,321,908,566 was received from the National Treasury, resulting to unexplained difference of Kshs.8,689,999,999. Records in the Controller of Budget on the other hand show total exchequer releases to the Ministry amounted to Kshs.39,631,908,566 against total approved provisions of Kshs.32,636,714,036 resulting to unexplained/unreconciled amount of Kshs.6,995,194,530 being more than the approved net estimates.

#### **2. Proceeds from Domestic and Foreign Grants**

The statement of receipts and payments for the year ended 30 June 2014 reflects proceeds from Domestic and Foreign Grants totalling Kshs.3,417,108,927. Included in this figure is Appropriations-In-Aid totalling Kshs.641,350,952 in respect of Nutrition Department and Moi Referral Hospital. Although the receipts were journalized and captured in the statement, the journal entries were not supported with relevant documentary evidence. The balance of Kshs.3,417,108,927 further include Appropriations-In-Aid for GAVI HSM Project. However the audited project financial statements for 2013/2014 show nil receipts for the project during the year. Consequently, in the absence of supporting documentation, the accuracy and completeness of total proceeds from domestic and foreign grants of Kshs.3,417,108,927 could not be confirmed.

#### **3. Transfer from Other Government Entities**

The statement of receipts and payments also reflects Transfer from other Government Entities balance of Kshs.15,508,270,273. However, no documentary evidence has been provided in support of these receipts. In the absence of documents, it has not been possible to confirm the accuracy and completeness of the receipts balance of Kshs.15,508,270,273.

#### **4. Unsupported Receipts**

The statement of receipts and payments further reflects a negative domestic currency and deposits balance of Kshs.69,986,171.60. However, the Ministry has not provided supporting documents for the amount. In the circumstances, it has not been possible to ascertain the validity and accuracy of the negative balance of Kshs.69,986,171.60.

## **5. Expenditure without Parliamentary Approval**

The statement of receipts and payments reflects total expenditure of Kshs.56,676,116,490 against total approved voted provision of Kshs.32, 636,714,036 resulting to an excess vote of Kshs.24,039,402,454. The Ministry has not provided parliamentary approval for excess expenditure or explained the source of the extra funds.

## **6. Cash and Cash Equivalent**

### **6.1. Un-surrendered Old Deposits Balances from Former Ministries**

Included in the statement of financial assets as at 30 June 2014 is cash and cash equivalent amount of Kshs.188,295,002.44 out of which a deposit amount of Kshs.1,320,203.65 had no supportive documentary evidence. In the absence of supporting documents, the accuracy and validity of the deposits balance could not be confirmed.

Further information revealed that deposits totalling Kshs.10,956,114,687 that were held in former Ministries of Medical Services and Ministry of Public Health and Sanitation which merged to form Ministry of Health were never transferred to the new deposit account contrary to Treasury Circular No.AG/CONF.17/01/65 of September, 2013 which required deposits in former Ministries to be analysed and transferred to new account. Consequently, the cash and cash equivalent balance of Kshs.188,295,002.44 is understated by the deposits balance of Kshs.10,956,114,687 not transferred from the former Ministries.

### **6.2. Outstanding Imprest Kshs.1,680,197.32**

The statement of financial assets also reflects imprests totaling to Kshs. 1,680,197.32 which ought to have been accounted for on or before 30 June 2014 but still outstanding as at that date. However, a schedule of outstanding imprests provided indicate an amount of Kshs.2,851,348. No explanation or reconciliation has been provided for this difference. The Ministry did not also provide imprest register for audit review. In the absence of an imprest register, it was not possible to confirm the accuracy and validity for the two balances. Further, it was also observed that various officers were issued with new imprests before accounting for the previous ones contrary to Government Financial Regulations and Procedures governing the issue of imprest.

### **6.3. Bank Reconciliation**

**6.3.1** The bank reconciliation statement for the deposit cash book as at 30 June 2014 reflects payments in cash book not recorded in the bank statement totalling Kshs.1,972,763.10, which include an amount of Kshs.257,728.80 in respect of stale cheques. No reason has been given for failure to replace the cheques or having the same credited back in the cash book. The statement also reflects receipts in the bank statement not recorded in the cash book totalling Kshs.2,477,262.30 out of which an amount of Kshs.13,176 has been outstanding for more than six months. No reason has been given for delay in entering the amount in the cash book. The statement further

reflects payments in bank statement not in cash book totalling to Kshs.2,040,701.60 out of which Kshs.1,261,023.20 has been outstanding for more than six months. No reason has been provided for the delay in recording these payments in the cash book. Also the statement reflects receipts of Kshs.1,823,465 in the cash book but not recorded in the bank statement. As in the previous instance, no explanation has been given for the inordinate delay.

### **6.3.2. Recurrent**

The bank reconciliation statement for the recurrent cash book as at 30 June 2014 reflects payments in cash book not recorded in the bank statement (unpresented cheques) totalling Kshs.7,249,541,253.48, which include stale cheques amounting to Kshs.28,822,528.50. No reason has been given for failure to replace or reverse them in the cash book.

The statement also reflects receipts in the bank statement not recorded in the cash book totalling Kshs.181,936,929.20 out of which Kshs.48,376,591.85 has been outstanding for more than six months. No reason has been given for delay in updating the cash book.

The statement also reflects payments in bank statement not in cash book totalling to Kshs.447,136,277.88 out of which Kshs.152,931,872.40 has been outstanding for more than six months. No reason has been provided for the delay in recording these payments in the cash book.

### **6.3.3. Development**

The bank reconciliation statement for the development cash book as at 30 June 2014 reflects payments in cash book not recorded in the bank statement (unpresented cheques) totalling Kshs.1,083,350,901.18, which include stale cheques amounting to Kshs.33,703.50. The cheques have not however been replaced or reversed in the cash book and no reason has been given for the anomaly.

