

REPUBLIC OF KENYA



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**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 03 APR 2025 DAY: Wednesday

TABLED BY: Hon. Sylvanus Oron, MP  
Majority Party Whip  
CLERK-AT-THE-TABLE: A. Shabuko

**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR MEDICAL  
SERVICES**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



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**MINISTRY OF HEALTH  
STATE DEPARTMENT FOR MEDICAL SERVICES  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

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

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**1. Acronyms and Glossary of Terms**

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
IPPD	Integrated Payroll and Personnel Database
AIA	Appropriation In Aid
PSC	Public Service Commission
MOH	Ministry of Health
BETA	Bottom up Economic Transformation Agenda
PET	Position Emission Tomography
SPECT	Single Photon Emission Computed Tomography
KNBTTS	Kenya National Blood Transfusion Service
WHO	World Health Organisation
KEMSA	Kenya Medical Supplies Authority
NACC	National Syndemic Diseases Control Council
NASCOP	National Aids and STI Control Programme
NHIF	National Hospital Insurance Fund
UHC	Universal Health Coverage
PSC	Public Service Commission
KEMRI	Kenya Medical Research Institute
FY	Financial Year

## 2. Key Entity Information and Management

### (a) Background information

The Ministry of Health (MoH) is the government body whose key mandate is to coordinate health policy, health regulation, National Referral Health Facilities, capacity building and providing technical assistance to the counties as enshrined in the Constitution of Kenya 2010. Its vision is to have healthy, productive and globally competitive nation, while its mission is to build a progressive, responsive and sustainable Health care system for accelerated attainment of the highest standard of health to all Kenyans.

The journey to realizing a healthy, productive and globally competitive nation began in post independent Kenya in 1963 with emphasis on preventive, curative and rehabilitative services. Over the years, the Ministry has embraced several policy changes aimed at achieving equitable, affordable, accessible and quality health care for all. This has been realized through increased investment in human resources for health, service delivery, quality assurance and standards, health information research, monitoring and evaluation, health financing, leadership and governance as well as investing in health products and technologies, infrastructure and supply chain.

The State Department for Medical Services was formed on October, 2022 following the Executive Order No. 1 of 2022 and later reaffirmed through executive order No.1 of 2023. As per the executive orders stated; the Ministry was split into two state departments namely; Medical Services and Public health and Professional Standards hence has two accounting officers making two distinct but similar financial entities. At Cabinet Level the entity is represented by the Cabinet Secretary for Health for the oversight and is responsible for the general policy and strategic direction for both entities.

### Vision and Mission of the Ministry

#### Vision

A healthy, productive, and globally competitive Nation.

#### Mission

To build progressive, responsive and sustainable healthcare system for accelerated achievement of the highest standards of health for all people in Kenya

### Mandate of State Department for Medical Services

1. Medical Services Policy
2. Curative Health Services
3. Health Policy and Management
4. Pharmacy and Medicines Control
5. National Health Referral Services
6. Cancer Management Policy
7. Medical Research

**Functions /Strategic Objectives**

1. To reinforce and improve access to people-centered essential primary health services
2. To increase access to and improve quality of health services at all levels
3. To institutionalize emergency preparedness and response, early recovery and resilience.
4. To build and strengthen partnerships and sector coordination mechanisms .
5. To strengthen the health systems for effective delivery of health services.
6. To advocate and mobilize for adequate financing for health at all levels.

**Core Values**

1. Safety:
2. Excellence and Quality:
3. Respect:
4. Justice:
5. Transparency:
6. Sustainability:

**(b) Key Management**

The entity's day-to-day management is under the following key organs:

- 1) Directorate of Curative Services
- 2) Directorate of Family Health
- 3) Directorate of Health products and Technologies
- 4) Directorate of Shared Services
- 5) Directorate of Policy, Digital Health and Innovations
- 6) Directorate of Administrative Services.

**(c) Fiduciary Management**

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

**Key Entity Information and Management ( Continued)**

No.	Designation	Name
1	Cabinet Secretary	Dr. Deborah M. Barasa
2	Accounting Officer	Mr. Harry K. Kimtai, CBS
3	Director General of Health	Dr. Patrick Amoth
4	Ag. Deputy Director Health	Dr. Zeinab Gura
5	Secretary Administration	Andrew Rukaria
6	Senior Chief Finance Officer	Dr. Peter Chemwile
7	Director of Planning	Mr. Stephen Macharia
8	Head of Accounting Unit	CPA Moses Gitari
9	Head of Procurement	Mr. Charles Mulandi

**(d) Fiduciary Oversight Arrangements**

The State Department has the following key fiduciary committees that are responsible for the day-to-day activities at the State Department;

1. Audit committee to support the Accounting Officers with regard to their responsibilities for issues of risk, control and governance and associated assurance
2. Budget Implementation Committee helps in monitoring the implementation of the budget
3. Public Finance Management Standing Committee coordinates management of public finance.

**(e) Entity Headquarters**

P.O Box 30016-0100 Nairobi  
Afya House  
Cathedral Road  
**NAIROBI, KENYA**

**Entity Contacts**

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

**(f) Entity Bankers (all banks)**

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

**Key Entity Information and Management (Continued)**

**(g) Independent Auditors**





Auditor - General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
**NAIROBI, KENYA**

**(h) Principal Legal Adviser**

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

### 3. Statement of Governance





#### 1. Key Leadership Structure

	<p>Dr. Deborah M. Barasa is the Cabinet Secretary for Health in the Republic of Kenya. Prior to this appointment, Dr. Barasa served for four years at the World Health Organization (WHO) as an Infectious Disease expert and consultant. Dr. Barasa is a Physician and Infectious Diseases expert with over 17 years of professional experience. She previously practiced medicine in Kenya in both public and private health facilities. She holds a Master of Medicine (Internal Medicine, 2017) and a Bachelor of Medicine and Surgery (2007) both from the University of Nairobi. She also holds a postgraduate in Infectious Diseases from the London School of Hygiene and Tropical Medicine (2023).</p>
	<p>Mr. Harry Kachuwai Kimtai is the Principal Secretary, State Department for Medical Services, Ministry of Health, Republic of Kenya. He is currently spearheading Health Care Services Reforms geared towards realization of universal health coverage (UHC). He holds a Bachelor of Arts degree in Economics, Master of Arts in Economics and Master of Philosophy Economics, specialised in Regional Planning and Economic Development from Bhopal University, India (1989 – 1995).</p>
	<p>Dr. Patrick Amoth is the Director General for Health in the Ministry of Health, Kenya. A consultant obstetrician and gynecologist of immense repute. Dr. Patrick Amoth previously headed the Directorate of Public Health, Department of Health Sector Coordination and Intergovernmental Affairs. He has served as Chief Medical Specialist and Senior Deputy Director of Medical Services at Mama Lucy Kibaki Hospital Nairobi, Medical Superintendent and Director of Medical Services for Kiambu East and Kiambu West Districts, now Kiambu County. Dr. Patrick Amoth is a graduate of the University of Nairobi's Medical School and has a Masters in Obstetrics and Gynecology from the same university. He also holds a Diploma in Health Systems management from Galilee College in Israel</p>
	<p>Dr Gura is the Deputy Director General of Medical Services in the Ministry of Health. Dr.Gura has a training in Medicine and specialization in public health, epidemiology and international relations. For the last ten years, Dr Gura has worked at policy levels at the Ministry of Health, Kenya. She has lead various teams in diverse departments and directorates including epidemiology, workforce development, health system strengthening and health care services.</p>

*State Department for Medical Services  
Annual Report and Financial Statements for the year ended 30th June 2024*

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**Statement of Governance (Continued)**

	<p>Mr. Joseph Macharia is the current Director of Planning in the Ministry of Health. He holds a Bachelor of Science in Statistics &amp; information Technology; and a Master of Arts in Demography from the University of Nairobi. He has worked as an Economist/Statistician since December 19th, 1994.</p>
	<p>Dr Peter Chemwile is the current Senior Chief Finance Officer at The State Department of Medical Services. He Holds a PhD in Business Administration (Strategic Management) and a Master of Business Administration from JKUAT, and a Bachelor of Commerce (Finance) from University of Nairobi. He has over 28 years in Public service and has headed the Finance docket in key Ministries such as Water, Agriculture (crops development) Mining, Irrigation, Youth and Sports, Tourism and Labour.</p>
	<p>CPA Moses Gitari is the Head of Accounting Unit, State Department for Medical Services. He holds an MBA in Strategic Management from Nairobi University and BBA in Accounting and Finance from KEMU. Mr Gitari is a practicing Accountant and a member of Institute of Certified Public Accountant of Kenya (ICPAK). He has vast experience in Accounting Systems Implementation and Business process re-engineering.</p>
	<p>Mr. Mulandi is the Head Supply Chain Management, Medical Services. He holds an MSC (Procurement and Contract Management) from JKUAT, MBA (Finance) and Bachelor of Laws (LLB) both from the University of Nairobi and Bachelor of Business Management (Finance) from Moi University. Mr. Mulandi also holds a Post Graduate Diploma in Procurement and Supply from the Chartered Institute of Purchasing and Supply (CIPS, UK), a Postgraduate diploma in Law from the Kenya School of Law and is Certified Public Accountant of Kenya (CPA) Finalist. He is a member in good standing of KISM, ICPAK, CIPS and the Law Society of Kenya being an advocate of the High Court of Kenya.</p>

**Statement of Governance (Continued)**

**2. Management Committees established and their roles.**

**i) Budget Implementation Committee**

The State Department has a Budget Implementation Committee in place to review and consider the cash flow plans, review the utilization of cash limits, donor funds, advise the Accounting Officer on any challenges related to budget implementation, review and recommend reallocation of expenditure, review and approve the submission of expenditure returns, on-financial reports ,IPPD, pending bills and A-I-A returns, participate in Sector Working Groups and prepare budgets in consultation with Heads of Departments.

**ii) Ministerial Human Resource Management Advisory Committee**

To ensure effective human resource management ,the State Department constituted the Ministerial Human Resource Management Advisory Committee whose functions entail making recommendations to the Authorized Officer regarding Recruitment, selection and appointment Performance Management,Promotions,Confirmations in Appointment, Training and Development, Training Impact Assessment, Management of Skills Inventory, Establishment and complement control, Payroll Management, Deployment, Promotion of Values and Principles of Public Service, Recommendation for secondments and unpaid leave, Recommendation for retirement under 50 years rule, Recommendation for retirement on medical grounds, Recommendation for re-designation, recommendation for renewal of contract, Discipline and Pension Administration.

The Committee is chaired by the Accounting Officer while the Head Human Resource Management and Development is the Secretariat

**iii) Ministerial Head of Directorate/Department Committee**

Top Leadership and management conduct weekly meetings in the State Department to develop, Review and share Policy Agenda, Strategic Plans and Workplans that facilitate in spearheading the State Department Programs and activities.

**iv) Ministerial Cross Cutting Committees**

The State department annually appoint committees to carry out the implementation of Cabinet Secretary's Performance Contracting indicators. The reporting is made to the agencies that provide the roadmap of achieving the indicators and also the scores on the targets achieved. The State Department formed and operationalized the following committees:

- National Cohesion and National Values committee
- Road Safety and Mainstreaming Committee
- Public Complaints Committee
- Aids Control Unit
- Assets Management
- Ministerial Service Delivery Committees.

**Statement of Governance (Continued)**

**3. The audit committee (Its formation, composition, and activities/meetings).**

The Ministerial Audit Committee advises on governance, internal controls and risk management in the Ministry.

The members of the Audit Committee in the Financial Year 2023/2024 were as follows;

S/No.	Name	Organization	Position
1	Mr.Lloyd Metha	Private Sector	Chairman
2	Mr.Caren Oduor	Nuclear Power and Energy Agency	Member
3	Dr. Fauzia K Brek	Vice Chancellor, Islamic University Of Kenya	Member
4	Mr . Simiyu Walucho	National Treasury Representative	Member
5	Kyendwa mitau	Head, Internal Audit	MAC Secretary

The Committee held Six (6) meetings in the FY 2023/2024.

**4. Risk management, compliance, conflict of interest etc.**

PFM Regulations 2015 Section 165(1); The Accounting Officer shall ensure that the national government entity shall develop Risk management strategies which include fraud prevention mechanism and a system of risk management and internal controls that builds robust business operations.

ISO 31000 on Risk Management provides a set of principles, risk management framework and processes which help organizations take a proactive approach to risks that an entity faces.

It is against this premise that the State Department for Medical Services has developed a Risk Management Framework Policy that has been validated, finalized and approved for implementation by various stakeholders.

**5. Report on recent training and development in governance for those in key leadership.**

During the FY 2023/2024 there was no training in governance for Key Leadership in the Ministry.

**6. Public participation activities**

The Constitution requires Public Participation to enable the Public to meaningful input in decision making. The State Department accorded the Public in the following:

- Engagement in Health Bills and Petitions
- Employment and Labor Negotiations including Corrective Bargaining Agreements.

**Statement by the Principal Secretary / Accounting Officer (Continued)**

- NACC distributed 4,542,355 condoms in non-health setting, while NASCOP saw 1,362,515 clients on Antiretroviral therapy (ART)
- NHIF maintained 1.5 million indigents accessing UHC government sponsored scheme with a 62% indigent Population with social Health Insurance. 234,400 indigents on Health Insurance Subsidy for the Poor and 58,800 elderly & persons with severe disabilities accessing healthcare. Moreover, 870,500 is the number of mothers accessing healthcare services through the Linda mama program.
- National Cancer Control Programme saw the number of women of reproductive age screened for cervical cancer at 546,375. Number of cancer patients receiving radiotherapy services at the regional cancer centers were 18,981. NCI reached 30 million people on cancer prevention and control.
- Non-Communicable Diseases (NCD) Prevention and Control Unit registered 172,077 patients receiving diabetes treatment.
- Department of Family Health saw a proportion of 38.8 % women of reproductive age receiving FP commodities.
- KEMRI published 483 research papers, had 256 research abstracts presented and held two health scientific conferences. Number of diagnostic kits produced at KEMRI were 215,299. Moreover, it conducted 820,072 specialized laboratory tests.

**3. Emerging Issues**

There are also some emerging issues that could erode fragile gains made.

These issues include

- The critical impact of climate change on health
- The potential increase and introduction of new and expanded areas conducive for vector-borne diseases and malnutrition-related conditions due to prolonged droughts depressing agricultural production.
- The flooding and the increase of water-borne diseases.

**Statement by the Principal Secretary / Accounting Officer (Continued)**

**4. Risks and Mitigation Measures**

- The state department encountered substantial obstacles in form of budget shortfalls, supply chain challenges, uneven healthcare workforce distribution and the health sector's reliance on other sectors for infrastructure, education, and research, which slowed progress especially in rural areas.
- There are also some emerging issues that could erode fragile gains made. These issues include the critical impact of climate change on health, the potential increase and introduction of new and expanded areas conducive for vector-borne diseases and malnutrition-related conditions due to prolonged droughts depressing agricultural production, In addition, flooding and the increase of water-borne diseases.

These risks underscore the need for improved sustainable financing and equitable deployment of healthcare resources. The supply chain challenges can be mitigated by promoting local manufacturing, expanding cold-chain capacity for immunization and enhancing health facility stock management for essential drugs. The health sector's reliance on other sectors for infrastructure, education, and research underscores the importance of a cross-sector approach. The intensifying climate volatility that challenges Kenya's health sector resilience, stresses the need for robust disease surveillance and adaptable health infrastructure while expanding WASH (Water, Sanitation, and Hygiene) services, and improved capacity for emergency response to health crises tied to environmental instability.

**5. Constraints and Challenges**

The State Department experienced some challenges over the review period that affected the service delivery to the public. Some of the include;

- a) Inadequate optimal human resources at the national and county levels for programmes based on the approved establishment compared to in-post.
- b) Unpredictable/ uneven supply of essential commodities in public health facilities.
- c) Budgetary constraints as a result of emergencies and other competing priorities.
- d) Low awareness of the benefit package among the beneficiaries.

**Statement by the Principal Secretary / Accounting Officer (Continued)**

- e) Insurance apathy where Kenyans generally are reluctant to pay for an unforeseen occurrence
- f) Rising cost of healthcare services (medical inflation) which many Kenyans are unable to meet.
- g) Constant stock outs of family planning commodities which results to an unexpected population upsurge, increase in adolescent pregnancies and unsafe abortions leading to high morbidity and infant mortality.
- h) KEMSA has had a decreasing order fill rate due to tied up revolving funds on debt by the counties. This therefore, has constrained the cash conversion cycle at the Authority. The long turnaround time in settlement of these amounts has further negatively affected the Authority's service delivery more so on the order fill rates due to delayed supplier payments for commodities supplied, due to pending bills

**6. Recommendations**

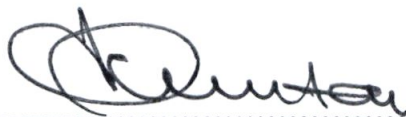
To overcome some of the implementation challenges experienced in previous financial years, the State Department will first track review and strengthening of the legal, policy framework and operations to improve efficiency. It will also strengthen collaboration with various stakeholders including development partners and the private sector. It shall also improve research, development and innovation so as to enhance efficiency, effectiveness and productivity. The sub-sector will also invest in emergency preparedness and response so as to secure the health and lives of Kenyans. In conclusion, the State Department will double-down towards realizing Universal Health Coverage.