## **7. Compensation of Employees**

The statement of receipts and payments reflects compensation of employees' balance of Kshs.19,499,439,768 while the Integrated Payroll Processing Database and other payroll records indicate that a total of Kshs.20,680,693,097 was incurred under compensation of employees. No reconciliation or explanation has been provided for the difference of Kshs.1,181,253,329. Further, included in the figure Kshs.20,680,693,097 is total expenditure of Kshs.18,513,377,463, in respect of employees who had been devolved to the county governments. Though the Ministry has explained that was advised by Treasury to pay these salaries of devolved staff, no documentary evidence has been availed for audit review to show that Treasury approved this expenditure and whether the county governments refunded the same to the Ministry.

## **8. Irregular Transfer of Funds**

The statement of receipts and payments reflects expenditure totaling Kshs.8,851,341,331 in respect of use of goods and services incurred during the year 2013/2014 which

includes Kshs.15,993,544 transferred from the Ministry of Health Recurrent Vote 108 to Parliamentary Service Commission. Although it is indicated that the Ministry sought approval from National Treasury, no evidence has been availed for audit review. This action contravenes Section 43(1) of the Public Financial Management Act, 2012 which prohibits reallocation of funds from one Government Entity to another. Available information indicates that this amount was to cater for the expenses of one Honourable Member of Parliament's medical expenses. Further information revealed that the National Assembly was required to reimburse the Ministry of Health the whole amount. No evidence has been availed to show that the amount has since been refunded.

## 9. Authority to Incur Expenditure

The Statement of receipts and payments for the year ended 30 June 2014 reflects use of goods and services balance of Kshs.8,851,341,331. Included in this is an amount of Kshs.99,490,000 in respect of Authority to Incur Expenditure issued to the Medical Superintendent of Mama Lucy Hospital during the year under audit. However, no expenditure returns have been availed for audit verification in support of this expenditure. Further, it has not been clarified why the National Government/Ministry had to meet this cost as health is a devolved function.

Also information available indicated that the use of goods and services balance of Kshs.8,851,341,331 includes Authority to Incur Expenditure of Kshs.60,000,000 issued to the Government Chemist to finance construction of office branches in Kisumu and Mombasa. However according to expenditure returns, a total of Kshs.42,201,062.45 was spent and the unspent balance of Kshs. 17,798,937.55 returned to the Ministry. No explanation has been given for expensing the entire AIE resulting to an overstatement of the total expenditure of the Ministry by Kshs.17,798,937.55.

## 10. Unsupported Expenditure

The statement of receipts and payments for the year ended 30 June 2014 reflects total expenditure balance of Kshs.56,676,116,490. Included in this balance is expenditure amounting Kshs.3,473,396,200 whose payment vouchers and other related records were not produced for audit review as detailed below.

### Unsupported expenditure

Component in F/S	Total amount Kshs in F/S	Supported Balances Kshs	Un-supported Balances (Kshs)
Other Grants and transfers	24,053,720,579.05	23,154,328,367.05	899,392,212.00
Social security benefits	394,093,952.10	-	394,093,952.10
<b>Acquisition of Assets:-</b>			
Ngong (Radio-active waste processing facility)	257,384,938.00	180,069,361.00	77,315,577.00
Government Chemist	123,640,071.00	68,566,427.00	55,073,644.00
KNH	9,981,800.00	-	9,981,800.00

MOH HQS	21,386,536.00	-	21,386,536.00
Purchase of computers & Specialized equipment	514,280,279.00	-	514,280,279.00
Purchase of Motor Vehicles	43,999,491.00	8,999,491.00	35,000,000.00
<b>Other Payments</b>	<b>2,872,776,865.25</b>	<b>1,405,904,665.30</b>	<b>1,466,872,199.95</b>
		-	
<b>TOTAL</b>			<b>3,473,396,200.05</b>

In the absence of the supporting payment vouchers and other records, the propriety of the expenditure of Kshs.3,473,396,200 could not be ascertained.

#### **11. Misallocation of Expenditure**

Examination of payment vouchers revealed that a total of Kshs.512,336,201 was misallocated and irregularly charged against wrong account codes. Apart from failure to comply with the printed estimates as approved by parliament, the charge was contrary to Section 15.12 of Government Financial Regulations and Procedures which stipulate inter alia that no expenditure for which no provision has been included in the estimates may be incurred. In addition, no evidence of approval of these reallocations by the National Treasury was provided for audit review.

#### **12. Failure to Provide Footnotes for Material Variances**

Contrary to the requirements of Section 11.7 of Government Financial Regulations and Procedures, the Ministry did not provide footnotes to the account for material variances between approved estimates and actual expenditure on various items. No reason has been provided for failure to provide the footnotes.

#### **13. Pending Bills**

Records maintained by the Ministry of Health indicate that bills totaling Kshs.2,165,368,641 were not settled during the year 2013/2014 but were instead carried forward to 2014/2015. Had the bills been paid and the expenditure charged to the account for 2013/2014 the statement of receipts and payments for the year would have reflected an increased deficit of Kshs.2,671,062,603 instead of Kshs.505,693,961 now shown.