Health research and innovation is key to unlocking bottlenecks experienced in the health sector and developing capacity to develop solutions for current and emerging health issues is critical. To achieve this, the sub-sector will endeavour to provide end to end digital solutions for health facilities, develop and implement a national information exchange and put in place a comprehensive health information management system. The sub-sector will establish partnerships and collaboration in order to improve research capacity, acquire technologies for manufacturing of HPTs and achieve technology transfer. The sub sector will prioritize Digitization of Health services. This will increase efficiency, transparency, ensure seamless service delivery between providers. It will also enhance claims management at health facilities and commodity management through provision of end-to-end supply chain management. It will also collaborate with the county governments to ensure retention of funds collected at health facility level for improvement of the facility operations. In partnership with the county governments, the Department will establish and operationalize Primary Care Networks in the counties that will offer effective services to the community, through proper referrals and engagement of multidisciplinary teams at community level. County governments, the National Treasury and the State Department will consider ring-fencing funds for HPTs supply of essential medicines and supplies.

**Statement by the Principal Secretary / Accounting Officer (Continued)**

The sub sector should ensure that more focus will be put on local manufacturing of Health products and technologies to enable commodity security and enhance self-reliance. Achievement of

Universal Health Coverage will be a core theme during the MTEF period to ensure achievement of the objectives of BETA, Kenya Health Policy and international commitments on health. To achieve this, the Sub-sector will continue implementing legal and institutional review in order to improve service delivery and ensure achievement of UHC for all Kenyans.



.....  
**Harry K. Kimtai, CBS**  
**Principal Secretary**  
**State Department for Medical Services**

## 6. Statement of Performance Against Predetermined Objectives for the FY2023/2024

The Health Sector objectives are as stated in the Health Policy (2014-2030). The policy objectives reflect the country's agenda for improving population health. These are:

- To eliminate communicable diseases
- To halt and reverse rising burden of NCDs
- To reduce the burden of violence and injuries
- To provide essential healthcare
- To minimize exposure to health risk factors
- Strengthen collaboration with private and health related institutions.

The focus areas of investments in the State Department includes Health financing, Leadership and governance, Health Products and Technologies, Health information, Service delivery, Health Infrastructure, Research and Development.

### Progress on the attainment of Strategic Objectives through Performance Contracting

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

Program	Strategic Objective	Outcome	Indicator	Performance	Comments
National Referral Facilities and Specialized Services	Increase the access and range of quality specialized health care services	Quality specialized health care services	The number of specialized heart, cardiothoracic, minimally invasive surgeries done, Kidney transplants, oncology and specialized services done.	In FY 2023/2024 Kenyatta National Hospital, Moi Teaching and Referral Hospital, Kenyatta University Teaching and Referral Hospital and Mathari National Teaching and referral Hospital undertook 723	

				open heart surgeries, 1293 cardiothoracic surgeries, 10, 622 minimally invasive surgeries, 39 kidney transplants and 103,693 oncology sessions	
Curative and RMNCAH Services	Increased access to quality curative health care services	Improved Curative and RMNCAH Services	The number of HIV prevention strategies, Cancer prevention and control strategies, Communicable and Non-Communicable Diseases Prevention strategies	NSDCC initiated the Triple Threat campaign to catalyze the efforts towards reduction of New HIV infections, SGBV and unintended pregnancies, National Cancer Control Programme promoted awareness and screening on early cervical cancer screening. A lot of efforts were also put in place to improve on hypertensive and diabetic treatment.	
Health Research and Innovations	Increased Health Research and Innovations	Increased Health Research and Innovations	Number of digital health solutions, health research and innovation developed	KEMRI approved 174 new research protocols, 534 research projects and published 431 research papers.	

## 7. Management Discussion and Analysis

The National Assembly considered and appropriated the FY 2023/24 Supplementary budget estimates No.2. The total budget for the State Department reduced by **Kshs.16.4 billion** from the initial allocation of **Kshs.121.9 billion** to the current **Kshs.105.5 billion**. The recurrent budget has a net reduction of **Kshs.0.6 million** to **Kshs.66.2 billion** from **Kshs.66.8 billion** while the development budget has seen a net reduction of **Kshs.16.0 billion** to the current **Kshs.39.3 billion** up from **Kshs.55.3 billion**.

The actual expenditure for the same period was at **Kshs.109 billion**, **Kshs.97 billion** and **Kshs.80.0 billion** respectively for the years 2021/22, 2022/23 and 2023/24. This is as tabulated below.

Vote	Approved Budget Allocation			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Recurrent	65,972	69,199	66,214	65,944	65,620	60,690
Development	63,809	41,986	39,345	43,456	31,057	20,009
<b>Total</b>	<b>129,781</b>	<b>111,185</b>	<b>105,559</b>	<b>109,400</b>	<b>96,677</b>	<b>80,700</b>

### Breakdown of Recurrent versus Development trends FY 2022/23 to FY 2023/24

From the analysis above, it is worth noting that the recurrent and development budgetary allocations and actual expenditures for the State Department of Medical services shows that the recurrent vote had been consumed most of the resources in the periods under review; FY 2022/23 to FY 2023/24.

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**Management Discussion and Analysis continued**

Table below shows the details for the recurrent vote for the period under review.

**Analysis of Recurrent Expenditure (Kshs. Million)**

Economic Classification	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Gross	65,972	69,199	66,214	65,944	65,620	60,690
AIA	18,448	20,466	20,627	18,370	17,550	16,094
NET	47,524	48,733	45,587	47,574	48,070	44,596
Compensation to Employees	13,718	14,354	8,716	13,717	14,137	8,367
Transfers	49,841	52,520	54,146	49,836	49,111	49,785
Other Recurrent	2,413	2,325	3,352	2,391	2,372	2,041
<b>Of which</b>						
Insurance Costs		-	-		0	-
Utilities		104	103		78	99
Rent		1	4		0	4
Contracted Professionals (Guards & Cleaners)		70	75		62	73
Others	2,413	2,150	3,170	2,391	2,232	1,865

Table below shows the details for the Development vote for the period under review.

**Analysis of Development Expenditure (Kshs. Million)**

Description	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
<b>Gross</b>	<b>63,808</b>	<b>41,986</b>	<b>39,345</b>	<b>43,456</b>	<b>31,057</b>	<b>20,009</b>
GOK	35,479	25,561	27,789	29,406	22,567	14,697
Loans	19,524	8,180	6,092	10,442	5,041	3,508
Grants	8,805	8,245	5,464	3,608	3,449	1,804
Local AIA	-			-		

**Expenditure Analysis of Programmes FY 2021/22 – 2023/24**

This section shows the breakdown of approved and actual expenditures in FY 2020/21 to 2022/23 disaggregated by programmes and sub programmes.

**Analysis of Programme Expenditure (Kshs. Million)**

Programme	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
<b>Programme 1 – Curative and Reproductive Maternal New Born Child Adolescent Health</b>						
SP1.2 - non-communicable disease prevention & control (RMNCAH)	535	670	1,521	394	529	752
SP1.3 - Government Chemist	7,648	7,155	-	3,232	3,040	-
SP1.4 - Radiation Protection	235	191	-	235	108	0
SP1.5 - Communicable Disease Control	6,391	7,140	5,733	3,774	5,019	2,463
SP1.8- Disease Surveillance and Response	15,139	4,684	-	7,773	2,989	
SP1.6 RMMNCAH	128	500	1,984	75	463	1162
SP1.7 - Reproductive Maternal and New Born			1,521			751
SP1.9 - Immunization Management			7,615			3296
<b>Total Expenditure Programme 1</b>	<b>30,076</b>	<b>20,340</b>	<b>16,853</b>	<b>11,857</b>	<b>8,579</b>	<b>7,672</b>
<b>Programme 2 - National Referral and specialized Services</b>						
SP2.1 - National Referral Services	37,098	41,799	49,602	35,887	41,370	49,276
SP 2.2 Mental Health	-	125	-	-	111	-
SP 2.4 Forensics and Diagnostics	-	2,067	279	-	1,483	279

State Department for Medical Services

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SP2.5 - Free Primary Healthcare	-	-	-	-	-	-
SP 2.6 Specialized Medical Equipment	7,205	3,795	2,796	7,205	3,712	2,066
SP2.8 – National Blood Transfusion Service	1,988	129	2,189	985	125	1170
SP2.9 - Health Products and Technologies	3,990	2,907	5,701	3,934	1,325	1,054
<b>Total Expenditure Programme 2</b>	<b>50,281</b>	<b>50,822</b>	<b>60,567</b>	<b>48,011</b>	<b>48,126</b>	<b>53,845</b>
<b>Programme 3 - Health Research and Development</b>						
SP3.1 - Medical Research	7,860	6,701	3,908	7,760	4,894	3,507
SP3.2 – Health Innovations	3,493	3,315	882	3,461	3,013	329
<b>Total Expenditure Programme 3</b>	<b>11,353</b>	<b>10,016</b>	<b>4,790</b>	<b>11,221</b>	<b>7,907</b>	<b>3,836</b>
<b>Programme 4 - General Administration</b>						
SP 4.1 General Administration & Human Resource Management	6,574	6,893	3,572	6,571	6,928	3,215
SP 4.2 - Finance & Planning	1,527	1,958	1,039	963	1,425	545
SP 4.3 - Social Protection In Health	29,970	19,922	18,738	27,151	19,706	14,919
SP4.4 – Health Standards, Quality Assurance & Standards	-	1,116	-	-	644	-
SP4.5 – National Quality Control Laboratories	-	118	-	-	117	-
<b>Total Expenditure Programme 4</b>	<b>38,071</b>	<b>30,007</b>	<b>23,349</b>	<b>34,685</b>	<b>28,820</b>	<b>18,679</b>
<b>Total Expenditure Health Vote</b>	<b>129,781</b>	<b>111,185</b>	<b>105,559</b>	<b>105,774</b>	<b>93,432</b>	<b>84,032</b>

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From the analysis above, there are some sub programs that are missing allocations due to the fact that the sub programmes moved to the State Department for Public Health and Professional Standards from the FY 2023/24.

However, the overall absorption rate for over the period has shown as 84%, 87% and 80% in FY 2021/22, FY 2022/23 and FY 2023/24 respectively. The recurrent absorption rate at 100% 95 % and 97% on FY 2021/22 FY 2022/23 and FY 2023/24 respectively while Development absorption rate was 68% 74% and 51% in FY 2021/22 FY 2022/23 and FY 2023/24 respectively.

No.	Project Code & Project Title	Total Est. Cost of Project or Contract Value (a)	Est Cost of the Project (Financing)		Timeline		FY 2021/22				FY 2022/23				FY 2023/24				Remarks		
			GOK	Foreign Financed	Start Date	Exp Completion Date	Approved Budget		Actual Cumulative Exp up to 30th June 2022	Completion stage as at 30th June 2022 (%)	Approved Budget		Actual Cumulative Exp up to 30th June 2023	Outstanding Balance as at 30th June 2023	Completion stage as at 30th June 2023 (%)	Approved Budget		Actual Cumulative Exp up to 30th June 2024		Outstanding Balance as at 30th June 2024	Completion stage as at 30th June 2024 (%)
							GoK	Foreign			GoK	Foreign				GoK	Foreign				
			Kshs Million				Kshs Million				Kshs Million										
1	1082100100 KNH Burns and Pediatrics Centre	5,459.00	3,482.00	1,977.00	03/03/2018	20/08/2026	250	928	1,334.24	24	540	502	1,829.24	3,629.76	34	701	1242	2218	3241	41	Delayed payment from the donor resulting to withdrawal of the contractor from the site. KNH has engaged the National Treasury to device a mechanism to unlock the stalemate.
2	1082100200 National Commodities Warehousing Center	3,977.93	3,004.83	973.10	26/01/2018	30/9/2023	333.1		3,667.10	92	310	0	3,841.10	136.83	97	300	0	3996			The new supply chain center will ensure that

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	(KEMSA)																				medical supplies are handled effectively and efficiently country wide. This will improve access to essential medicines by ensuring regular, shorter supply chains and continuous availability of medicines in the public health facilities.
3	1082100300 East Africa's Centre of Excellence for Skills & Tertiary Education	3,674.00	334.00	3,340.00	2/18/16	18/02/2024	200	960	1,866.40	51	118	1082	2,075.40	1,598.60	56	105	520	2,485	1,189	68	The project is on establishment of a regional (EA) centre of excellence in Urology and Nephrology
4	1082100500 Managed Equipment Service-Hire of Medical Equipment for 98 Hospital	79,502.00	79,502.00		10/07/2013	10/07/2026	7205	0	52,672.60	66	3375	0	56,047.60	23,454.40	70	1,000	-	57,048	22,454	72	Under the MES project, 5 contractors were contracted to provide specialized services for theatre, renal and radiology. The contracts are expiring on varied dates ranging from December 2022 and May

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																				2023. The survey of MES equipment conducted between May-June 2022 recommended for a 3 year extension of the MES contract
5	1082100600 Free Maternity Program (Strategic Intervention)	70,088.00	70,088.00		10/07/2013	10/07/2026	4098	38,537.25	55	4098		42,635.25	27,452.75	61	4,098	-	44,635	25,453	64	Funds disbursed to NHIF to facilitate Linda mama Programme as strategic intervention.
6	1082100700 Modernize Wards & Staff house- Mathari Teaching & Referral Hospital	1,650.00	1,650.00		30/07/2013	30/06/2025	300	236.40	14	110		317.90	1,332.10	19	550	-	486	1,164	29	The project has renovated 4 wards, equipped the kitchen, created a new abolition block, pathways and loading and offloading bays
7	1082100800 Construct a Wall, renovation & Procure Equipment at National Spinal Injury Hospital	791.30	791.30		30/07/2014	30/06/2026	100	72.50	9	53		125.50	665.80	16	103	-	212	580	27	The project is on-going for procurement of Medical Equipment to support spine services by reducing the waiting time for the patients to access spine surgeries and reduce the average

																				length of stay in the hospital. Spine rehabilitation process include reintegrating the patient back to the community of which the procurement of the van will be done to enhance this.
8	1082100900 Procurement of Equipment at the National Blood Transfusion Services	8,396.30	8,396.30		07/02/2015	07/02/2026	600	1,540.90	18	619		2,140.90	6,255.40	25	920		2,981	5,415	36	The program continues to provide access to safe blood and blood components across the country in the year 2022/23. The program had a financial gap of 1.4B.
9	1082101000 Establishing of Regional Cancer Centres	8,000.00	8,000.00		07/01/2016	30/06/2026	350.00	994.40	12	383.00		1,377.40	6,622.60	17	155	-	1,527	6,473	19	The project for procurement of chemotherapy drugs distributed to regional cancer treatment centres; Garissa, Mombasa and Nakuru, which were completed in June 2021. Cu
10	1082101100 Cancer & Chronic Disease Management Centre –	1,843.00	1,393.00	450.00	07/01/2013	07/06/2026	104.00	1,192.00	65	93.00		1,267.50	575.50	69	102	0	1319	525	72	To procure two Radiotherapy Machines

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	MTRH																			(2 Linear Accelerators with 3D Conformational Treatment Unit, CT Simulator, Treatment Plan and all other accessories)
11	1082101200 Construction and Equipping Children Hospital-MTRH	1,080.00	830.00	250.00	01/01/2014	30/06/2026	120.00	436.30	40	93.00	498.30	581.70	46	75	0	573	507	53	To equip the children hospital with medical equipment for the Pediatric Burns Unit, ICU, HDU and Theatre	
12	1082101300 Equipping Maternity Unit(Mother & Baby Unit)	350.00	350.00		10/01/2019	30/06/2026	30.00	50.00	14	45.75	80.50	269.50	23	139	0	150	200	43	To equip the maternity unit with equipment for the delivery rooms, maternity theatre, Maternity ICU & HDU and Equipment for the neonatal unit (Nursery).	
13	1082101400 Expansion and Equipping of ICU-MTRH	484.00	484.00		01/07/2015	06/06/2025	16.00	214.00	44	52	249	235	51	70	-	284	200	59	To equip the unit with ICU & HDU beds complete with cardiac monitors, defibrillators, suction machines and syringe pumps	
14	1082101500 Construction and upgrading of KEMRI Laboratories (Nairobi, Kwale, Busia Kirinyaga)	635.00	635.00		01/07/2016	01/07/2026	55.10	180.37	28	57.00	232.37	402.63	37	200	0	282	353	44	Funds for upgrading research laboratories out of which thirty (30) labs are accredited	

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																					Forty-seven (47) labs require upgrading to international standards in order to provide reliable quality data and enhance biosecurity levels.
15	1082101600 Rollout of Universal Health Coverage	100,000.00	100,000.00		10/07/2018	10/07/2026	7,765.00	26,879.72	27	6,412.75		33,292.47	66,707.54	33	10,100		38,730	61,270	39	Funds geared for universal healthcare indexing, and improving accessibility and affordability of healthcare in the country	
16	1082101700 Construction of a Cancer Center at Kisii Level 5 Hospital	2,280.00	280.00	2,000.00	10/08/2016	10/08/2024	50.00	530.00	110.87	5	100.00	195.00	288.67	1,991.33	13	50	400	634	1,646	28	The project has been delayed by the requirement under the loan terms for MoH to get a no objection to implementation processes which take long to obtain. Currently designs have been completed and approved and construction has been initiated
17	1082101800 Strengthening of Cancer Management at KNH	2,000.00	2,000.00		23/8/2018	09/06/2025	140.00	371.24	19	100.00		471.24	1,528.76	24	300	0	521	1479	261	Phase one of the project is completed equipping	

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																				and operationalization of phase 1 ongoing
18	1082101900 Research and Development - KEMRI	6,400.00	6,400.00		01/07/2014	01/07/2025	151.00	1,208.10	19	292.00		1,410.80	4,989.20	22	400	0	1,561	4,839	24	This project aims at providing funding for conducting research to address National Health priority areas including COVID-19, Non-communicable diseases, drug discovery and vaccine development, neglected diseases and emerging and re-emerging diseases
19	1082102000 Integrated Molecular Imaging Centre	2,332.00	2,332.00		07/01/2020	06/01/2024	-	2,032.00	0	250.00		2,132.00	200.00	91	150	0	2132	200	91	Funds were utilized to construct and equip the Integrated Molecular Imaging Centre to offer specialized diagnostic and treatment services to Cancer Patients
20	1082102100 renovation & Improvement for Gatundu Level 5 Hospital	770.00	770.00		07/01/2020	30/06/2026	276.00	376.00	49	276.00		376.00	394.00	49	74	0	400	370	52	Renovation and Improvement of facilities was completed. Construction of the second tower

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																					comprisin g an Accident & Emergenc y Center, Outpatient Clinics, Pharmacy, Radiology, Plaster Room, Laboratory and wards is in progress
2 1	1082102200 Infrastructur al Support to Kigumo Hopsital	400.00	400.00		07/0 1/20 20	30/06 /2026	100.00	100.00	25	100.00	-	150.0 0	250.0 0	38	103	0	222	178	56	Funds for upgrading Kigumo Hospital	
2 2	1081119600 Procurement of Cyberknife Radiotherap y Equipment for KUTRRH	685.00	685.00		07/0 1/20 21	30/06 /2024	350.00	350.00	51	300.00		650.0 0	35.00	95	150	0	400	285	58	Funds for completin g the pending payments owed to the contractor due to foreign exchange	
2 3	receipts1207 00- Refurbishme nt/Renovatio n of Infrastructur e -KNH	8,059.00	8,059.0 0		01/0 1/20 22	30/06 /2027	150.00	150.00	2	-	-	150.0 0	7,909. 00	2	1,10 0	-	1,200	6,859	15	Funds for renovation and rehabilitati on of Tower Block; civil, electrical, replaceme nt of plumping system and installation of the solar system, fresh piping for medical gases, mechanic al ventilation, structure d cabling, power backup, and power protection system, replaceme nt of old and obsolete	





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31	1082103800 (Vaccines and Immunizations)	61,487.00	61,487.00		02/07/2016	02/07/2028	1300	7,690.80	13	1708	1800	7,690.80	53,796.20	13	2,000	2,600	8,941	52,546	15	the funds This programme aims to improve the immunization coverage of children by procuring, distributing, maintenance of the quality chain equipment and vaccines commodities across the country. In FY 2021/21, all the funds were fully utilized	
32	1082103900 Supply of Medical Equipment and Associated Services	4,118.00		4,118.00	01/01/2021	30/06/2025		2,398.00	74			1,000.00	3,920.26	197.74	95		400	4,095	23	99	Funds towards rehabilitation of the maternal and baby care units at MTRH and to support COVID-19 Emergency Response having consumed 71% of the allocated funds.
34	108210400 GESDeK COVID 19 Response Project	3,860.00		3,860.00	01/01/2021	30/06/2025	-	975.00	28			1,414.00	1,722.70	2,137.30	45		45	1768	2092	46	Funds geared towards control and prevention of COVID-19 in the country having consumed 28.3% of the funds
35	1082104100 Special Global Fund	38,120.00	25,000.00	13,120.00	01/01/2018	30/06/2027	-	25.70	99	-	-	12,945.70	25,174.30	34	3100	675	13,709	24,411	36	The programme aims to	





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2	Customized Ambulances For COVID - 19 Response	60.00	-	60.00	1/2020	/2024		40.00	-			100.00	28.20	31.80					were to procure ten Customized Ambulances for COVID-19 Response. To be considered in FY 2022/23 Supplementary Estimates
53	1081106400 Completion and Equipping Day-care Centre – KNH	378.00	278.00	100.00	15/2/16	08/12/2020	-		0	-			378.00	0					The project was completed and operationalized
54	1082103300 Situation Room for Real Time Data & Information on HIV & AIDS - NACC	891.00	891.00		17/09/2016	30/06/2026	75.60	272.88	31	75.00		302.88	588.12	34	28	303	588	34	eMTCT is a vital component for reducing pediatric HIV cases and elimination of mother to child transmission of HIV, the prevention of mother-to-child transmission of HIV program initiated 48,382 HIV-positive mothers into ART to prevent the vertical transmission of HIV to unborn babies.
55	1081110200 Support to Universal Health Care in the Devolved system in Kenya	3,192.00		3,192.00	02/01/2017	30/06/2021	-	-	0	-			3,192.00	0					The project was completed
56	1082111900 PHG-Case Study on	250.00		250.00	01/10/2019	30/06/2022		57.90	250.00	100		57.90	250.00	-	100				The project is complete



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																				level. The GoK allocations for contracted preventive services through KEMSA and they are ongoing
60	108119600 Procurement of Cyberknife Radiotherapy Equipment for KUTRRH	685.00	685.00		07/01/2021	30/06/2024	350.00	350.00	51	300.00		650.00	35.00	95						Funds to procure a stereotactic radiosurgery treatment technology for patients with inoperable tumors in the Kenya
62	108119800 9TH GoK/ UNFPA County Programmes	3,500.00		3,500.00	07/01/2021	30/06/2024	-	1,096.00	1,100.00	31	-	800.00	1,100.00	2,400.00	31					Funds to support procurement of family planning commodities in the country
63	10811200 Supply of Medical Equipment for Covid - 19	1,000.00		1,000.00	01/01/2022	30/06/2022	-	1,000.00	1,000.00	100	-	1,000.00	1,000.00	-	100					Funds to support COVID 19 interventions that were transferred to Crown Agents
64	1081120200 Infrastructure Support to Diff Hospital in Wajir	50.00	20.00		07/01/2021	30/06/2022	50.00	-	0	19.00		19.00	31.00	-38						Funds for infrastructural support at Diff Hospital in Wajir. These funds were not disbursed in the FY 2021.22 due to exchequer issues
65	1081120300 Human Vaccine Production (KBVI)	6,400.00	6,400.00		01/01/2021	30/06/2025	400.00	-	400.00	6	-	400.00	6,000.00	6						Funds for refurbishment and operationalization of the

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6	1081120400	Neuropsychiatric National Teaching & Referral Hospital	10,000.00	10,000.00				01/01/2021	30/06/2025	400.00	-	400.00	4	79.15	-	400.00	9,600.00	4	Construction of a new mental health hospital to offer specialized psychiatry services and training for mental health	BIOVAX warehouse in Embakasi
6	1081205000	Construction of New Level III Hospitals	3,100.00	3,100.00			01/01/2021	30/06/2025	500.00	-	500.00	16				500.00	2,600.00	16	Funds to undertake the Presidential Directive of constructing 50 new level III hospitals in line with third financial stimulus programme targeting strategic interventions	
6	1081120600	Infrastructure Support to Narok Hospital	200.00	200.00			01/01/2022	30/06/2022	200.00		200.00	100				200.00	-	100	Funds to improve infrastructural support at Narok Hospital	
6	1081120900	Construction and equipping of children Hospital at KUTRRH	220.00	220.00			01/07/2022	30/06/2023	-		-	0	120.00			100.00	120.00	45		
7	1081121100	Infrastructure Support to Khwisero Level 4 Hospital - Khwisero	50.00	50.00			01/07/2022	30/06/2023	-		50.00		50.00			50.00	-	100	The oncology extension building will have additional beds, doctors and nurses offices and patient consultatio	





## **8. Environmental and Sustainability Reporting**

The State Department for Medical Services exists to transform lives with a mandate among others to minimize exposure to health risk factors by strengthening the health prevention and promotion interventions, which addresses risk factors to health, plus facilitating use of products and services that lead to healthy behaviours in the population. Further, the Ministry has the mandate of strengthening collaboration with private and other sectors that have an impact on health. The health sector will achieve this by adopting a 'Health in all Policies' approach, which ensures it interacts with and influences design implementation and monitoring processes in all health-related sector actions.

Below is a brief highlight of activities for the State Department that align with the environmental and sustainability reporting.

### **a) Sustainability strategy and profile**

The Health sector in its mission affirms its commitment to deliberately build progressive, responsive and sustainable technologically-driven, evidence-based and client-centred health system for accelerated attainment of highest standard of health to all Kenyans. It's in this backdrop that the environmental and sustainable requirements align to the sector mission.

### **b) Environmental performance /climate change/ mitigation of natural disasters**

In collaboration with sister department of Public Health and Professional Standards, the State Department in the period under review ensured environmental safeguards arrangement for environmental compliance. Regarding climate change and health, the sector committed to ensure a health system that mainstreams sustainable, climate resilient and low carbon emissions in delivery of its functions. As a result, the sector completed the first Kenya climate change and health strategy 2024 – 2028. During the Financial Year ended, the sector finalized the health care waste management guidelines. In addition, to address the commitment on low carbon emission, the sector has prioritized to develop environmentally sustainable (green) health care guidelines in the next Financial Year. Furthermore, with support from the Ministry of Environment, Climate change and Forestry, the State Department received capacity building and training support, where six senior health workers were trained in March 2024 on climate change.

### **Environmental and Sustainability Reporting (Continued)**

Following the Presidential Directive to Grow 15 billion trees, the State Department was assigned to support tree growing initiative in the county of Elgeyo Marakwet. During the period under review to plant the state Department planted 10, 000, 000 trees.

In sustainability, the State Department has continued to prioritize strengthening of the health system post COVID-19 pandemic in order to proof and prepare the sector for any future potential outbreaks. The activities undertaken within the State Department are also focused in strengthening the health systems blocks which in the long run strengthen and sustain the health system. This in turn supports the implementation of UHC, being a presidential directive and the Country's Global commitment.

On Environmental performance and compliance, the State Department during the period under review, finalized thirteen (13) environmental and social impact assessment studies for civil works and projects requiring undertaking of environmental impact assessment studies. All finalizes EIAs have received certification from the National Environment Management Authority (NEMA).

#### **c) Employee welfare**

The State Department for Medical Services follows a comprehensive set of human resource (HR) policies aligned with the broader HR policies of the Government of Kenya. These policies are designed to ensure transparency, equity, and professionalism in recruitment, career development, appraisal, and compliance with safety regulations, while also promoting gender diversity and stakeholder engagement.

#### **Recruitment and Hiring Policies**

The recruitment process within the State Department for Medical Services is guided by the principles of merit, fairness, and inclusivity, as stipulated by the Public Service Commission (PSC) Act and other Kenyan Human Resource frameworks. The department ensures that recruitment is competitive, transparent, and based on qualifications and experience, following clear job descriptions and requirements.

1. Gender Ratio Consideration: The State Department places a strong emphasis on gender diversity and equality in line with the Constitution of Kenya (2010) and the Public Service Gender Policy. The hiring process is designed to ensure that no more than two-thirds of the staff in any department

### **Environmental and Sustainability Reporting (continued)**

are of the same gender, thus promoting balanced representation and inclusion of women in leadership and technical roles.

2. Stakeholder Engagement: The department engages with key stakeholders, including the Ministry of Public Service, County Governments, and other relevant agencies during the hiring process. This engagement ensures that recruitment aligns with national priorities, regional health needs, and the public's expectations. Feedback from health professionals, unions, and civil society is also considered to ensure the staffing needs meet service delivery requirements.

3. Policy Review and Improvement: HR policies governing recruitment and employment are reviewed regularly, in line with the broader public service reforms and strategic shifts within the health sector. These reviews consider evolving health needs, workforce demands, and best practices in human resource management, ensuring policies remain up to date and responsive to changing circumstances.

### **Skills Development and Career Management**

The State Department for Medical Services is committed to the continuous development of its workforce. It offers various programs to improve skills, manage careers, and support professional growth:

1. Training and capacity building: Regular training programs are conducted to update employees on emerging health trends, new medical technologies, and administrative skills. The department partners with local and international institutions to provide specialized training and scholarships aimed at improving the technical expertise of its staff.

2. Career Management and Promotion: Career progression within the department is governed by structured pathways that reward experience, qualifications, and performance. The Public Service Commission guidelines on promotions ensure fair and transparent progression, with opportunities for staff to move into leadership and specialized roles based on merit.

3. Performance Appraisal System: A Performance Appraisal System (PAS) is in place to assess employees' performance annually. This system links individual performance to overall departmental goals, and is used to identify areas of improvement, training needs, and opportunities

### **Environmental and Sustainability Reporting ( Continued)**

for promotion. The appraisal process is also used as a basis for performance-based rewards and recognition.

#### **4. Reward Systems**

The State Department employs a reward system that recognizes exceptional performance and encourages innovation and hard work among staff. Performance bonuses, promotions, and public recognition are part of this reward structure, aligning with the Government's commitment to improving service delivery.

### **Safety Policies and Compliance with OSHA 2007**

The Occupational Safety and Health Act (OSHA) of 2007 provides the legal framework guiding the safety and well-being of employees within the State Department for Medical Services. The department ensures strict compliance with OSHA through the following measures:

1. **Workplace Safety:** The department has established safety committees in line with OSHA guidelines, which regularly assess and mitigate workplace hazards. Health facilities and administrative offices are equipped with appropriate safety measures such as fire safety equipment, first aid kits, and emergency response plans.
2. **Health and Wellness Programs:** To ensure the physical and mental well-being of its workforce, the department offers health and wellness programs that include medical check-ups, counselling services, and health insurance. Additionally, employees working in high-risk areas such as hospitals and laboratories receive specialized training on handling hazardous materials, biosecurity, and infection control.
3. **Compliance Audits:** Regular audits are conducted to assess compliance with OSHA standards, with any identified gaps addressed through corrective actions. These audits ensure that the working environment is safe for all employees and meets the health and safety requirements stipulated by law.

### **Continuous Improvement and Feedback Mechanisms**

The HR policies of the State Department are subject to regular review and improvement, often incorporating feedback from employees, professional bodies, and stakeholders. This approach ensures that the department remains responsive to the evolving needs of both the workforce and the health sector, supporting the overall objective of delivering quality health services.

### **Environmental and Sustainability Reporting (Continued)**

In conclusion, the State Department for Medical Services has established a robust HR framework that prioritizes gender equity, skills development, career progression, safety, and compliance with

national policies. By continually improving its policies and practices, the department ensures that it maintains a capable, motivated, and diverse workforce.

#### **d) Operational Practices/Market place practices**

The State Department in its operations complied with all statutory and regulatory requirements. This includes and not limited to the Constitution of Kenya 2010, Executive Order No.1 of 2023, Public Procurement and Disposal Act 2015 and its attendant regulations, Public Finance Management Act 2012 and its attendant Regulations, Various Circulars from the National Treasury and Public Service, Human Resource Manual 2014 and Public Audit Act 2015.

#### **e) Community Engagements**

With support from the COVID – 19 Health Emergency Project (CHERP), the State Department has been able to support the Counties by training all the County, Sub Counties Health Management Teams, county and sub county health promotion officers on Social Behaviour Communication Change on COVID -19 Disease and for post pandemic. To continue with the community engagement, the State Department has been working to establish a call centre as part of tele - community engagement. This is to be finalized and fully operationalized in the new financial year.