#### **14. Expenditure on Non- Existent Consultancy Services – Reinforcement of 15 Health Facilities in Northern Kenya – Grant ORIO 10/KE/01**

The reinforcement of fifteen (15) health facilities in Northern Kenya project was conceptualized through an MOU of 17 June 2010 and Grant Agreement of 30 August 2011 between the Government of Netherlands and the Government of Kenya. According to available information (Article 6 of MOU), the development phase of the project was to be financed at 50% by the ORIO Grant facility and of the Ministry's contribution shall have been provision of office space and staff. However, available records indicate that the Ministry paid Flambert Holdings Limited Kshs.34,070,876 for conducting feasibility study

for Reinforcement of 15 Health Facilities in Northern Kenya and the expenditure charged to construction of civil works at Kenyatta National Hospital. Further, the audit findings revealed the following status of affairs:-

### **Audit Findings**

- The payment voucher had not been supported by the relevant procurement documents including advertisement for proposal, evaluation criteria, technical and financial evaluation minutes and scores, tender committee minutes' approval, contract Agreement, LPO and report of services offered.
- According to the invoice in support of the expenditure of Kshs. 34,070,876, the feasibility study was conducted between October 2009 to April 2010 long before the MOU and Financing Agreement was signed.
- No reason has been given as to why the Ministry had to pay when the agreement had a provision that it will provide staff and offices.
- The expenditure had not been budgeted for and parliamentary approval was not availed for audit review.
- The consultancy report was not availed for audit review to verify the work done.

In the absence of documentary evidence, it has not been possible to ascertain that the procurement was done in line with the Public Procurement and Disposal Act, 2005 and related procurement regulations.

Consequently, the propriety of the expenditure of Kshs.34,070,876 on the above project could not be ascertained as at the time of this audit.

### **15. Supply and Fitting Ward Partitioning Curtains at Othaya District Hospital**

Information availed for audit review indicated that the contract for the supply and fitting ward partitioning curtains at Othaya District Hospital was awarded to Pebble General Agency at a contract sum of Kshs.12,080,500. However, the payment voucher has not been supported by copy of quotations, evaluation and tender committee minutes, contract agreement and certificate from the acceptance committee confirming that the curtains were actually received and were of the right specification. In absence of these documents, it has not been possible to confirm that procurement was competitively sourced and procurement regulations were followed and that the hospital obtained value for money.

Further information revealed that at the time of the supply of these curtains, the construction of Othaya District Hospital had not been completed for the curtains to be fitted. It would therefore, appear that the curtains were procured without any specific user requirement and the expenditure of Kshs. 12,080,500 arising from this procurement was not necessary as the curtains have never been used but lying in the store. In addition, according to public works certificate of completion of work dated 14 June 2013, the order

for this work was vide LPO No. 1889864 of 18 April 2013 but a copy of the LPO attached to the payment voucher is LPO No.1889514, again raising contradictions on the procurement.

#### **16. Rehabilitation Works at Ahero Sub-District Hospital- Nyanza Province**

The Italian Government through Italian Cooperation entered into a contract with Trapezoid Construction and Civil Engineering on 22 July 2010 for rehabilitation Works at Ahero Sub District Hospital - Nyanza Province at a contract sum of Kshs.18,624,848. The duration of the project is indicated as 150 days from the commencement date of the works. Available information revealed that the cost of the project escalated to Kshs.32,505,407. The escalation of costs for the project is attributed to an increase in the scope of works due to an error in computing the Bills of Quantities, lack of details and inadequate provisions in the contract Bills of Quantities. Out of the total cost of the projects, the Italian Government paid Kshs.19,456,048 leaving a balance of Kshs.13,049,359. The Ministry eventually on 25 March 2014 paid the balance of Kshs.13,049,359 and irregularly charged the expenditure to transfer of grants to other Government Agencies.

#### **Audit findings revealed the following state of affairs on the rehabilitation project:**

- No reason has been provided by the Ministry for paying the contractor since they had no contract with the contractor.
- Approval for price variation of over 25% of the contractual sum has not been availed for audit review.
- No evidence has been given to show that there was a provision in the estimates for this expenditure or whether Treasury approval was sought and obtained for this reallocation.
- Also no reasons have been given as to why there were errors in computing the Bills of Quantities, lack of details and inadequate provisions in the contract Bills of Quantities.

In view of the foregoing the propriety of the expenditure of Kshs.13,049,359 could not be ascertained.

#### **17. Grants to Kenyatta National Hospital, Kenya Medical Supplies Authority and Kenya Medical Training College**

The Ministry's statement of receipts and payments under Other Grants and Transfers balance of Kshs.24,053,720,579 for the year ended 30 June 2014 includes grants totaling Kshs.10,684,998,553 disbursed to Kenyatta National Hospital, Kenya Medical Supplies Authority and Kenya Medical Training College during the year. However, the 2013/2014 audited accounts for these organizations reflects grants totaling Kshs.10,421,062,930 as having been received from the Ministry resulting to a difference of Kshs.263,935,623. The difference between the two sets of records has not been reconciled or explained.

## **18. Stalled Projects**

### **18.1 Proposed Upgrading of Othaya District Hospital Phase I**

The Ministry awarded a contract for the upgrading of facilities at Othaya Sub District Hospital to M/S Jaswant Singh and Brothers at a price of Kshs. 436,300,798.80 which was later revised to Kshs.501,745,918.50. The initial completion period was 85 weeks but was extended to 123 weeks with new completion date being 25 October 2012. A status report dated 21 February 2014 indicates cumulative payments of Kshs.501,574,915.50 representing 99.9% of the revised contract sum of Kshs.501,745,917.70 while the percentage of work done stood at 95% with the following works outstanding:

- (a) Floor tiling and grouting
- (b) Wall tiling
- (c) Window glazing
- (d) Window stays and fasteners
- (e) Ceiling
- (f) Fixing of door leaves, locks, and glazing
- (g) Internal and external painting
- (h) Ramp and staircase finishes
- (i) Worktop and counter finishes
- (j) Road drainage
- (k) Medical gas installation

At this time 192 weeks had elapsed out of contract period of 123 weeks. No proper justifiable reason has been provided for the overpayment of Kshs.24,916,294 or why full payment was made to the contractor before the completion of the project.

Consequently, it could not be ascertained whether the Government obtained value for money for the expenditure of Kshs.501,574,915. An inspection of the project on November 2014 revealed that the contractor and subcontractors were not on site. Although it is indicated that the project had been terminated on a mutual agreement no documentary evidence was made available for audit verification. Further no evidence has been provided that the performance guarantee had been recalled and discharged against uncompleted works.