#### **Links to some of the deliverables – evidences**

1) *Environmental Performance and compliance*

<https://www.health.go.ke/esia-reports>

2) *Health Care Waste Management Guidelines*

<http://guidelines.health.go.ke/#/category/62/525/meta>

3) *The climate change and health strategy is awaiting official launch hence not available in the MOH website.*

## **9. Statement of 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

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

The Accounting Officer in charge of the State Department for Medical Services accepts responsibility for the entity'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 (IPSAS). The Accounting Officer is of the opinion that the financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2024, and of the entity's financial position as at that date. The Accounting Officer in charge of the State Department for Medical Services further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Medical Services 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 entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

*State Department for Medical Services*  
*Annual Report and Financial Statements for the year ended 30th June 2024*

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**Approval of the financial statements**

The State Department for Medical Services financial statements were approved and signed by the Accounting Officer on 20/9/ 2024.



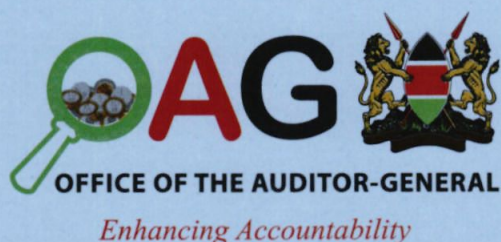
.....  
**Harry Kimtai, CBS**  
**Accounting Officer**



.....  
**CPA Moses Gitari**  
**Head of Accounting Unit**  
**ICPAK M/No. 4204**

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## **REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR MEDICAL SERVICES FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of State Department for Medical Services set out on pages 1 to 64, which comprise the statement of receipts and

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of State Department for Medical Services as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Cash Basis and comply with Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Failure to Undertake Assets Valuation**

The summary of fixed assets registers as disclosed under Annex 2 to the financial statements reflects fixed assets balance at historical cost amounting to Kshs.9,547,916,600 but with nil balance for land. However, the State Department has in possession three (3) title deeds for parcels of land in Ngong Kajiado County, Mathari and Spinal Injury hospital of undetermined value. In addition, title deed for a parcel of land along cathedral road where the Ministry of Health headquarters is located was not provided for audit and fixed assets balance excludes the Ministry of Health headquarters buildings along cathedral road and a list of twenty-four (24) medical equipment of undetermined value.

In the circumstances, the rightful ownership, accuracy, completeness and valuation of fixed assets balance of Kshs.9,547,916,600 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Medical Services Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts combined reflects final receipts budget and actual on comparable basis of Kshs.105,559,624,287 and Kshs.80,702,060,243 respectively resulting to underfunding of Kshs.24,857,564,044 or 24% of the budget.

In the circumstances, the underfunding may have affected the State Department's key mandate which include medical services policy, curative health services, health policy and management, pharmacy and medicines control, national health referral services, cancer management policy and medical research.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on The Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues as at 30 June, 2024.

### **Other Information**

The Management is responsible for the other information set out on pages iii to I which comprises of Key Entity Information and Management, Statement of Governance, Statement by the Cabinet Secretary, Statement by the Principal Secretary / Accounting Officer, Statement of Performance Against Predetermined Objectives for the FY 2023/2024, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Budget Credibility**

The statement of comparison of budget and actual amounts reflects final payments budget of Kshs.105,559,624,287 out of which Kshs.200,000,000 relates to construction of three (3) hospitals which were introduced through supplementary estimates. However, these hospitals did not meet the conditions in respect to unforeseen or unavoidable. The supplementary budget also includes pending bills amount of Kshs.779,000,000 which should have been budgeted during the normal budgeting process. This was contrary to Regulation 40(3) of the Public Finance Management (National Government) Regulations, 2015 which states that the purpose for which approval is sought for a supplementary budget shall be (a) for unforeseen and unavoidable, in circumstances where no budget provision was made; or (b) unavoidable, in circumstances where there is an existing budgetary provision which however is inadequate.

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

### **2. Long Outstanding Deposits**

The statement of financial assets and liabilities and as disclosed in Note 13 to the financial statements reflects third party deposit balance of Kshs.206,179,672 out of which Kshs.84,980,883 relates to long outstanding deposits for over five (5) years from 2016/2017. This was contrary to Regulation 106 of the Public Finance Management (National Government) Regulations, 2015 which states that unless otherwise exempted by an Act of Parliament, any deposit which has remained unclaimed for five (5) years may, with the approval of the Cabinet Secretary, be paid into Consolidated Fund and thereafter the Accountant - General may refund the deposit to any person entitled thereto, if he or she is satisfied that the claim is authentic.

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

### **3. Failure to Operationalize the Emergency Medical Treatment Fund**

The statement of comparison of budget and actual amounts reflects final payment budget amount of Kshs.105,559,624,287 out of which Kshs.90,000,000 relates to emergency medical treatment fund meant for emergency treatment and management of chronic illnesses. However, the vote book indicated the funds remained unutilized since no regulations had been enacted to guide its implementation. In addition, this appropriation lapsed at the end of the financial year due to failure to operate a separate fund account contrary to Section 15(1)(x) of the Health Act, 2017 which states that 'The national government ministry responsible for health shall establish an emergency medical treatment fund for emergencies to provide for unforeseen situations calling for supplementary finance.

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

#### **4. Unbudgeted Pending Bills**

The statement of comparison of budget and actual amounts reflects final payments budget of Kshs.105,559,624,287. Schedules provided for audit revealed pending bills balance of Kshs.1,557,873,023 for use of goods and services and Kshs.24,389,033,396 for legal cases carried forward from financial year 2022/2023. However, these amounts were not budgeted for in the financial year 2023/2024 despite payments of Kshs.1,453,811,444 and Kshs.82,622,195 under use of goods and services and legal cases respectively. This was contrary to Paragraph 20 of the National Treasury circular number 7/2023 dated 21 June, 2023 which states that in order to ensure there is no accrual in payment arrears (pending bills), accounting officers should ensure that carryover payment emanating from FY2022/2023 are treated as a first charge against the financial year 2023/24 budgetary allocation before entering into any new commitments.

Further, the State Department incurred Kshs.8,202,829,963 interest and penalties on legal cases due to non-payment leading to loss of funds.

In the circumstances, Management was in breach of the law while expenditure on interest and penalties is an avoidable expense.

#### **5. Stalled Equalization Fund Projects**

Review of project documents provided for audit revealed that forty-four (44) equalization fund projects were at various stages of implementation. Twenty-eight (28) projects were ongoing while sixteen (16) projects of undetermined value had stalled. However, details of these projects including contract price and value of work done were not provided for audit. It was therefore not possible to confirm the completion status of these projects as at 30 June, 2024.

In the circumstances, the value for money for the stalled projects valued at could not be confirmed.

#### **6. Underfunding of Maternity Programme**

The statement of comparison of budget and actual amounts reflects final budget amount of amount of Kshs.105,559,624,287 out of which Kshs.4,098,000,000 relates to implementation of free maternity programme. However, only Kshs.2,000,000,000 was transferred to the National Health Insurance Fund for the implementation of the programme resulting to underfunding of Kshs.2,098,000,000 or 51%. This was contrary to Article 43(1)(a) of the Constitution of Kenya 2010 which states that, 'Every person has the right to the highest attainable standard of health, which includes the right to health care services, including reproductive health care.

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

#### **7. Stock Out of Vaccines at the Central Vaccine Store**

Review of the vaccine stock ledgers revealed that during the year, three antigens (BCG, OPV and Measles Rubella) were out of stock for an average of sixty-five (65) days due to delays in providing funding to the procuring agent. The stock outs at the Central

Vaccine Store (CVS) affects the availability of vaccines at the health facilities which significantly affects the life of citizens. This was contrary to Section 160(1) of Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer of a procuring entity shall manage its inventory, assets and stores for the purpose of preventing wastage and loss, and continuing utilization of supplies.

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

#### **8. Delayed Completion of Pediatric Emergency Centre and Burns Management Centre**

The statement of receipts and payments and as disclosed in Note 9 to the financial statements reflects acquisition of assets amount of Kshs.3,256,146,761 out of which Kshs.34,047,734 relates to construction of Pediatric Emergency Centre and Burns Management Centre at Kenyatta National Hospital. The project duration was two (2) years from 02 August, 2018 to 10 November, 2020 at a contract sum of Kshs.2,959,511,555. However, the value of work done as at 30 June, 2024 about two and half years after the expected completion date was Kshs.1,099,686,586 and the project was verified to be incomplete. In addition, the value of work done includes interest on delayed payments of Kshs.68,043,601 which could have been avoided. This was contrary Section 151 (2) (c) of the Public Procurement and Asset Disposal Act 2015 which requires a procuring entity to meet all its payment and other obligations on time and in accordance with the contract.

In the circumstances, the value for money on expenditure of Kshs.34,047,734 in respect to the construction of Pediatric Emergency Centre and Burns Management Centre could not be confirmed.

#### **9. Inadequate Patients Beds at Mathari Hospital**

The statement of receipts and payments and as disclosed in Note 9 to the financial statements reflects construction of buildings amount of Kshs.572,941,804 out of which Kshs.12,579,005 relates to renovations of wards at Mathari Hospital. Data maintained at the hospital indicated a total of six hundred and fifty-three (653) hospital beds. However, review of the daily inpatient attendances indicated the number of inpatients exceeded the available beds resulting to patients being kept on the floor or sharing of beds for a period of two hundred and sixty-one (261) days thereby raising the risk of cross infection. This was contrary to Article 43 (1) (a) of the Constitution of Kenya 2010 which states that, 'Every person has the right to the highest attainable standard of health, which includes the right to health care services, including reproductive health care.

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

#### **10. Delayed Construction of Kisii Cancer Centre**

The statement of receipts and payments and as disclosed in Note 9 to the financial statements reflects construction of buildings amount of Kshs.572,941,804 out of which Kshs.283,032,102 is advance payment for the construction of Kisii Cancer Centre. The construction works were awarded on 31 January, 2024 for a period of seventy-eight (78)

weeks alongside other five (5) contracts for the supply, installation, commissioning, operation and maintenance of various medical equipment at Kshs.155,467,261 but the period was not specified. In addition, management had previously awarded procurement of other medical equipment and furniture on 05 December, 2023 at Kshs.235,230,551 before the award of construction works.

However, as at 30 June, 2024 about nine (9) years after the loan signing date, the project had not commenced despite payment of an advance. This was contrary to Section 151(2)(a) and (c) of the Public Procurement and Asset Disposal Act, 2015 which states that 'For the purpose of managing complex and specialized procurement contracts the contract implementation team shall be responsible for monitoring the performance of the contractor, to ensure that all delivery or performance obligations are met or appropriate action taken by the procuring entity in the event of obligations not being met and ensure that the procuring entity meets all its payment and other obligations on time and in accordance with the contract.

In the circumstances, the value for money on advance payment of Kshs.283,032,102 for the construction of Kisii Cancer Centre could not be confirmed.

#### **11. Budget In-Adequacy for Community Health Promoters Kits**

The statement of receipts and payments and as disclosed in Note 9 to the financial statements reflects acquisition of assets amount of Kshs.3,256,146,761. The amount includes purchase of specialized plant, equipment and machinery amount of Kshs.2,629,748,382 out of which Kshs.2,500,000,000 relates to community health promoters' kits. Review of expenditure records revealed the kits were procured using a three-year contract of Kshs.24,760,791,759 out of which Kshs.10,226,991,917 relates to the first year. However, the first-year portion of the contract exceeded the approved budget estimate of Kshs.5,000,000,000 by Kshs.5,226,991,917. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an accounting officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.

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

#### **12. Delayed Installation of Medical Gases**

The statement of receipts and payments and as disclosed in Note 9 to the financial statements reflects purchase of specialized plant, equipment and machinery amount of Kshs.2,629,748,382 out of which Kshs.32,390,255 relates to supply, installation, testing and commissioning of medical gases plant and pipeline system at Trans Mara Subcounty Hospital. The following observations were made:-

The project was awarded to a contractor on 17 May, 2022 at a contract sum of Kshs.61,845,550 for a period of forty weeks. However as at 30 June, 2024 about two years later the project was incomplete based on the value of work done amounting to Kshs.32,390,255 or 52%. In addition, management awarded another contract for the

supply, delivery, installation, testing, training, commissioning and maintenance of medical oxygen generating plant at the same hospital on 15 June, 2022 amounting to Kshs.74,564,711 for a period of twelve (12) weeks. However as at 30 June 2024 about two years later the work had not started and the performance security had expired.

Audit review indicated the two contracts above amounting Kshs.136,410,261 for the oxygen system were financed through Governance for Services Delivery in Kenya (GESDEK) project dated 2 October 2020. The project lapsed on 30 June 2023 but management continued to incur expenses contrary to Article 10 of the Credit Facility Agreement which requires no further drawdown be made under the project after 30 June, 2023.

Further, despite the delay no interest on delayed performance was charged. This was contrary to Section 140 (b) of the Public Procurement and Asset Disposal Act 2015 which states that 'the contractor shall be liable to liquidated damages for delayed performance'.

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

### **13. Unconfirmed Testing of Health Products**

The statement of receipts and payments reflects use of goods and services amount of Kshs.5,138,695,800 out of which Kshs.49,597,602 relates to health medical drugs issued to hospitals without evidence of testing. This was contrary to Section 35D(1)(c) of the Pharmacy and Poisons Act 2012 which requires the National Quality Control Laboratory to test on behalf of the Government all locally manufactured and imported drugs or medicinal substances to determine whether they comply with the set rules.

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

### **14. Encroachment of Land at Mathari Teaching and Referral Hospital**

The summary of fixed assets register as disclosed under Annex 2 to the financial statements reflects nil land balance. Available information confirmed that the Ministry owns a parcel of land which houses Mathari Teaching and Referral Hospital measuring approximately 34.3 hectares of undetermined value. Physical verification conducted in the month of October 2024 indicated that the land was partially fenced making it an easy target for private developers to grab or encroach. Further, it was observed that an undisclosed developer had erected a temporary fence on the unfenced portion of the land. This was contrary to Regulation 139(1) of The Public Finance Management (National Government) Regulations, 2015 which states that 'The Accounting Officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that (a) preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse; (b) movement and conditions of assets can be tracked

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

## **15. Proposed Establishment of a Neuropsychiatric National Teaching and Referral Hospital**

The summary of fixed assets register as disclosed under Annex 2 to the financial statements reflects nil land balance. According to a letter dated 27 October 2021, the National Treasury approved the establishment of a Neuropsychiatric National Teaching and Referral Hospital at Ngong Kajiado County at a cost of Kshs.5,000,000,000 over a two-year period with an initial budget allocation of Kshs.2,500,000,000 in the year 2021/2022.

Further, an amount of Kshs.579,150,000 paid for the implementation of the project were later refunded to The National Treasury on 29 March, 2023 without explanations. In addition, it was not possible to confirm the total amount paid out and whether the refund was for the full amount earlier paid. As at 30 June, 2024, this project had not commenced contrary to Section 68(1) of the Public Finance Management Act 2012 which states that 'An accounting officer for a national government entity, Parliamentary Service Commission and the Judiciary shall be accountable to the National Assembly for ensuring that the resources of the respective entity for which he or she is the accounting officer are used in a way that is— (a) lawful and authorised; and (b) effective, efficient, economical and transparent'

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

## **16. Procurement of the Healthcare Information Technology Digitization System**

The State Department procured the Healthcare Information Technology Digitization system of Kshs.104,808,136,478. However, review of tender documents, contract agreement and financial proposal indicated the following unsatisfactory matters;

### **16.1.Unbudgeted Procurement**

During the year under audit, the State Department initiated a procurement for the provision of Healthcare Information Technology Digitization for Universal Health Care. The system was procured at a cost Kshs.104,808,136,478 through Specially Permitted Procurement Procedure but was not included in the procurement plan nor the medium-term budgetary expenditure framework. This was contrary to Section 53 (7) of the Public Procurement and Asset Disposal Act, 2015 which states that, 'multi-year procurement plans may be prepared in a format set out in the Regulations and shall be consistent with the medium-term budgetary expenditure framework for projects or contracts that go beyond one year'.

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

### **16.2.Uncompetitive Procurement**

The system was procured through Specially Permitted Procurement Procedure pursuant to Section 114(A) (2)(d) by directly sourcing a partner at a cost of Kshs.104,808,136,478. However, this process was contrary to Article 227(1) of the Kenya Constitution 2010

which requires a fair, equitable, transparent, competitive and cost-effective ways of acquiring goods and services.

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

### **16.3. Undefined Scope of Works**

The works involves installation of the system in public health facilities but the number of health facilities for installation have not been disclosed in the contract agreement. In addition, the contract price includes training, support and customer education costs of Kshs.7,023,810,224 but the number of healthcare workers to be trained on the system and the mode of training to arrive at the costs has not been disclosed in the contract agreement. This was contrary to Section 150(1) of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer or his or her appointed representative shall be responsible for ensuring that the goods, works and services are of the right quality and quantity.

In the circumstances, Management was in breach of the law

### **16.4.Payment Arrangement Agreement**

According to the financial proposal, the consortium proposed the adoption of a funding model which entails charging fees from member contributions to Social Health Authority (SHA), claims from health facilities and charges for the track and trace solution at a rate of 2.5%, 5% and 1.5% respectively for ten years resulting to projected revenues of Kshs.111,019,068,754. These funds according to Clause 12.4 of the general conditions of the contract are to be transferred to an Escrow account daily or at a frequency of not less than one week.

This substantially means membership contributions to Social Health Authority and claims from health facilities have expressly guaranteed the repayment of the project. This is a material fact which entails levying fees from the public but was not supported by evidence of public participation contrary to the principles of public finance as outlined under Article 201(a) of the Constitution of Kenya 2010 which requires openness and accountability including public participation in financial matters.

In the circumstances, Management was in breach of the law

### **16.5.Unfavorable Contract Clauses**

Review of the contract agreement indicated the following unfavorable clauses;

- i. The contract prohibits the State Department from developing another system or a product with similar functionalities to compete with the system being procured putting the government at risk in the event of growing needs or for technological changes. Clause 16.2.5 (c) of the general conditions of the contract states that, 'The procuring entity shall ensure neither the procuring entity nor the government health agencies nor the procuring entity authorized users shall access all or any part of the system in order

to build a product or service which competes with the system or undertake similar functionalities to the system or attempt to do so'.

- ii. In addition, Clause 39.1 of the contract agreement requires any dispute arising from the contract be settled by arbitration under the rules of London Court of International Arbitration. However, the procurement was conducted based on the provisions of the Public Procurement and Asset Disposal Act, 2015 and any dispute should be referred to the Public Procurement Administrative Review Board as per Section 28(1) of the Public Procurement and Asset Disposal Act 2015.
- iii. Further, according to Clause 15 of the general conditions of the contract, Safaricom consortium will deliver the system as a service (SaaS) solution where end users will connect to the system hosted by the consortium without the need for installation or management of the software in the end users' devices. However, ownership of the system, system components and all intellectual property rights shall remain in the ownership of the consortium except for the infrastructure which is to be transferred to the procurement.

In the circumstances, value for money on the procurement of Healthcare Information Technology Digitization system at Kshs.104,808,136,478 could not be confirmed.

#### **16.6. Project's Financing and Payment Model**

The following project's financing and payment model risks were identified;

- i. The project is to be financed from projected revenues of Kshs.111,019,068,754 from member contributions to Social Health Authority (SHA), claims from health facilities and charges for the track and trace solution at a rate of 2.5%, 5% and 1.5% respectively. However, this model was not supported by baseline survey reports indicating the viability of this proposal to meet the payment obligations.
- ii. In addition, the projected revenues include 5% to be deducted from claims made by health facilities which has the effect of increasing healthcare costs indicative of a service charge of 5% to citizens every time they access healthcare services.
- iii. Further Clause 12.4 of the general conditions of the contract, requires the projected revenues be transferred to an Escrow account to be held by an escrow agent appointed by both parties. However, details on the signatories to the account have not been disclosed in the contract agreement.

In the circumstances, Management was in breach of the law

#### **17. Non-Compliance with the One-Third Rule of Basic Salary**

Review of the payroll indicated that three hundred and eighty-six (259) employees earned a net salary of less than a third (1/3) of the basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which requires the total amount of all deductions which may be made by an employer from the wages of his employee at any one time not to exceed two-thirds of the basic pay.

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

### **18. Non-Compliance with Staffing of Persons with Disabilities**

The statement of receipts and payments reflects employee costs amount of Kshs.8,367,225,596. Analysis of the muster roll revealed that the State Department had one thousand three hundred and ninety-four (1394) staff out of which only thirty-two (32) or (2.3%) are persons living with disability. This was contrary to Section B.23 (1) of Human Resource Policies and Procedures Manual for the Public Service May, 2016 which states that the Persons with disability shall be accorded equal opportunities for employment provided they have the necessary qualifications and are suitable for such employment and that the government shall implement the principle that at least five (5) percent of all appointments shall be for persons with disabilities.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Inconsistencies in Vaccine Immunization Data**

Review of immunization data at the Central Vaccine Store revealed inconsistencies in three vaccines (PCV, HPV and DPT) where the total administered doses of 9,641,888 exceeded the available doses of 8,440,170 by 1,201,718. In the circumstances, the effectiveness of internal controls in the management of vaccine immunization data could not be confirmed.

#### **2. Inadequate Transition Planning from GAVI Vaccine Support**

The Government of Kenya entered the accelerated transition phase from Gavi support in January, 2022 and is expected to fully finance its vaccine needs by 1 January, 2030.

However as at 30 June, 2024 there was no clear transition roadmap as the vaccines currently received as donations and other support activities provided in kind are not costed and reported. The lack of an overall cost schedule of all fixed and operational immunization activities hinders planning and decision making during the transition period.

In the circumstances, the effectiveness of the internal controls in transition from GAVI vaccine support where the Management could have a clear transition roadmap and have an overall cost schedule including purchase of vaccines, maintaining infrastructure, staffing, cold chain equipment, waste disposal and vaccines campaign programmes could not be confirmed.

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

### **Responsibilities of 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

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

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

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

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

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

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

**Nairobi**

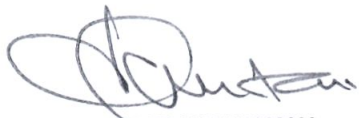
**27 December, 2024**

11) Statement of Receipts and Payments for the Year ended 30<sup>th</sup> June 2024

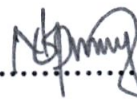
Description	Note	2023/2024	2022/2023
		Kshs	kshs
<b>Receipts</b>			
Proceeds from Domestic and Foreign Grants	1	421,407,191	620,000,000
Exchequer Releases	2	61,361,406,230	75,385,635,274
Proceeds from Foreign Borrowings	3	1,776,047,719	2,686,871,222
Other Receipts	4	17,143,199,103	3,788,504
<b>Total Receipts</b>		<b>80,702,060,243</b>	<b>78,696,295,000</b>
<b>Payments</b>			
Compensation of Employees	5	8,367,225,596	14,157,676,754
Use of Goods and Services	6	5,138,695,802	7,339,616,756
Grants and Transfers to Other Government Entities	7	63,573,811,470	53,435,376,444
Other Grants and Transfers	8	364,279,175	1,816,774,703
Acquisition of Assets	9	3,256,146,761	1,943,005,000
<b>Total Payments</b>		<b>80,700,158,804</b>	<b>78,692,449,657</b>
<b>Surplus/(Deficit)</b>		<b>1,901,439</b>	<b>3,845,343</b>

The comparative figures belongs to vote 1081( Ministry of Health ) which was splitted as per executive order no 1 of 2022 to form two State Departments ie Medical Services and Public Health and Standards

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 20/9/ 2024 and signed by:



.....  
**Harry Kimtai ,CBS**  
**Accounting Officer**



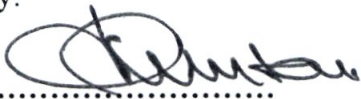
.....  
**CPA Moses Gitari**  
**Head of Accounting Unit**  
**ICPAK M/No. 4204**

12) Statement Of Financial Assets And Financial Liabilities As At 30<sup>th</sup> June 2024

Description	Note	2023/2024	2022/2023
		Kshs	kshs
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	10A	206,524,010	304,951,441
Cash balances	10B	1,557,101	427,452
<b>Total cash and cash equivalents</b>		<b>208,081,111</b>	<b>305,378,893</b>
Accounts Receivable -outstanding Imprest and salary Advance	11	-	44,226,312
<b>Total financial assets</b>		<b>208,081,111</b>	<b>349,605,205</b>
<b>Financial liabilities</b>			
Third party deposits and retention	12	(206,179,672)	(301,533,549)
<b>Net financial assets</b>		<b>1,901,439</b>	<b>48,071,656</b>
<b>Represented by</b>			
Funds balance B/F	14	-	111,282,450
Prior Year Adjustments	15	-	(67,056,137)
Surplus/(Deficit )for the year		1,901,439	3,845,343
<b>Net financial position</b>		<b>1,901,439</b>	<b>48,071,656</b>

The comparative figures belongs to vote 1081( Ministry of Health ) which was splitted as per executive order no 1 of 2022 to form two State Departments ie Medical Services and Public Health and Standards

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 20/9/ 2024 and signed by:



Harry Kimtai CBS  
Accounting Officer



CPA Moses Gitari  
Head of Accounting Unit  
ICPAK M/No 4204

Statement of Cash Flows For The Year Ended 30<sup>th</sup> June 2024

Description	Notes	2023/2024	2022/2023
		Kshs	kshs
<b>Operating Activities</b>			
<b>Receipts</b>			
Exchequer releases	2	61,361,406,230	75,385,635,274
Proceeds from domestic and foreign grants	1	421,407,191	620,000,000
Other Receipts	4	17,143,199,103	3,788,504
Proceeds from Foreign Borrowings	3	1,776,047,719	
<b>Total Receipts</b>		<b>80,702,060,243</b>	<b>76,009,423,778</b>
<b>Payments</b>			
Compensation of employees	5	8,367,225,596	14,157,676,754
Use of goods and services	6	5,138,695,800	7,339,616,756
Transfers to other government units	7	63,573,811,470	53,435,376,444
Other Grants and Transfers	8	364,279,177	1,816,774,703
<b>Total Payment</b>		<b>77,444,012,043</b>	<b>76,749,444,656</b>
<b>Net Receipts/Payment</b>		<b>3,258,048,200</b>	
<b>Adjusted For:</b>			
Adjustments during the year	15		(67,056,136)
Prior year adjustments			
Decrease/(Increase) in accounts receivable	11	-	62,444,880
Increase/(Decrease) in deposits and retention	12	206,179,672	58,336,313
<b>Net Adjustments</b>			<b>53,725,057</b>
<b>Net Cash Flow from Operating Activities</b>		<b>3,464,227,872</b>	<b>(686,295,822)</b>
<b>Cash flow From Investing Activities</b>			
Acquisition of assets	9	(3,256,146,761)	(1,943,005,000)
<b>Net Cash Flows from Investing Activities</b>		<b>(3,256,146,761)</b>	<b>(1,943,005,000)</b>
<b>Cash flow from Borrowing Activities</b>			
Proceeds from foreign borrowings	3	-	2,686,871,222
<b>Net Cashflow from Financing Activities</b>			<b>2,686,871,222</b>

State Department for Medical Services  
 Annual Report and Financial Statements for the year ended 30th June 2024

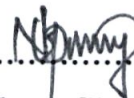
Description	Notes	2023/2024	2022/2023
		Kshs	kshs
Net increase in cash and cash equivalents		208,081,111	57,570,399
Cash and Cash equivalent at the start of the year		-	247,808,494
Net increase in cash and cash equivalents		208,081,111	305,378,893
Cash & Cash Equivalent at End of The Year	10	208,081,111	305,378,893

The comparative figures belongs to vote 1081( Ministry of Health ) which was splitted as per executive order no 1 of 2022 to form two State Departments ie Medical Services and Public Health and Standards

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 20/9/ 2024 and signed by:



Harry Kimtai CBS  
 Accounting Officer



CPA Moses Gitari  
 Head of Accounting Unit  
 ICPAK M/No 4204

13) Statement of Comparison of Budget and Actual Amounts for FY2023/2024

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 %
Proceeds from domestic and foreign grants	3,660,000,000	163,811,515	3,823,811,515	421,407,191	3,402,404,325	11%
Exchequer releases	84,352,576,949	(6,996,097,511)	77,356,479,438	61,361,406,230	15,995,073,208	80%
Proceeds from foreign borrowings	9,044,000,000	(5,291,666,666)	3,752,333,334	1,776,047,720	1,976,285,614	47%
Proceeds from sale of assets	19,488,000,000	1,091,000,000	20,579,000,000	17,095,199,103	3,483,800,897	83%
Other Receipts	48,000,000	-	48,000,000	48,000,000	-	100%
<b>Total Receipts</b>	<b>116,592,576,949</b>	<b>(11,032,952,662)</b>	<b>105,559,624,287</b>	<b>80,702,060,243</b>	<b>21,525,263,147</b>	
<b>Payments</b>						
Compensation of employees	9,230,235,547	(514,435,547)	8,715,800,000	8,367,225,596	348,574,404	96%
Use of goods and services	3,609,053,952	3,673,623,752	7,282,677,704	5,138,695,802	2,143,981,902	70%
Transfers to other government entities	91,859,588,099	(13,434,164,914)	78,425,423,185	61,985,596,111	16,439,827,074	79%
Other grants and transfers	3,821,240,000	(1,255,078,485)	2,566,161,515	1,750,994,534	815,166,981	68%
Social security benefits	103,000,000	(54,500,000)	48,500,000	51,500,000	(3,000,000)	106%
Acquisition of assets	7,969,459,351	551,602,532	8,521,061,883	3,406,146,761	5,114,915,122	39%
<b>Total Payments</b>	<b>116,592,576,949</b>	<b>(11,032,952,662)</b>	<b>105,559,624,287</b>	<b>80,700,158,804</b>	<b>21,527,164,586</b>	
<b>Surplus/ Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,901,439</b>		

**(a) Variance analysis:**

- I. **Proceeds from domestic and foreign grants underutilization at 11% due to variation of contracts, delays of approvals from the development partners and lengthy procurement processes which surpass the time frame within the FY**
- II. **Exchequer releases @ 80% due to insufficient disbursement/release of exchequer by the National Treasury.**
- III. **Proceeds from foreign borrowings at 47% as a result of variation of contracts, delays of approvals from the development partners and lengthy procurement processes which surpass the time frame within the FY**
- IV. **Use of goods and services at 70% due to insufficient disbursement/release of exchequer by the National Treasury**
- V. **Transfers to other government entities @ 79% due to insufficient disbursement/release of exchequer by the National Treasury**
- VI. **Other grants and transfers @ 68% due to insufficient disbursement/release of exchequer by the National Treasury**
- VII. **Social security benefits @ 106% Target surpassed due to reduction of 3M in Supplementary Estimates No. 2 FY 2023/24 when commitments to KNH had been initiated for the pensioners**
- VIII. **Acquisition of assets @ 39% due to insufficient disbursement/release of exchequer by the National Treasury**

**(b) Reallocations within the year:**

- I. **During implementation of the FY 2023/24, emerging priorities called for reallocations i.e the Community Health Promoters Kits Kshs.2.5 billion,**
- II. **In some instances, there both additional and reductions, i.e KEMSA Kshs.2Billion in recurrent, and general cuts in O & M**

The entity financial statements were approved on 20/9/ 2024 and signed by:

.....  


**Harry Kimtai CBS**  
Accounting Officer

.....  


**CPA Moses Gitari**  
Head of Accounting Unit  
ICPAK M/No 4204

13 (a) Statement of Comparison of Budget and Actual Amounts: Recurrent for FY2023/2024

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>						
Exchequer releases	43,517,520,000.00	2,069,760,480.00	45,587,280,480.00	43,587,280,480	2,000,000,000	96%
Proceeds from sale of assets	19,488,000,000	1,091,000,000	20,579,000,000	17,095,199,103	3,483,800,897	83%
Other Receipts	48,000,000	-	48,000,000	48,000,000	-	100%
<b>Total Receipts</b>	<b>63,053,520,000</b>	<b>3,160,760,480</b>	<b>66,214,280,480</b>	<b>60,730,479,583</b>	<b>21,51,500,000</b>	<b>97%</b>
<b>Payments</b>						
Compensation of employees	9,175,000,000	(459,200,000)	8,715,800,000	8,367,225,596	348,574,404	96%
Use of goods and services	301,767,053	1,680,157,870	1,981,924,923	2,309,242,906	(327,317,983)	117%
Transfers to other Government entities	53,235,600,000	2,039,700,000.00	55,275,300,000	49,785,783,599	5,489,516,401	90%
Other grants and transfers	71,200,000	0	71,200,000	71,199,998	2	100%
Social security benefits	103,000,000	(54,500,000)	48,500,000	51,500,000	(3,000,000)	106%
Acquisition of assets	166,952,947	(45,397,390)	121,555,557	105,322,027	16,233,530	87%
<b>Total Payments</b>	<b>63,053,520,000</b>	<b>3,160,760,480</b>	<b>66,214,280,480</b>	<b>60,690,274,126</b>	<b>2,191,705,457</b>	<b>97%</b>
<b>Surplus/Deficit</b>				<b>40,205,458</b>		

State Department for Medical Services  
Annual Report and Financial Statements for the year ended 30th June 2024

(a) *Variance analysis:*

- i. *Use of goods and services @ 117% Target surpassed due to reduction in operations and maintenance in Supplementary Estimates No. 2 FY 2023/24 when commitments had been initiated*
- ii. *Social security benefits @ 106% Target surpassed due to reduction in operations and maintenance in Supplementary Estimates No. 2 FY 2023/24 when commitments had been initiated*
- iii. *Acquisition of assets @ 87% due to insufficient disbursement/release of exchequer by the National Treasury*


(b) *Reallocations within the year*

- i. *In the FY 2023/24, there both additional and reductions, i.e KEMSA Kshs.2Billion in recurrent, and general cuts in Operations & Maintenance*

The entity financial statements were approved on 20/9 2024 and signed by:

.....  