### **18.2. Proposed Upgrading of Facilities at Othaya Level IV Hospital Phase 2**

Records maintained by the Ministry of Health indicate that M/S AAKI Consultants Architects and Urban Development were awarded contract for provision consultancy services for Othaya Level IV Hospital phase 2. Examination of the project expenditure records disclosed that a sum of Kshs.43,108,011 had been paid to the consultants during the year under review and the expenditure charged to construction of buildings. However there was no budgetary provision for this project in voted provision since National Treasury had declined to provide funds as this was a devolved function. No explanation has been provided for incurring expenditure without parliamentary approval.

**19. Construction of Proposed Central Radioactive Waste Processing Facility at Ololua, Ngong**

Records maintained at the Ministry indicate that M/S Vaghjiyani Enterprises Limited was awarded a contract for the construction of the proposed central Radioactive waste Processing Facility at Ololua Ngong at a contract price of Kshs.518,490,508.16. The contract commenced on 4 January 2010 for a contract period of 156 weeks and was scheduled to be completed on 8 January 2013. Although, according to the site inspection report as at 30 June 2014, the contractor had been paid a total of Kshs.459,129,546.44 or 88.6% of the contract sum and the time elapsed was 249 weeks against the period of 156 weeks, no evidence has been provided for extension of time.

**20. Inter-Vote Transfers**

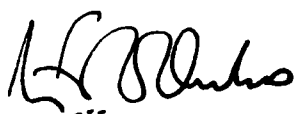
Available information revealed that the Ministry irregularly transferred Kshs. 699,750,000 from recurrent account to development account. It was also observed that another balance of Kshs.245,066,926 was similarly transferred from Recurrent Vote to Development Vote. The Ministry has not provided approval for these transfers totaling Kshs.944,816,926. Consequently, it was not possible to confirm that these transfers were approved by Treasury.

**21. Failure to Submit Fund Accounts**

The financial statements in respect of Health Services Fund and Medical Services Fund have not been submitted for audit contrary to Section 8 of the Public Audit Act, 2013. No reason has been provided for failure to comply with this requirement.

**Adverse Opinion**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of the Ministry of Health as at 30 June 2014, and of its operations for the year then ended, in accordance with International Public Sector Accounting Standards and do not fully comply with the Public Finance Management Act, 2012.



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

**Nairobi**

**14 May 2015**



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**MINISTRY OF HEALTH**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2014**

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

**MINISTRY OF HEALTH -  
Reports and Financial Statements  
For the year ended June 30, 2014**

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Ministry of Health was formed in March 2014 by merging the Ministry of Public Health and sanitation and the Ministry of a medical service at cabinet level, the MOH is represented by the Cabinet Secretary for Health who is responsible for the general policy and strategic direction of the MOH.

**(b) Key Management**

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

- a. Directorate of promotive and preventive health services
- b. Directorate of clinical services
- c. Directorate of Administration
- d. Directorate of planning and Health care financing
- e. Directorate of standards

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Dr. Khadija Kassachoon
2.	Director of Medical services	-Dr.Nicholas Muraguri
3.	Secretary administration	-Mr.francis Musyimi
4.	Head of accounting Unit	-Mr.Isaac Murimi

**(d) Fiduciary Oversight Arrangements**

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

- *Audit and finance committee activities*  
Audit committee oversees the financial or audit matters in the ministry
- *Parliamentary committee activities*  
The role of is to ensure prudent public use of funds
- *Development partner oversight activities*  
Approved annual work plan with donors through (letter of understanding) LOU
- *Other oversight activities*  
Internal audit department  
Monitoring and evaluation frameworks

**(e) Entity Headquarters**

P.O. Box 30016  
Afya House  
Cathedral Road  
Nairobi, KENYA

**Entity Contacts**

Telephone: (254) 020-2717077  
E-mail: ps@health.go.ke  
Website: www.go.ke

**(f) Entity Bankers**

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

Recurrent vote -1000181478  
Development vote -10000181688  
Deposit -1000182156

**(g) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(h) Principal Legal Adviser**

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

**II. FORWARD BY THE CABINET SECRETARY**



**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

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**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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

The Accounting Officer in charge of the ministry of Health is responsible for the preparation and presentation of the ministry of Health financial statements, which give a true and fair view of the state of affairs of the for ministry of Health and as at the end of the financial year ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of MOH; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

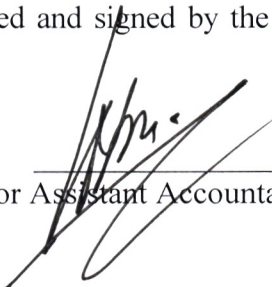
The Accounting Officer in charge of the accepts responsibility for the ministry of Health financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the ministry of Health financial statements give a true and fair view of the state of ministry of Health transactions during the financial year ended June 30, 2014, and of the ministry of Health financial position as at that date. The Accounting Officer charge of the ministry of Health further confirms the completeness of the accounting records maintained for the , which have been relied upon in the preparation of the ministry of health financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The ministry of Health financial statements were approved and signed by the Accounting Officer on

7/5/2015  
  
Principal Secretary

  
Senior Assistant Accountant General

**IV. REPORT OF THE INDEPENDENT AUDITORS ON THE *MINISTRY OF HEALTH***



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**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