Harry Kimtai CBS  
Accounting Officer

.....  
  
CPA Moses Gitari  
Head of Accounting Unit  
ICPAK M/No 4204

13 (b) Statement Of Comparison of Budget and Actual Amounts: Development for FY2023/2024

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	3,660,000,000	163,811,515	3,823,811,515	421,407,191	3,402,404,325	11%
Exchequer releases	40,835,056,949	(9,065,857,991)	31,769,198,958	17,774,125,750	13,995,073,208	56%
Proceeds from foreign borrowings	9,044,000,000	(5,291,666,666)	3,752,333,334	1,776,047,720	1,976,285,615	47%
<b>Total Receipts</b>	<b>53,539,056,949</b>	<b>-14,193,713,142</b>	<b>39,345,343,807</b>	<b>19,971,580,661</b>	<b>19,373,763,148</b>	<b>51%</b>
<b>Payments</b>						
Compensation of employees	55,235,547	(55,235,547)	-	-	-	-
Use of goods and services	3,307,286,899	1,993,465,882	5,300,752,781	2,829,452,896	2,471,299,885	53%
Transfers to other Government entity	38,623,988,099	(15,473,864,914)	23,150,123,185	12,199,812,512	10,950,310,673	52%
Other grants and transfers	3,750,040,000	(1,255,078,485)	2,494,961,515	1,679,794,537	815,166,978	67%
Acquisition of assets	7,802,506,404	596,999,922	8,399,506,326	3,300,824,734	5,098,681,592	39%
<b>Total Payments</b>	<b>53,539,056,949</b>	<b>(14,193,713,142)</b>	<b>39,345,343,807</b>	<b>20,009,884,679</b>	<b>19,335,459,954</b>	<b>51%</b>
<b>Surplus/Deficit</b>	-	-	-	-38,304,019		-

State Department for Medical Services  
Annual Report and Financial Statements for the year ended 30th June 2024

(a) Variance analysis:

- I. **Proceeds from domestic and foreign grants at 11% due to variation of contracts, delays of approvals from the development partners and lengthy procurement processes which surpass the time frame within the FY**
- II. **Exchequer releases at 56% due to insufficient disbursement/release of exchequer by the National Treasury**
- III. **Proceeds from foreign borrowings at 47% as a result of variation of contracts, delays of approvals from the development partners and lengthy procurement processes which surpass the time frame within the FY**
- IV. **Use of goods and services at 53% due to insufficient disbursement/release of exchequer by the National Treasury**
- V. **Transfers to other Government entity at 52% due to insufficient disbursement/release of exchequer by the National Treasury**
- VI. **Other grants and transfers at 67% due to insufficient disbursement/release of exchequer by the National Treasury**
- VII. **Acquisition of assets at 39% due to insufficient disbursement/release of exchequer by the National Treasury**

(b) Reallocations within the year:

During implementation of the FY 2023/24, emerging priorities called for reallocations i.e the Community Health Promoters(CHP)  
Kits Kshs.2.5 billion

The entity financial statements were approved on 26/9 2024 and signed by:



Harry Kimtai CBS  
Accounting Officer



CPA Moses Gitari  
Head of Accounting Unit  
ICPAK M/N<sup>o</sup> 4204

13 (c) Budget Execution by Programmes and Sub-Programmes for FY2023/2024

Programme/sub-programme	Original Budget	Approved Budget	Actual Payments	Variance
	2023/2024	2023/2024	2023/2024	2023/2024
	Kshs	Kshs	Kshs	Kshs
<b>402000000</b>	<b>60,568,262,953</b>	<b>60,568,262,953</b>	<b>53,845,433,269</b>	<b>6,722,829,684</b>
National Referral Services	49,602,721,691	49,602,721,691	43,051,627,149	6,551,094,542
Forensic and Diagnostics	279,000,000	279,000,000	279,000,000	-
Specialised Medical Equipment	2,796,286,900	2,796,286,900	1,837,018,488	959,268,412
National Blood Transfusion Service	2,188,848,066	2,188,848,066	1,170,135,523	1,018,712,543
Health Products and Technologies	5,701,406,296	5,701,406,296	4,175,351,213	1,526,055,083
<b>707000000</b>	<b>16,853,760,065</b>	<b>16,853,760,065</b>	<b>7,672,950,991</b>	<b>9,180,809,074</b>
Communicable Disease Control	5,733,732,406	5,733,732,406	2,462,877,705	3,270,854,701
Reproductive Maternal Newborn Child Adolescent Health	1,521,151,638	1,521,151,638	751,662,392	769,489,246
Reproductive Maternal Newborn Child Adolescent Health	1,983,686,737	1,983,686,737	1,162,096,297	821,590,440
Immunization management	7,615,189,284	7,615,189,284	3,296,314,597	4,318,874,687

State Department for Medical Services  
Annual Report and Financial Statements for the year ended 30th June 2024

Programme/sub-programme	Original Budget	Approved Budget	Actual Payments	Variance
	2023/2024	2023/2024	2023/2024	2023/2024
	Kshs	Kshs	Kshs	Kshs
<b>411000000</b>	<b>4,789,000,000</b>	<b>4,789,000,000</b>	<b>3,836,246,478</b>	<b>952,753,522</b>
Health Innovations	882,000,000	882,000,000	329,246,478	552,753,522
Medical Research	3,907,000,000	3,907,000,000	3,507,000,000	400,000,000
<b>412000000</b>	<b>23,348,601,269</b>	<b>23,348,601,269</b>	<b>18,677,828,963</b>	<b>4,670,772,306</b>
Human Resource and Support Services	3,572,478,962	3,572,478,962	3,214,953,979	357,524,983
Financial Management Services	1,039,425,859	1,039,425,859	545,145,260	494,280,599
Information Communications Services	18,736,696,448	18,736,696,448	14,917,729,724	3,818,966,724
	<b>105,559,624,287</b>	<b>105,559,624,287</b>	<b>80,700,158,804</b>	<b>24,859,465,483</b>

*(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based. It should tie with the combined Statement of Budgeted Vs Actual Amounts. Ensure that this document is completed to enable consolidation by the National Treasury)*

## Significant Accounting Policies

### 1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### 2. Reporting Entity

The financial statements are for the State Department For Medical Services . The financial statements encompass the reporting entity as specified under Section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

Ref	Project Name	Principal Activity of the project	Accounting Officer	Project Consolidated in these Financial Statements
1	<b>Vote head 1082100100</b> Kenyatta National Hospital Burns and Pediatrics Centre	To reduce morbidity and mortality of burns patients and children in Kenya	CEO – KNH	YES
2	<b>Vote head 1082100200</b> National Commodities Warehousing Centre (KEMSA)	To improve access to essential medicines, by ensuring regular, shorter supply chains and continuous availability of medicines in the public health facilities	CEO - KEMSA	YES
3	<b>Vote head 1082100300</b> East Africa's Centre of Excellence for Skills & Tertiary Education	To provide high quality, competitive and skilled kidney care workforce in the EAC for social and economic development	PS – SDMS	NO

4	<b>Vote head 1082100500</b> Managed Equipment Service-Hire of Medical Equipment for 98 Hospital	To equip the level 4 and level 5 hospitals with specialized, modern and state of the art medical equipment	PS – SDMS	YES
5	<b>Vote head 1082100600</b> Free Maternity Program (Strategic Intervention)	To Reduce Maternal and Perinatal mortality	PS – SDMS	YES
6	<b>Vote head 1082100700</b> Modernize Wards & Staff house- Mathari Teaching & Referral Hospital	Improved access to and quality of health care services	PS – SDMS	YES
7	<b>Vote head 1082100800</b> Construct a Wall, renovation & Procure Equipment at National Spinal Injury Hospital	To expand and modernize the hospital to improve service delivery	PS – SDMS	YES
8	<b>Vote head 1082100900</b> Procurement of Equipment at the National Blood Transfusion Services	Provision of adequate supply of blood and blood products hence reducing burden of disease	PS – SDMS	YES
9	<b>Vote head 1082101000</b> Establishing of Regional Cancer Centres	To promote access to quality and affordable diagnostic and treatment services for persons with cancer	PS – SDMS	YES
10	<b>Vote head 1082101100</b> Cancer & Chronic Disease Management Centre – MTRH	To offer early diagnosis of cancer and hence effective treatment.	CEO – MTRH	YES
11	<b>Vote head 1082101200</b> Construction and Equipping	To offer comprehensive medical care to children	CEO – MTRH	YES

	Children Hospital- MTRH			
12	<b>Vote head 1082101300</b> Equipping Maternity Unit (Mother & Baby Unit)	To equip the maternity unit with equipment for the delivery rooms, maternity theatre, Maternity ICU & HDU and Equipment for the neonatal unit	CEO – MTRH	YES
13	<b>Vote head 1082101400</b> Expansion and Equipping of ICU-MTRH	Project to address the need for access of specialized care for ICU patients	CEO – MTRH	YES
14	<b>Vote head 1082101500</b> Construction and upgrading of KEMRI Laboratories (Nairobi, Kwale, Busia)	Improve quality of diagnosis of ill-health among Kenyans	CEO – KEMRI	YES
15	<b>Vote head 1082101600</b> Rollout of Universal Health Coverage	To offer access to essential services they need for their health and wellbeing through an explicit essential benefit package without the risk of financial catastrophe.	PS – SDMS	YES
16	<b>Vote head 1082101700</b> Construction of a Cancer Centre at Kisii Level 5 Hospital	To provide high quality cancer care prevention, treatment and control services in the western region of Kenya.	PS – SDMS	YES
17	<b>Vote head 1082101800</b> Strengthening of Cancer Management at KNH	To improve clinical outcomes in the management and treatment of cancer	CEO – KNH	YES
18	<b>Vote head 1082101900</b> Research and Development – KEMRI	To Improve Human Health and Quality of Life through Research, Capacity Building, Innovation and Service Delivery	CEO – KEMRI	YES
19	<b>Vote head 1082102000</b>	To construct and equip the	PS – SDMS	YES

	Integrated Molecular Imaging Centre	Integrated Molecular Imaging Centre to offer specialized diagnostic and treatment services to Cancer Patients		
20	<b>Vote head 1082102100</b> Construction of the Second Tower- Gatundu Level V Hospital (KUTRRH)	Construction of the Second Tower	CEO – KUTRRH	YES
21	<b>Vote head 1082102200</b> Infrastructural Support to Kigumo Hospital	To upgrade Kigumo hospital to offer specialized treatment services and skilled healthcare services.	PS – SDMS	YES
22	<b>Vote head 1082102200</b> Procurement of Cyber knife Radiotherapy Equipment for KUTRRH	To procure a stereotactic radiosurgery treatment technology for patients with inoperable/tumours in the Kenya	CEO – KUTRRH	YES
23	<b>Vote head 1082102400</b> Refurbishment/Renovation and Replacement of Obsolete Equipment - KNH	Refurbishment/Renovation and Replacement of Obsolete Equipment - KNH	CEO – KNH	YES
24	<b>Vote head 1082102500</b> Expansion of Comprehensive Cancer Centre -KUTRRH	To offer oncology services in the hospital	CEO – KUTRRH	YES
25	<b>Vote head 1082102700</b> Emergency Medical Treatment Fund		PS – SDMS	YES
26	<b>Vote head 1082103000</b> Digital Health Platform		PS – SDMS	YES
27	<b>Vote head 1082103100</b> Procurement of Family Planning & Reproductive Health Commodities	Provision of quality and accessible family planning services in order to prevent unwanted pregnancies	PS – SDMS	YES

28	<b>Vote head 1082103300</b> Situation Room for Real Time Data & Information on HIV & AIDS	Promote utilization of Strategic Information for decision making at all levels through management of a robust M&E system that effectively monitors the Health and HIV Response.	CEO – NSDCC	YES
29	<b>Vote head 1082103400</b> Transforming Health Systems for Universal care Project	To improve utilization and quality of primary health care services with a focus on reproductive, maternal, newborn, child, and adolescent health services	PS – SDMS	NO
30	<b>Vote head 1082103500</b> Beyond Zero Campaign	To ensure reduction of mother to child transmission through prevention, increased access and sustaining treatment	CEO – NSDCC	YES
32	<b>Vote head 1082103800</b> Vaccines Programme	To accelerate COVID - 19 vaccination programme under the World bank Project	PS – SDMS	YES
33	<b>Vote head 1082103900</b> Supply of Medical Equipmnt & Fight for Maternal & Infant Mortality	Supply of Medical Equipmnt & Fight for Maternal & Infant Mortality	PS – SDMS	YES
34	<b>Vote head 1082104000</b> GESDeK COVID 19 Response Project	To control and prevention of COVID-19 in the country	PS – SDMS	YES
35	<b>Vote head 1082104100</b> Special Global Fund HIV Grant NFM3	The programme aims to increase access of ARVs and awareness creation to prevent spread of HIV/AIDS	PS – SDMS	YES
36	<b>Vote head 1082104300</b> Primary Health Care in the		PS - SDMS	YES

	Devolved Context			
37	<b>Vote head 1082104400</b> Human Vaccine Production	Refurbishment and operationalization of the BIOVAX warehouse in Embakasi	PS – SDMS	YES
38	<b>Vote head 1082104500</b> Upgrading of Maternal & New Born Units Project- VAMED-FINLAND		PS – SDMS	YES
40	<b>Vote head 1082104700</b> EA's Centres of Excel. for Skills & Tertiary Edu. in Biosciences- II	Training of public health workers and research and analysis of public health information	PS - SDMS	YES
41	<b>Vote head 1082104800</b> GoK/ UNFPA 10th Country Programme - MoH NSDCC HIV	To support procurement of family planning commodities in the country	CEO - NSDCC	YES
42	<b>Vote head 1082104900</b> Integrated Reproductive Health Programme		PS - SDMS	YES
43	<b>Vote head 1082105000</b> Upgrading of Children Ward - Kibugua Level 3 Hosptal	Upgrading of Children Ward	PS - SDMS	YES
44	<b>Vote head 1082105100</b> Upgrading & Equipping of Maternal & New Born Ward - Endebess Hospital	Upgrading & Equipping of Maternal & New Born Ward	PS - SDMS	YES
45	<b>Vote head 1082105200</b> Construction of Private Wing Inpatient Complex - MTRH		PS - SDMS	YES
46	<b>Vote head 1082105300</b> Procurement of Specialized Medical Equipment - MTRH	Procurement of Specialized Medical Equipment	PS - SDMS	YES
47	<b>Vote Head 1082105400</b> Supply of Cyflow CD4 Counter Instruments	Supply of Cyflow CD4 Counter Instruments	PS - SDMS	YES
48	<b>Vote head 1082105500</b> Supply of Medical Supplies and Commodities - Vulcan Pending Bill	Supply of Medical Supplies and Commodities	PS - SDMS	YES

49	<b>Vote head 1082105600</b> Upgrading and Equiping of Lusigetti Hospital Kikuyu	Upgrading and Equiping of Lusigetti Hospital Kikuyu	PS - SDMS	YES
50	<b>Vote head 1082105700</b> Construction of Ugenya Hospital	Construction of Ugenya Hospital	PS- SDMS	YES
51	<b>Vote head 1082105800</b> Construction of Uriri Hospital	Construction of Uriri Hospital	PS - SDMS	YES

### 3. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

#### Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by State Department for Medical Services for all the years presented.

#### a) Recognition of Receipts

The State Department for Medical Services recognises all receipts from the various sources when the event occurs, and the related cash has been received.

##### (i) Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving State Department for Medical Services.

##### (ii) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment. During the year ended 30<sup>th</sup> June 2024, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**Significant Accounting Policies (Continued)**

**(iii) Miscellaneous receipts**

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

**b) Recognition of payments**

The Entity recognises all payments when the event occurs, and the related cash has been paid out by the Entity.

**i) Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of Goods and Services**

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

**iii) Interest on Borrowing**

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

**iv) Principal on borrowing**

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

**v) Acquisition of Fixed Assets**

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

**Significant Accounting policies (Continued)**

payment. A fixed asset register is maintained and a summary provided for purposes of consolidation. *This summary is disclosed as **annex 2** to the financial statements.*

**vi) 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 State Department for Medical Services includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**vii) Third Party Payments**

Included in the receipts and payments, are payments made on the entity's behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings or grants.

**c) 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. A bank account register is maintained, and a summary provided for purposes of consolidation. *This summary is disclosed as an **Appendix 3** to the financial statements.*

**Restriction on Cash**

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

**Significant Accounting policies (Continued)**

for use in refunding third party deposits and retentions. As of 30th June 2024, this amounted to Kshs 206,179,672. There were no other restrictions on cash during the year.

**d) Imprests and advances**

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

**e) Third party deposits and retention**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition

of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**f) 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. 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.