**V. STATEMENT OF RECEIPTS AND PAYMENTS  
For the year ended June 30, 2014**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>RECEIPTS</b>			
Proceeds from Domestic and Foreign Grants	1	3,417,108,927.05	8,240,118,820.00
Exchequer releases	2	32,631,908,567.00	67,001,051,921.00
Transfers from Other Government Entities	3	15,508,270,273.05	-
Proceeds from Domestic Borrowings	4	1,107,261,162.00	1,502,882,103.00
Domestic Currency and Domestic Deposits	5	-69,986,171.60	17,484,809.45
Proceeds from Sale of Assets	6	2,739,799,020.00	22,069,793.00
Other Receipts	7	836,060,751.00	3,808,589,692.30
<b>TOTAL RECEIPTS</b>		<b>56,170,422,528.50</b>	<b>80,592,197,138.75</b>
<b>PAYMENTS</b>			
Compensation of Employees	8	19,499,439,768.81	38,085,963,864.80
Use of goods and services	9	8,851,341,331.00	19,166,156,524.20
Other grants and transfers	10	24,053,720,579.05	19,329,818,194.80
Social Security Benefits	11	394,093,952.10	103,473,184.90
Acquisition of Assets	12	1,004,743,993.85	3,725,469,379.30
Other Payments	13	2,872,776,865.25	-
<b>TOTAL PAYMENTS</b>		<b>56,676,116,490.06</b>	<b>80,410,881,148.00</b>
<b>SURPLUS/DEFICIT</b>		<b>-505,693,961.56</b>	<b>181,315,990.75</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 7/5/14 2014 and signed by:

Principal Secretary

Senior Assistant Accountant General

**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

**VI. STATEMENT OF FINANCIAL ASSETS  
For the year ended June 30, 2014**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	14a	186,614,800.82	500,350,087.20
Cash Balances	14b	4.30	76,909.80
Salary advance			1,977,977.25
District suspense			190,182,986.26
Outstanding Imprests	15	1,680,197.32	1,401,004.00
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>188,295,002.44</u></b>	<b><u>693,988,964.51</u></b>
<b>LESS: FINANCIAL LIABILITIES</b>			
		=	=
<b>TOTAL FINANCIAL LIABILITIES</b>		<b><u>188,295,002.44</u></b>	<b><u>693,988,964.51</u></b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>		<b><u>188,295,002.44</u></b>	<b><u>693,988,964.51</u></b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	15	693,988,964.00	643,366,234.47
Surplus/Deficit for the year		(505,693,961.56)	181,315,990.75
Prior year adjustments	16		(130,693,260.71)
<b>NET FINANCIAL POSITION</b>		<b><u>188,295,002.44</u></b>	<b><u>693,988,964.51</u></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 7/5/14 2014 and signed by:

Principal Secretary

Senior Assistant Accountant General

**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

**VII. STATEMENT OF CASHFLOW  
For the year ended June 30, 2014**

Receipts for operating income	Note		
Proceeds from Domestic and Foreign Grants	1	3,417,108,927.05	8,240,118,820.00
Exchequer Releases	2	32,631,908,567.00	67,001,051,921.00
Transfers from other government agencies	3	15,508,270,273.05	
Other Receipts	7	836,060,751.00	3,808,589,692.30
<b>Payments for operating expenses</b>			
Compensation of Employees	8	(19,499,439,768.81)	(38,085,963,865.80)
Use of goods and services	9	(8,851,341,331.00)	(19,166,156,524.20)
Other grants and transfers	10	(24,053,720,579.05)	(19,329,818,194.80)
Social Security Benefits	11	(394,093,952.10)	(103,473,184.90)
Other Expenses	13	(2,872,776,865.25)	-
<b>Adjusted for:</b>			(130,693,260.71)
<b>Adjustments during the year</b>			
<b>Net cash flow from operating activities</b>		<b>(3,278,023,978.11)</b>	<b>2,233,655,402.59</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	6	2,739,799,020	22,069,793.00
Acquisition of Assets	12	(1,004,743,993.85)	(3,725,469,379.30)
<b>Net cash flows from Investing Activities</b>		<b>1,735,055,026.15</b>	<b>(3,703,399,586.30)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Domestic Borrowings	4	1,107,261,162.00	1,502,882,103.00
Domestic Currency and Domestic Deposits	5	-69,986,171.60	17,484,809.45
<b>Net cash flow from financing activities</b>		<b>1,037,274,990.40</b>	<b>1,520,366,912.45</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>17</b>	<b>(505,693,961.56)</b>	<b>50,622,730.04</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>16</b>	<b>693,988,964</b>	<b>643,366,234.47</b>
<b>Cash and cash equivalent at END of the year</b>		<b>188,295,002.44</b>	<b>693,988,964.51</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The ministry of health financial statements were approved on 7/4 2015 and signed by:

Principal Secretary

Senior Assistant Accountant General

**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

**VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	1,743,179,499	2,948,414,713	4,691,594,212	3,417,108,927.05	1,274,485,285	27.17
Exchequer releases				32,631,908,567.00	-32,631,908,567	
Transfers from Other Government Entities				15,508,270,273.05	-15,508,270,273	
Proceeds from Domestic Borrowings	200,000,000	2,190,000,000	2,390,000,000	1,107,261,162.00	1,282,738,838	53.67
Deposit				-69,986,171.60	69,986,172	
Proceeds from Sale of Assets	2,761,350,560		2,761,350,560	2,739,799,020.00	21,551,540	0.78
medical drugs	-50,000,000	-55,000,000	-5,000,000		-5,000,000	100
Other Receipts	1,100,525,917		1,100,525,917	836,060,751.00	264,465,166	24.03
	<b>5,755,055,976</b>	<b>5,083,414,713</b>	<b>10,938,470,689</b>	<b>56,170,422,528.50</b>	<b>-29,793,667,738</b>	<b>-272.38</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,780,339,752	489,195,587	2,269,535,339	19,499,439,768.81	-17,229,904,430	-759.18
Use of goods and services	7,791,346,380	4,111,302,061	11,902,648,441	8,851,341,331.00	3,051,307,110	25.64
Transfers to Other Government Units	17,519,077		17,519,077		17,519,077	100
Other grants and transfers	23,376,312,716	3,288,354,667	26,664,667,383	24,053,720,579.00	2,610,946,804	9.79
Acquisition of Assets	906,570,608	1,148,478,062	2,055,048,670	1,004,743,993.85	1,050,304,676	51.11
Other Payments	1,645,043,182	1,183,834,028	2,828,877,210	2,872,776,865.25	-43,899,655	-1.55
<b>TOTALS</b>	<b>35,517,131,715</b>	<b>10,221,164,405</b>	<b>45,738,296,120</b>	<b>56,676,116,490.01</b>	<b>-10,543,726,418</b>	

The ministry of health financial statements were approved on 7/4/15 2015 and signed by:

Principal Secretary

Senior Assistant Accountant general

**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

**IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a+b	D	e=c-d	f=d/c %
Revenue	2,657,854,581	190,021,896	2,847,876,477	3505873599.45		
Other receipts				15508270273.05		
Exchequer				32631908567		
Compensation of Employees	1,636,934,269	507,928,222	2,144,862,491	19,397,450,671.81	-	904%
Use of goods and services	621,546,199	240,328,002	861,874,201	952,033,796.00	-90,159,595.00	110%
Transfers to Other Government Units	17,519,077		17,519,077		17,519,077.00	0%
Other grants and transfers	16,222,582,403	1,147,929,667	17,370,512,070	14,759,565,266.00	2,610,946,804.00	85%
Social Security Benefits	394,093,952	-	394,093,952	394,093,952.00	0.00	100%
Acquisition of Assets	27,559,983	66,028,418	93,588,401	93,588,401.00	0.00	100%
Other Expenses	1,645,043,182	1,183,834,028	2,828,877,210	2,872,776,865.25	-43,899,655.25	102%
<b>TOTALS</b>	<b>20,565,279,065</b>	<b>3,146,048,337</b>	<b>23,711,327,402</b>	<b>38,469,508,952.06</b>	<b>-14,758,181,550</b>	

- i) The amount of compensation of employees was issued as an additional exchequer and therefore, it was not in the original budget  
ii) Amount of use of goods increased since some donor funded projects adjusted their budgets.

The entity financial statements were approved on 7/4/ 2015 and signed by:

Principal Secretary

Principal Accounts Controller



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**MINISTRY OF HEALTH**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014**

**X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Revenue	3,097,201,395	4,893,392,817	7,990,594,212	4,524,370,089.00	3,466,224,123	
<b>PAYMENTS</b>						
Compensation of Employees	143,405,483	18,732,635	124,672,848	101,989,097.00	22,683,751	82%
Use of goods and services	7,169,800,181	3,870,974,059	11,040,774,240	7,899,307,535.00	3,141,466,705	72%
Interest payments					0	
Subsidies					0	
Transfers to Other Government Units					0	
Other grants and transfers	7,153,730,313	2,140,425,000	9,294,155,313	9,294,155,313.00	0	100%
Social Security Benefits					0	
Acquisition of Assets	879,010,625	1,082,449,644	1,961,460,269	911,155,592.85	1,050,304,676	46%
Finance Costs, including Loan Interest						
Repayment of principal on Domestic and Foreign borrowing						
Other Payments						
<b>TOTALS</b>	<b>15,345,946,602</b>	<b>7,112,581,338</b>	<b>22,421,062,670</b>	<b>18,206,607,537.85</b>	<b>4,214,455,132</b>	

The entity financial statements were approved on 7/5/15 2015 and signed by:

Principal Secretary

Principal Accounts Controller

**XI. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with 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 Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *entity* and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all 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 by the *entity*.

**2. Recognition of revenue and expenses**

The *entity* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *entity*. In addition, the *entity* recognises all expenses when the event occurs and the related cash has actually been paid out by the *entity*.

**3. In-kind contributions**

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

**4. 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 were not surrendered or accounted for at the end of the financial year.

**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

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**5. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the *entity* at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**6. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**7. Comparative figures**

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

**8. 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, 2014.

**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

Name of Donor	2013 - 2014	2012 - 2013
	Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)		
Netherlands Government Grant	3,417,108,927.05	8,240,188,820
<b>Total</b>	<b>3,417,108,927.05</b>	<b>8,240,118,820.00</b>

**2. EXCHEQUER RELEASES**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Total Exchequer Releases for quarter 1	17,619,502,535.00	11,997,076,276.00
Total Exchequer Releases for quarter 2	6,849,949,362.00	18,315,907,620.00
Total Exchequer Releases for quarter 3	3,009,885,900.00	12,954,301,415.00
Total Exchequer Releases for quarter 4	5,152,570,770.00	23,733,766,610.00
<b>Total</b>	<b>32,631,908,567.00</b>	<b>67,001,051,921.00</b>

**3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2013 - 2014	2012 - 2013
	Kshs	Kshs
<b>Transfers from Central government entities</b>		-
Transfer from Ministry of finance	8,690,000,000.00	-
<b>Transfers from Counties</b>		-
Salary recovered directly from counties	6,818,270,273.05	-
<b>TOTAL</b>	<b>15,508,270,273.05</b>	<b>-</b>

**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

**4. PROCEEDS FROM DOMESTIC BORROWINGS**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Domestic borrowings	1,107,261,162 00	1,502,882,103 00
<b>Total</b>	<b>1,107,261,162.00</b>	<b>1,502,882,103.00</b>

**5. DOMESTIC CURRENCY AND DOMESTIC DEPOSITS (Annex 1)**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Domestic Deposits	-69,986,171 60	17,484,809 45
<b>Total</b>	<b>-69,986,171.60</b>	<b>17,484,809.45</b>

**6. PROCEEDS FROM SALE OF ASSETS**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Receipts from the Sale Plant Machinery and Equipment	2,739,799,020 00	22,069,793 00
<b>Total</b>	<b>2,739,799,020.00</b>	<b>22,069,793.00</b>