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts

**Significant Accounting policies (Continued)**

Classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in June 2023 for the period 1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2024 as required by Law and there were two of supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

**h) Comparative Figures**

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

**i) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2024.

**j) Prior Period Adjustment**

During the year, there was no prior year adjustment

**k) Related Party Transactions**

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

**l) Contingent Liabilities**

A contingent liability is:

**Significant Accounting policies (Continued)**

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The State Department for Medical Services does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Note 14.5 and Annex 5 of this financial statement is a register of the contingent liabilities in the year.**

**Notes to the Financial Statements**

**1 Proceeds from domestic and foreign grants**

Name of Donor	2023/2024	2022/2023
	Kshs	kshs
<b>Grants received from Bilateral Donors (Foreign Governments)</b> (Government of Finland)	353,700,697	620,000,000
<b>Grants received from Multilateral Donors (International Organizations)</b> (Arab Banks for Economic Development in Africa-BADEA)	67,706,494	
<b>Total</b>	<b>421,407,191</b>	<b>620,000,000</b>

Kshs. 353,700,697 was funded by Government of Finland for the Upgrading of Maternal and New born units project.

Kshs. 67,706,494 was funded by BADEA for the Supply of Medical Equipment to combat COVID-19

**2 Exchequer Releases**

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers From Exchequer	61,361,406,230	75,385,635,274
<b>Total</b>	<b>61,361,406,230</b>	<b>75,385,635,274</b>

**3 Proceeds from Foreign Borrowings**

Description	2023/2024	2022/2023
	Kshs	Kshs
Foreign Borrowing - Direct payments	1,776,047,719	2,686,871,222
<b>Total</b>	<b>1,776,047,719</b>	<b>2,686,871,222</b>

This is broken down as follows;

Donor	Amount	Purpose
Arab Banks for Economic Development in Africa-BADEA	15,287,417	Construction of Burns and Pediatric Centre at KNH
OPEC Fund for International Development	4,698,634	Construction of Burns and Pediatric Centre at KNH
Saudi Fund for Development-	18,863,399	Construction of Burns and Pediatric Centre at

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SFD		KNH
African Development Bank	119,414,194	Construction of East Africa Kidney Institute
Saudi Fund for Development-SFD	141,516,051	Construction of Kisii Cancer Centre
Arab Banks for Economic Development in Africa-BADEA	141,516,051	Construction of Kisii Cancer Centre
COVID-19 Health Emergency Response Project	364,279,177	Supply of Liquid Oxygen and Medical Equipment
Government of French	175,355,383	Upgrading of Maternal and New born units project
Government of Finland	793,195,913	Upgrading of Maternal and New born units project
African Development Bank	1,921,500	Training of public health workers and research and analysis of public health information.
<b>Total</b>	<b>1,776,047,719</b>	

#### 4 Other Receipts

Description	2023/2024	2023/2024
	Kshs	Kshs
Appropriation in Aid	17,143,199,103	3,788,504
<b>Total</b>	<b>17,143,199,103</b>	<b>3,788,504</b>

This is broken as follows

Name	Amount	Actual Amount Collected
Kenyatta National Hospital	6,103,210,949	
Kenyatta National Hospital – Mama Margaret	55,553,267	
Moi Teaching and Referral	3,785,000,000	4,276,652,521
KEMSA	3,120,795,750	
KU Referral	3,151,600,000	3,609,366,442
KEMRI	220,000,000	221,798,269
Kenyatta National Hospital-Mwai Kibaki Teaching And Referral	439,039,137	
Spinal Injury Hospital	48,000,000	55,527,205
Mathari Hospital	220,000,000	406,086,388
<b>Total</b>	<b>17,143,199,103</b>	

The four entities that is Moi Teaching and Referral, KU referral, KEMRI, Spinal Injury exceeded what was on our budget and hence the system can't allow to capture more.

Notes to the Financial Statements continued

5 Compensation to Employees

Description	2023/2024	2022/2023
	Kshs	Kshs
Basic salaries of permanent employees	990,946,610	3,117,203,800
Basic wages of temporary employees	5,920,615,673	8,902,269,848
Personal allowances paid as part of salary	1,455,663,313	2,138,203,106
<b>Total</b>	<b>8,367,225,596</b>	<b>14,157,676,754</b>

6 Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs	Kshs
Utilities, supplies and services	88,201,998	76,824,726
Communication, supplies and services	5,431,365	11,562,961
Domestic travel and subsistence	268,146,737	219,862,664
Foreign travel and subsistence	6,557,995	12,177,300
Printing, advertising and information supplies & services	7,517,820	10,573,143
Rentals of produced assets	2,166,144	2,939,233,336
Training expenses	507,645,381	493,954,203
Hospitality supplies and services	778,409,499	197,582,938
Insurance costs	-	
Specialized materials and services	2,011,439,442	1,156,737,261
Office and general supplies and services	48,973,097	34,862,324
Fuel Oil and Lubricants	51,377,906	61,869,449
Other operating expenses	1,176,912,243	1,493,377,665
Routine maintenance – vehicles and other transport equipment	10,211,734	20,075,946
Routine maintenance – Other assets	175,704,441	610,922,838
<b>Total</b>	<b>5,138,695,802</b>	<b>7,339,616,756</b>

Notes to the Financial Statements continued

7 Grants and Transfers to other Government Entities

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Transfers to National Government entities</b>		
Current grants to government agencies and other level of govt	33,033,284,503	31,922,622,382
Capital grants to government agencies and other level of govt	8,780,797,731	10,860,101,609
Other Capital Transfers grants and subsidies	4,884,530,133	10,652,652,453
AIA	16,875,199,103	
<b>Total</b>	<b>63,573,811,470</b>	<b>53,435,376,444</b>

7b: Transfers to self – reporting entities in the year

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

Description	Recurrent	Development	Total for the year
	Kshs	Kshs	Kshs
<b>Transfers to SAGAs and SCs</b>			
Kenyatta National Hospital	12,039,500,001	1,594,159,399	13,633,659,400
Kenyatta National Hospital- Mama Margaret	500,000,002	-	500,000,002
Kenyatta National Hospital- Othaya	788,000,002	-	788,000,002
Kenya Biovax Institute	150,000,000	150,000,000	300,000,000
National Cancer Institute	200,000,000	-	200,000,000
Moi Teaching and Referrral	9,188,999,998	280,500,000	9,469,499,998
KU referral	2,986,000,004	74,000,000	3,060,000,004
KEMRI	3,087,000,000	200,000,000	3,287,000,000
NACC	966,999,996	26,000,000	992,999,996
NACC- Global Fund	-	643,530,834	643,530,834
NACC- UNFPA	-	4,230,000	4,230,000
KEMSA	390,000,000	705,000,000	1,095,000,000
NHIF	1,723,000,000	4,000,000,000	5,723,000,000
	<b>32,019,500,003</b>	<b>7,677,420,233</b>	<b>39,696,920,236</b>

Description	Recurrent	Development	Total for the year
	Kshs	Kshs	Kshs
<b>Kenya Board of Mental Health</b>	13,784,500	-	13,784,500
<b>Transfers to National Government Entities</b>			
State Department for Public Health and Professional Standards	1,000,000,000	-	1,000,000,000
<b>Transfers to Projects-GoK counterpart funding</b>			
Project -EAKI	-	166,719,523	166,719,523
MES	-	1,000,000,000	1,000,000,000
Global fund Nascop	-	263,121,800	263,121,800
Danida	-	471,579,000	471,579,000
VAMED	-	1,146,896,610	1,146,896,610
EAKI	-	1,921,500	1,921,500
Infrastructural support for Kigumo	-	72,400,440	72,400,440
Upgrading of children ward-kibugua	-	26,042,140	26,042,140
Upgrading and equipping of maternal and new born ward-Endebess hospital	-	37,513,430	37,513,430
Ugenya hospital construction	-	36,892,184	36,892,184
COVID	-	1,315,515,360	1,315,515,360
Construction of Uriri Hospital	-	23,950,262	23,950,262
FSR	-	175,355,382	175,355,382
UNICEF	-	1,250,000,000	1,250,000,000
Sub Total Projects	<b>1,013,784,500</b>	<b>5,987,907,631</b>	<b>7,001,692,131</b>
<b>Grand Total</b>	<b>33,033,284,503</b>	<b>13,665,327,774</b>	<b>46,698,612,367</b>

We have confirmed these amounts with the recipient entities and attached these confirmations as an **Appendix 4** to this financial statement

Notes to the Financial Statements continued

7c: Receipts from Administrative fees –AIA to Self reporting entities in the year

Description	Recurrent Kshs	Develop ment Kshs	Total for the year Kshs
<b>AIA to SAGAs and SCs</b>			
Kenyatta National Hospital	6,103,210,949		6,103,210,949
Kenyatta National Hospital- Mama Margaret	55,553,267	-	55,553,267
Moi Teaching and Referrral	3,785,000,000	-	3,785,000,000
KEMSA	3,120,795,267	-	3,120,795,267
KU referral	3,151,600,000	-	3,151,600,000
KEMRI	220,000,000	-	220,000,000
Kenyatta National Hospital- Mwai Kibaki Teaching and Referral	439,039,137	-	439,039,137
<b>Grand Total</b>	<b>16,875,199,103</b>		<b>16,875,199,103</b>

8 Other Grants and Transfers

Explanation	2023/2024 Kshs	2022/2023 Kshs
Emergency relief and refugee assistance	364,279,175	2,076,287
Scholarships and other educational benefits		1,814,698,416
<b>Total</b>	<b>364,279,175</b>	<b>1,816,774,703</b>

(The Emergency relief and refugee assistance figure constitutes of Ksh. 364,279,175 for Covid 19 Health Emergency Response Project(CHERP)

9 Acquisition of Assets

Non -Financial Assets	2023/2024 Kshs	2022/2023 kshs
Construction of Buildings	572,941,804	377,455,655
Purchase of Vehicles and other Transport Equipment	39,960,000	45,072,563
Purchase of Office Furniture and General Equipment	13,496,575	11,788,120
Purchase of Specialized Plant, Equipment and Machinery	2,629,748,382	657,707,177

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Non -Financial Assets	2023/2024	2022/2023
	Kshs	kshs
Refurbishment of Buildings		32,660,094
Purchase of certified seeds, breeding stock and live animals		586,296,131
Research ,studies, project preparation ,design and supervision		232,025,260
<b>Total</b>	<b>3,256,146,761</b>	<b>1,943,005,000</b>

### 10 Cash and Bank Accounts

Description	2023/2024	2022/2023
	Kshs	kshs
Bank Accounts (Note 10 A)	206,524,010	304,951,441
Cash on hand (Note 10 B)	1,557,101	427,452
<b>Total</b>	<b>208,081,111</b>	<b>305,378,893</b>

### 10A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit etc.	Exc rate (if in foreign currency)	2023/2024
				Kshs
Central Bank of Kenya, 1000733748- Recurrent, KShs	Kshs	Recurrent	-	82,462
Central Bank of Kenya, 1000733764- Development, KShs	Kshs	Development	-	261,875
Central Bank of Kenya, 1000733764- Deposit, KShs	Kshs	Deposit	-	206,179,672
<b>Total</b>				<b>206,524,010</b>

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**10B: Cash on hand**

Description	2023/2024	2022/2023
	Kshs	kshs
Cash in hand – Held in domestic currency	1,557,101	427,452
<b>Total</b>	<b>1,557,101</b>	<b>42,452</b>

Detailed Cash is as follows:

Description	2023/2024
	Kshs
SDMS Headquarters Cash Office	1,557,101
<b>Total</b>	<b>1,557,101</b>

*[Board of survey certificates for each account are attached, Appendix 2 to the financial statements]*

**11. Imprests and Advances**

Description	2023/2024	2022/2023
	Kshs	kshs
Government imprests	-	44,172,046
Advances	-	54,266
<b>Total</b>	<b>-</b>	<b>44,226,312</b>

**12 Third party deposits and retention**

Description	2023/2024	2022/2023
	Kshs	kshs
Retention	188,906,486	
Deposits	17,273,186	301,533,549
<b>Total</b>	<b>206,179,672</b>	<b>301,533,549</b>
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>
Under one year	46,909,766	23%
1-2 years	(1,402,570)	-1%

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2-3 years	75,041,306	36%	
Over 3 years	85,631,169	42%	
<b>Total</b>	<b>206,179,672</b>		

**13 Increase/ (Decrease) in Retention and Third-Party Deposits**

Description	2023/2024
	Kshs
Payables As At 1 <sup>st</sup> July	-
Payables As At 30 <sup>th</sup> June	206,179,672
<b>Increase/ (Decrease) In Payables</b>	<b>206,179,672</b>

Notes to the Financial Statements continued

**14 Fund Balance Brought Forward**

Description	2023/2024	2022/2023
	Kshs	kshs
Bank Accounts	-	245,754,940
Cash in hand	-	2,053,554
Imprests and Advances	-	106,671,192
Payables -deposits	-	(243,197,236)
<b>Total</b>	<b>-</b>	<b>111,282,450</b>

**15. Prior Year Adjustment**

Description	Bal B/F	Adjustments	Adjusted Balance B/F
	Kshs	kshs	
Bank Accounts	(775,084,536)	(67,056,136)	
Cash in hand	-	-	
Imprests and Advances	-	-	
Payables -deposits	-	-	

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<b>Total</b>	<b>(775,084,536)</b>	<b>(67,056,136)</b>	
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The comparative figures to notes to the accounts belongs to vote 1081( Ministry of Health ) which was splitted as per executive order no 1 of 2022 to form two State Departments ie **Medical Services and Public Health and Standards**

**16 Related Party Disclosures**

The following comprise of related parties to the State department for medical Services

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

**17 Other Important Disclosures**

**17.1 Related party transactions:**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>kshs</b>
Key Management Compensation	275,864,058	341,971,945
<b>Transfers to Related Parties</b>		
Transfers to other State Department for Public Health and Professional Standards	1,000,000,000	41,998,224
Transfers to SCs and SAGAs	45,548,612,367	
Transfers to Development Project	-	
<b>Total Transfers to Related Parties</b>	<b>46,548,612,367</b>	<b>41,998,224</b>
<b>Purchase of Goods and Services</b>		
Purchase of Electricity from KPLC	78,408,468	
Purchase of Water from Govt Service Providers	15,432,818	

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Rent paid to Govt. Agencies	2,166,144	
Training Fees paid to Govt Agencies	507,645,381	
Conference Facilities hired from Govt. Agencies	771,464,345	
Others (Specify)	-	
<b>Total Goods and Services paid to Govt. Agencies</b>	<b>1,375,117,156</b>	
<b>Transfers from Related Parties</b>		
Transfers from the Exchequer	61,361,406,230	75,385,635,274
Transfers from other MDAs	-	
<b>Total Transfers from Related Parties</b>	<b>61,361,406,230</b>	<b>75,385,635,274</b>

**17.2 Pending Accounts Payable (See Annex 1 & Appendix 1)**

	Balance b/f Previous FY	Additions for the period	Paid during the year	Balance c/f Current FY
	2022/2023	2023/2024	2023/2024	2023/2024
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	54,236,339	656,705,344	54,236,339.49	656,705,344
Construction of Civil Works	-	76,458,613	-	76,458,613
Supply of Goods	1,254,723,379	3,987,811,173	1,185,718,290	4,056,816,262
Supply of Services	248,913,305	154,211,478	213,856,815	189,267,968
<b>Total</b>	<b>1,557,873,023</b>	<b>4,875,186,608</b>	<b>1,453,811,444</b>	<b>4,979,248,187</b>

*(The liabilities were not paid at year end because of lack of exchequer)*

**17.3 External Assistance**

	2023/2024
Description	Kshs
External Assistance received as Loans and Grants	2,197,454,907
<b>Total</b>	<b>2,197,454,907</b>

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a) External assistance relating loans and grants

	2023/2024
Description	Kshs
External Assistance received as Loans	1,776,047,716
External Assistance received as Grants	421,407,191
<b>Total</b>	<b>2,197,454,907</b>

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2023/2024
Description		Kshs
Undrawn External Assistance - Loans		29,552,281,767
Undrawn External Assistance - Grants		626,843,244
<b>Total</b>		<b>30,179,125,011</b>

*(This is a disclosure of the assistance not yet received as per donor agreements)*

c) Classes of providers of external assistance

	2023/2024
Description	Kshs
Multilateral Donors	783,491,883
Bilateral Donors	1,413,963,024
<b>Total</b>	<b>2,197,454,907</b>

d) Purpose and use of external assistance

	2023/2024
Description	Kshs
Use of Goods and Services	1,921,500
Acquisition of Assets	2,195,533,407
<b>Total</b>	<b>2,197,454,907</b>

*(N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used. The total here should tie to the note 4 on external assistance).*

**Other important disclosures (continued)**

**17.4. Payments by third party on behalf of (the MDA)**

This relates to payments done directly to supplier on behalf of the entity governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc.