**7 OTHER REVENUES**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Receipts from Administrative Fees and Charges	814,123,425 00	-
Receipts from Sale of Incidental Goods	-	2,739,889,692 00
Other Receipts Not Classified Elsewhere	21,937,326 00	1,068,700,000 00
<b>Total</b>	<b>836,060,751.00</b>	<b>3,808,589,692.30</b>

**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

**8. COMPENSATION OF EMPLOYEES**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	936,914,937.45	16,364,780,235.40
Basic wages of temporary employees	103,518,748.95	3,070,683,269.60
Personal allowances paid as part of salary	1,126,881,947.60	18,354,280,597.30
Personal allowances paid as reimbursements		296,219,762.50
County staff salaries	17,332,124,134.81	
<b>Total</b>	<b>19,499,439,768.81</b>	<b>38,085,963,864.80</b>

**9. USE OF GOODS AND SERVICES**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	65,197,065.90	104,322,078.60
Communication, supplies and services	66,597,663.10	83,403,169.55
Domestic travel and subsistence	716,224,195.05	375,906,072.95
Foreign travel and subsistence	8,865,369.05	5,492,417.75
Printing, advertising and information supplies & services	418,818,958.00	569,977,700.00
Rentals of produced assets	998,557,794.05	876,605.00
Training expenses	2,672,216,909.65	444,335,987.15
Hospitality supplies and services	257,220,541.55	198,171,631.05
Specialized materials and services	3,300,196,613.85	16,486,432,951.60
Office and general supplies and services	176,912,291.80	206,948,397.35
Other operating expenses		250,942,042.45
Routine maintenance – vehicles and other transport equipment	28,006,262.00	49,478,158.25
Routine maintenance – other assets	142,527,667.00	389,868,412.50
<b>Total</b>	<b>8,851,341,331.00</b>	<b>19,166,156,524.20</b>

**10. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Scholarships and other educational benefits		- 19,907,296.00
Other current transfers, grants	18,467,135,002.40	13,100,000.00
Other capital grants and transfers	5,586,585,576.65	19,296,810,898.80
<b>Total</b>	<b>24,053,720,579.05</b>	<b>19,329,818,194.80</b>

**MINISTRY OF HEALTH –  
Reports and Financial Statements  
For the year ended June 30, 2014**

**11. SOCIAL SECURITY BENEFITS**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Government pension and retirement benefits	99,999,000 00	100,000,000 00
Social security benefits in cash and in kind	3,495,452 10	-
Employer Social Benefits in cash and in kind	290,599,500 00	3,473,184 90
<b>Total</b>	<b>394,093,952.10</b>	<b>103,473,184.90</b>

**12 .ACQUISITION OF ASSETS**

**Non Financial Assets**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of Buildings	446,464,222 90	2,335,845,314 75
Construction and Civil Works	-	96,390,400 00
Purchase of Vehicles and Other Transport Equipment	43,999,491.00	35,987,280 00
Purchase of Office Furniture and General Equipment	-	52,172,680.65
Purchase of Specialised Plant, Equipment and Machinery	514,280,279 95	1,375,641,438 90
Rehabilitation and Renovation of Plant, Machinery and Equip	-	251,349,500 00
Research, Studies, Project Preparation, Design & Supervision	-	34,000,000 00
<b><u>Financial Assets</u></b>		
Domestic Public Non-Financial Enterprises	-	355,917,235.00
<b>Total</b>	<b>1,004,743,993.85</b>	<b>3,725,649,379 30</b>

**13. OTHER EXPENSES**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Other expenses	2,872,776,865 25	-
	<b>2,872,776,865.25</b>	<b>-</b>

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**14A: Bank Accounts**

Bank Details			2013 – 2014	2012 - 2013
Name of Bank	Account No.	Currency (Kshs)	Kshs	Kshs
Development vote	100000181688	Kshs	10,965,245.57	153,371,755.15
Recurrent vote	1000181478	Kshs	174,329,351.60	275,671,956.80
Deposit	1000182156	Kshs	1,320,203.65	71,306,375.25
<b>Total</b>		Kshs	<b>186,614,800.82</b>	<b>500,350,087.20</b>

**14B: CASH IN HAND**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Recurrent Account	4.30	76,909.80
<b>Total</b>	<b>4.30</b>	<b>76,909.80</b>

**15. BALANCES BROUGHT FORWARD**

	(Annex 2)	(Annex 3)
	2012 - 2013	2011 - 2012
	Kshs	Kshs
cash	76,709.80	313,348.35
Bank account Recurrent , development and deposit	500,350,087.20	254,284,606.05
Salary advance	1,977,977.25	259,815.00
Temporary imprest	1,401,004.00	1,982,455.70
District suspense	190,182,986.26	386,061,768.27
<b>Total</b>	<b>693,988,964.00</b>	<b>643,366,234.47</b>

**16. PRIOR YEAR ADJUSTMENTS**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Payables		-130,693,260.71
<b>Total</b>		<b>(130,693,260.71)</b>

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**28 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.

<b>Referen ce No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (<i>Name and designation</i>)</b>	<b>Status: (<i>Resolved / Not Resolved</i>)</b>	<b>Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)</b>
AA/2012 /2013/11 1	They were satisfied with Ministry of Medical Services paragraph 505-546. Ministry of Public Health & Sanitation paragraph 1174-1189	We have adequately responded to the Audit queries raised.	Head of Accounting Unit. (H.A.U)	All issues were resolved.	N/A

All the audit queries raised were responded to and cleared at the public accounts committee as follows;

Ministry of medical services -10<sup>th</sup> September 2014

Ministry of public health and sanitation-18<sup>th</sup> September 2014

Principal Secretary

Senior Assistant Accountant General

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Annex 1

2011-2012

Vote		Public Health	Medical Services	Total
Recurrent	Cash	298,670.15	4,982.70	303,652.85
	Bank	2,055,759.95	29,009,540.00	31,065,299.95
	<b>Total</b>	<b>2,354,430.10</b>	<b>29,014,522.70</b>	<b>31,368,952.80</b>
Development	Cash	662.00	8,946.50	9,608.50
	Bank	140,054,350.05	29,343,390.25	169,397,740.30
	<b>Total</b>	<b>140,055,012.05</b>	<b>29,352,336.75</b>	<b>169,407,348.80</b>
Deposit	Cash	87.00		87.00
	Bank	17,480,512.25	36,341,053.55	53,821,565.80
	<b>Total</b>	<b>17,480,599.25</b>	<b>36,341,053.55</b>	<b>53,821,652.80</b>
<b>Total</b>		<b>159,890,041.40</b>	<b>94,707,913.00</b>	<b>254,597,954.40</b>

2012-2013

Vote		Public Health	Medical Services	Total
Recurrent	Cash	36,160.00	40,749.80	76,909.80
	Bank	32,521,240.90	120,850,514.25	153,371,755.15
	<b>Total</b>	<b>32,557,400.90</b>	<b>120,891,264.05</b>	<b>153,448,664.95</b>
Development	Cash	-		
	Bank	274,153,637.45	1,518,319.35	275,671,956.80
	<b>Total</b>	<b>274,153,637.45</b>	<b>1,518,319.35</b>	<b>275,671,956.80</b>
Deposit	Cash			
	Bank	26,821,899.50	44,484,475.75	71,306,375.25
	<b>Total</b>	<b>26,821,899.50</b>	<b>44,484,475.75</b>	<b>71,306,375.25</b>
<b>Total</b>		<b>333,532,937.85</b>	<b>166,894,059.15</b>	<b>500,426,997.00</b>

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2013-2014

Vote		Public Health	Total
Recurrent	Cash	4.30	4.30
	Bank	174,329,351.60	174,329,351.60
	<b>Total</b>	<b>174,329,355.90</b>	<b>174,329,355.90</b>
Development	Cash		
	Bank	10,965,245.57	10,965,245.57
	<b>Total</b>	<b>10,965,245.57</b>	<b>10,965,245.57</b>
Deposit	Cash		
	Bank	1,320,203.65	1,320,203.65
	<b>Total</b>	<b>1,320,203.65</b>	<b>1,320,203.65</b>
Total		186,614,805.12	<b>186,614,805.12</b>
		opening balance	71,306,375.25
		receipts for the year	13,768,082.00
		total receipts	85,074,457.25
		balance in cashbook	1,320,203.65
		expenditure	83,754,253.60
		<b>receipts for the year</b>	<b>13,768,082.00</b>
		<b>Less total expenses</b>	<b>83,754,253.60</b>
			<b>(69,986,171.60)</b>



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Annex 2

2013	Recurrent	Development	Combined
<b>Assets</b>			
General Suspense	-	-	-
Salary Advance	1,977,977.25	-	1,977,977.25
Temporary Imprest	1,401,004.00	-	1,401,004.00
Agency	-	-	-
Stale Cheques	-	-	-
Exchequer Acct	2,350,352,546.40	24,851,359,394.20	27,201,711,940.60
Standing Imprest	-	-	-
District Suspense	128,328,917.79	61,854,068.47	190,182,986.26
PMG	2,487,592,237.50	2,196,372,282.10	4,683,964,519.60
<b>Total</b>	<b>4,969,652,682.94</b>	<b>27,109,585,744.77</b>	<b>32,079,238,427.71</b>
<b>Liabilities</b>			
Exchequer Account	-	15,385,430,958.45	15,385,430,958.45
Agency	-	-	-
Salary In Advance	-	-	-
General Deposit	-	-	-
AIA Account	72,502,147.75	-	72,502,147.75
Clearance A/C	10,093,308.15	-	10,093,308.15
GAV	4,886,234,594.29	11,722,777,375.07	16,609,011,969.36
RTD Salary	822,632.75	1,377,411.25	2,200,044.00
DEPOSITS	-	-	-
<b>Total</b>	<b>4,969,652,682.94</b>	<b>27,109,585,744.77</b>	<b>32,079,238,427.71</b>

Annex 3

2012	MOH RECURRENT	MOH DEVELOPMENT	Combined
<b>Assets</b>			
General Suspense	285,758.90	-	285,758.90
Salary Advance	229,412.00	-	229,412.00
Temporary Imprest	1,982,455.70	-	1,982,455.70
Agency	76,030.45	-	76,030.45
Stale Cheques	464,241.10	-	464,241.10
Exchequer Acct	1,110,791,163.50	7,427,575,513.40	8,538,366,676.90
Standing Imprest	-	-	-
District Suspense	151,228,344.05	234,833,424.22	386,061,768.27
GAV	-	344,215,140.00	344,215,140.00

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**MINISTRY OF HEALTH –  
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PMG	3,169,806,000.74	803,117,407.45	3,972,923,408.19
<b>Total</b>	<b>4,434,863,406.44</b>	<b>8,809,741,485.07</b>	<b>13,244,604,891.51</b>
<b>Liabilities</b>			
<b>DEPOSITS</b>			
PMG	0	1,312,238,709.00	1,312,238,709.00
Agency	25,895.00		25,895.00
Salary In Advance	(30,403.00)		(30,403.00)
General Deposit	125,717.50		125,717.50
AIA Account	72,502,147.75		72,502,147.75
Clearance A/C	345,732.75		345,732.75
GAV	4,360,897,270.19	7,491,074,357.92	11,851,971,628.11
RTD Salary	997,046.25	6,428,418.15	7,425,464.40
RD Cheques	-		-
<b>Total</b>	<b>4,434,863,406.44</b>	<b>8,809,741,485.07</b>	<b>13,244,604,891.51</b>