**a) Classification by Source**

	2023/2024
Description	Kshs
Multilateral donors	67,706,494
Bilateral donors	353,700,697
<b>Total</b>	<b>421,407,191</b>

**b) Classification of payments made by Third Parties by Nature of expenses**

Payments made by Third Parties	2023/2024
	Kshs
Acquisition of Assets	421,407,191
<b>Total</b>	<b>421,407,191</b>

*N/B The above sub-classification will be adopted based on the appropriate entity's operations*

**17.5 Contingent Liabilities**

Contingent liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court cases against Ministry of Health	23,883,854,472	39,613,135,462
<b>Total</b>	<b>23,883,854,472</b>	<b>39,613,135,462</b>

(See

Annex

5)

**Other important disclosures (continued)**

**17.6 Program for Results (PforR) Disclosure**

This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of PforR: xxxxxx		Name of Financing Partners: xxx and xxx					
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative		
	Budget	Actual	Budget	Actual	Budget	Actual	
Program code Sub-program Sub-program	<b>Non Existent</b>						
Sub-total							
Program code Sub-program Sub-program							
Sub-total							
<b>Total</b>	<b>Xx</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>	<b>Xx</b>	<b>xx</b>	

*Expenditure Details\* - Provide the details per your expenditure framework requirements. (Program, sub-program, and or economic Item)*

**Other important disclosures (continued)**

**17.7 Progress on follow-up of Prior Years Auditor-General’s recommendations.**

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FYI 2021-2022 424	Misclassification of Expenditure	We agree with the Auditors observation and respond as follows We have since reclassified the items in the revised financial statements.	Not resolved	31 <sup>st</sup> October 2024
425	Unsupported Other Operating Expenses	It is true that the State Department spent Ksh.24,200,000 on consultancy services on public awareness campaigns to reduce Covid 19 hesitancy. The bidding documents for the eight bidders who participated in the competitive procurement for the consultancy services are now provided for your review and verification.	Not resolved	31 <sup>st</sup> October 2024
426	Unsupported Specialized Materials and Services	It is true that Note 7 to the financial statements reflects specialized materials and services amount of Kshs.1,733,665,386 which includes Kshs. 104,328,000 that was captured as adjustment for items wrongly charged in Governance for Enabling Service Delivery and Public Investment in Kenya (GESDEK). The adjustment of Kshs. 104,328,000 relates to a wrongly posted journal which was reversed as per the attached journal. The credit entry of Kshs.1,750,637 relates to ; i) Journal Number 35736534 of Kshs. 1,474,137.95, captured to correct returned	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		cheque in favour of Frontex General Supplies which was captured twice as per Voucher No 000058 and, ii) Journal Number 35736089 of Kshs. 276,499.15 in favour of Makenzi Auto Garage to capture returned cheque which was never paid. The approved journals are now attached.		
427	<b>Unreleased Deposit Amounts</b>	Management is in agreement with the auditor observations in regard to the unreleased deposit amounting to KES. 109,105,844 outstanding for more than six (6) months. The outstanding deposit was for payments of contracts under First Marginalization Policy-Equalization Fund Projects which had been stalled as a result of a court case filed by the Council of Governors under Constitution Petition No. 272 of 2016 Council of Governors - vs-The Attorney General & 2 Others. The Council of Governors was challenging the Guidelines issued by the National Treasury on Administration of the Equalization Fund published on 13th March 2015. The Ministry sought legal advice from the Attorney General Office on the Judgement issued in the said Petition vide letter Ref: No. EF/ADM GEN/VOL I/ (1). The Attorney General advised on the way forward vide letter Ref. No. AG/CONF/21/53 dated 21st March, 2023 and the Ministry has since taken action pursuant to the advice. Appendix 427 (a) The State Department has commenced payment of the Retention monies as per the attached Status report. Appendix 427 (b) We attach copies of the outstanding deposits amounting to KES. 109,105,844 (Appendix	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		427(c), Judgement in Constitution Petition No. 272 of 2016 Council of Governors -vs-The Attorney General & 2 Others, Appendix 427(d) Ministry letter to the Attorney General Ref. No. EF/ADM GEN/VOL I/ (1) dated 18th November, 2022, Attorney General Letter Ref. No. AG/CONF/21/53 dated 21st March, 2023 Appendix 427 (e) and Ministry Letter Ref. No. MOH/ACCCT/P.BILL/13/VOL 11 Appendix 427(f)		
428	<b>Unsupported Credit Entry</b>	<p>It is true that the emergency relief and refugee assistance ledger revealed a credit entry of Kshs. 106,959,911 which was not supported by journal vouchers. This credit entry relates to Journal entry number 34530339 of Kshs 1,016,561 charged wrongly to Emergency relief and refugee assistance instead of air ticket, Journal entry number 36495790 of Kshs 104,328,000 charged wrongly to emergency relief and refugee assistance instead of laboratory materials and Journal entry number 34530507 of Kshs 1,615,350 charged to emergency relief and refugee assistance instead of other capital grants, as per attached journal entries</p> <p>The approved Journal Entries are hereby attached</p>	Not resolved	31 <sup>st</sup> October 2024
429	<b>Unsupported Disbursements</b>	<p>We concur with the auditor's observations</p> <p>The Ministry of Health vide payment voucher no. 0001840 disbursed Kshs. 2,848,630 to Labiofam in Cuba. This was to clear an outstanding amount emanating from foreign exchange loss. See attached Voucher No.0001840</p>	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																								
		<p>In addition, Kshs.10,499,556 and Kshs. 37,845,650 constitutes funds transferred to the Health attaches office in Geneva. These are quarterly disbursements issued to support Office operations and Training. The total amount transferred was Kshs. 41,998,224 as per the Votebook extract attached and as analyzed below;</p> <table border="1"> <thead> <tr> <th>Payee</th> <th>AIE Number</th> <th>Quarter</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>PS Ministry of Foreign Affairs</td> <td>A685714</td> <td>01<sup>st</sup> Quarter</td> <td>10,499,556</td> </tr> <tr> <td>PS Ministry of Foreign Affairs</td> <td>A685637</td> <td>02<sup>nd</sup> Quarter</td> <td>10,499,556</td> </tr> <tr> <td>PS Ministry of Foreign Affairs</td> <td>A685628</td> <td>03<sup>rd</sup> Quarter</td> <td>10,499,556</td> </tr> <tr> <td>PS Ministry of Foreign Affairs</td> <td>A685671</td> <td>04<sup>th</sup> Quarter</td> <td>10,499,556</td> </tr> <tr> <td colspan="3" style="text-align: center;"><b>TOTAL</b></td> <td><b>41,998,224</b></td> </tr> </tbody> </table> <p>(Appendix 429 Copies of Payment voucher, AIE's, Inter-entity confirmation from foreign affairs, Vote book extract attached)</p>	Payee	AIE Number	Quarter	Amount	PS Ministry of Foreign Affairs	A685714	01 <sup>st</sup> Quarter	10,499,556	PS Ministry of Foreign Affairs	A685637	02 <sup>nd</sup> Quarter	10,499,556	PS Ministry of Foreign Affairs	A685628	03 <sup>rd</sup> Quarter	10,499,556	PS Ministry of Foreign Affairs	A685671	04 <sup>th</sup> Quarter	10,499,556	<b>TOTAL</b>			<b>41,998,224</b>		
Payee	AIE Number	Quarter	Amount																									
PS Ministry of Foreign Affairs	A685714	01 <sup>st</sup> Quarter	10,499,556																									
PS Ministry of Foreign Affairs	A685637	02 <sup>nd</sup> Quarter	10,499,556																									
PS Ministry of Foreign Affairs	A685628	03 <sup>rd</sup> Quarter	10,499,556																									
PS Ministry of Foreign Affairs	A685671	04 <sup>th</sup> Quarter	10,499,556																									
<b>TOTAL</b>			<b>41,998,224</b>																									
430	<b>Unconfirmed Commitments of Goods, Works and Services</b>	<p>It is true that the budget revealed negative commitments of Kshs. 769,494,918. The negative values in the commitments resulted from budget cuts in the Supplementary Estimates No. I and II for the year ended 30th June 2022 as noted vide Circular Ref.No. ES 3/03 "F"(04) which appropriated Supplementary II on 22nd June 2022. These budgets cuts were done after commitments and disbursements for key strategic programmes like</p>	Not resolved	31 <sup>st</sup> October 2024																								

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		HIV,TB,Malaria,Family planning and vaccines had been done.		
431	<b>Unsupported Contingent Liabilities - Court Awards</b>	Management is in agreement with the auditor's observations that the breakdown of the settlement indicating court awards, date of award and breakdown of each award were not provided for audit as at the time of audit, the list was being updated. The Ministry has since updated the list and the same is attached for your review	Not resolved	31 <sup>st</sup> October 2024
432	<b>Undisclosed Asset Disposals</b>	It is true that the summary of fixed asset register under annex 3 reflect nil disposals during the year; but Note 4 in the financial statements indicates proceeds from sale of assets of Kshs.10,742,319,287.00. This amount comprises of Appropriations in Aid (AIA) amounts from different Agencies within the Ministry for the respective Financial Year, denoted in the budget as 'Receipts from sales and other inventories, stocks and commodities', and itemized as 3520200.However, there were no disposals of assets during the year. Appendix 432 Summary of the AIA component amount of Kshs. 10,742,319,287 and various budget extracts from the respective entities (i.e. KNH, MTRH, KUTRRH, KENRA and KPDMC)	Not resolved	31 <sup>st</sup> October 2024
433	<b>Delayed Construction of Kisii Cancer Centre</b>	It is true that the Ministry of Health paid KES 6,420,100 to Ms. Schon and Associates on behalf of Saudi Fund for Development and there was no evidence of its refund after renewal of the contract. As per the National Treasury letter Ref.No. EA/FA/B/214/78/(04),the National Treasury advised that there was no provision to receive reimbursement from the Development Partners.Hence,the reimbursement was turned down. Appendix 433(a)	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Further, as at the time of audit, payment vouchers and other supporting documents for Kshs. 3,210,500 had not been provided. The payment voucher and supporting documents has now been attached for your review.		
434	<b>Unaccounted for Expenditure on Construction of Pediatric Emergency Centre and Burns</b>	<p>The Pediatric Emergency Burns and Management Center international tender was published in January 2018 and opened on 13th March 2018. The Evaluation was conducted on 15th -18th March 2018 and awarded on 3rd April 2018 to Vaghjiyani Enterprises Limited at a cost of Kshs. 2,959,511,555.29 after receiving a no Objection from the financiers. The Contract was signed on 30th July 2018 for 104 Weeks and site was handed over on 31st August 2018.</p> <p>In the FY 2021/2022, the physical audit carried out showed there was no progress of work, since the contractor had suspended works from 23rd July 2021 at 53% complete due to delayed payments which could not be processed due to the lapse of the loan agreement in December 2020. The Loan agreements were extended on 31st December 2021 and KNH resubmitted the pending payments (Interim payment Certificates 10 and 11) amounting to Ksh 40,655,752.02 which were paid by the Financiers. The Contractor resumed site on 13th December 2022. (Payment vouchers for IPC 10 &amp;11 and procurement documents attached Appendix 434</p>	Not resolved	31 <sup>st</sup> October 2024
435	<b>Budgetary Control and Performance</b>	It is true that during the year under review the Ministry had an underfunding and an under-expenditure of 17%. This resulted from inadequate exchequer. However, the Ministry has consistently met its key objectives.	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
436	<b>Variations Between Financial Statements and Vote Book</b>	It is true that the figures reported in financial statements under the summary statement of appropriation recurrent and development and the Vote book had a variance. This was as result of timing differences because the vote book report is time based and updates figures as they are being cleared in the system. As at the time of the audit, the figures in the vote book had not updated thus the variance. This has since cleared and the two reports are now tying as per the attached Vote book reports.	Not resolved	31 <sup>st</sup> October 2024
437	<b>Undisclosed Pending Bills</b>	We wish clarify that the correct figure for pending bills for the FY 2021/2022 was Kshs. 45,899,794,836 as per the attached schedule. These bills have since been cleared except the legal pending bills and historical bills which were forwarded to the Pending Bills Verification Committee at the National Treasury for further guidance.	Not resolved	31 <sup>st</sup> October 2024
438	<b>Unresolved Prior Year Audit Matters</b>	We concur with the auditor's observation that, as at the time of the audit, several prior year matter had not been resolved. The issues are being resolved progressively. We have attached a status report of the prior year audit issues for your review	Not resolved	31 <sup>st</sup> October 2024
439	<b>Failure to Operationalize Institutions –Legal officer</b>	<b>1. Mathari Teaching and Referral Hospital</b> Mathari National Teaching and Referral Hospital was founded in 1910 and, over a century later, it remains Kenya's only National Mental Hospital. The Hospital was established as a State Corporation vide Legal Notice No. 165 of 21 <sup>st</sup> August, 2020. The Cabinet Secretary appointed the first board vide Gazette Notice No. 7925 of 9 <sup>th</sup> October, 2020. The Hospital was categorized under PC 5 as per the State Corporations Act, Cap 226 in February 2021. The Head of Public Service vide letter Ref. No. OP/CAB.1/9/266A dated 9 <sup>th</sup> February, 2021 communicated the approval to the Ministry. Under the said letter the Board of the Hospital was advised to hasten the preparation and submit the following Human Resource Instruments to SCAC for consideration and approval: -	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>a) Organization Structure                      b) Staff Grading and Establishment                      c) Career Guidelines                      d) Human Resource Policy &amp; Procedures Manual</p> <p>The Human Resource Instruments including the Staff Establishment and Organization Structure were approved on 7<sup>th</sup> July, 2023 by the Public Service Commission vide letter Ref: PSC/GEN/22/11/(53). The Commission further directed that the Hospital be re-categorized from category 5 to 7 in line with the mandate and status of a National Teaching and Referral Hospital.</p> <p>The process of fully operationalizing an institution is multifaceted which requires a holistic approach, however, the Ministry is committed to fully operationalizing the Hospital by ensuring that all structures are put in place for a seamless transition. Following the approval of the HR Instruments by the Commission, the Budget for the Recurrent and Development will be captured as a Grant Transfer to the Hospital in the Supplementary Budget. The Hospital will therefore have full autonomy in execution of the budget.</p> <p>We attach a copy of the Gazette Notice No. 7925 of 9<sup>th</sup> October, 2020</p> <p><b>Kenya Health Human Resource Advisory Council</b></p> <p>The Kenya Health Human Resource Advisory Council (KHHHRAC) is established as a body corporate under the Section 30 of Health Act 2017.</p> <p>The Ministry of Health commenced the operationalization of the Kenya Health Human Resource Advisory Council in May 2019 when the then Principal Secretary deployed the acting Chief Executive Officer (CEO) and other staff to KHHHRAC secretariat.</p> <p>In 2019, the Ministry of Health sent out requests for nominees to the board of KHHHRAC as per the provisions of the Health Act 2017 and received names of nominees from all</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>other bodies with the exception of three nominees from the Council of Governors (COG). With health being a devolved function, the Ministry of Health could not gazette the Board in the absence of the representatives from the Council of Governors.</p> <p>As efforts were continued to get COG to nominate its representatives to KHHRAC Board the Ministry of Health continued to take concrete steps towards operationalization of the Council by;</p> <ol style="list-style-type: none"> <li>1. requesting and receiving from Treasury a recurrent budget allocation for KHHRAC for FY 2020/2021. The budget is itemized at the Ministry Headquarters and KHHRAC has received a similar allocation every financial year to date.</li> <li>2. deploying additional staff from the Ministry to work at the Council Secretariat;</li> <li>3. securing temporary office space at the Kenya Medical Practitioners and Dentists Council Building.</li> <li>4. supporting the Council to develop draft human resource management instruments (Human Resource Policy and Procedure Manual, Career Progression Guidelines, Organizational Structure, Staff Establishment).</li> <li>5. facilitating the Council, supported by a team from State Department for Housing, to search for and identify suitable premises to lease office space.</li> <li>6. facilitating the Secretariat in collecting and analyzing health workforce data on the National Health Workforce Account (NHWA) platform for use in planning and decision-making</li> </ol> <p>In 2023, The Cabinet Secretary for Health took up the issue of operationalizing of KHHRAC with His Excellency, the President, who then agreed with the Chairperson, Council of Governors to provide the names of the three representatives from COG in KHHRAC Board. The names were submitted, the Board gazetted on 15th May 2023 by the Cabinet Secretary and the Council inaugurated on 26th June 2023 at State House Nairobi by His Excellency the President. Further, KHHRAC Board underwent induction</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)										
		<p>in September 2023 at the Kenya School of Government, Mombasa.</p> <p>Table: Budget allocations to KHRAC under the Ministry of Health (see attachments)</p> <table border="1" data-bbox="658 539 1576 868"> <thead> <tr> <th>FINANCIAL YEAR</th> <th>BUDGET ALLOCATION (APPROVED ESTIMATES)</th> </tr> </thead> <tbody> <tr> <td>FY 2020/2021</td> <td>89,594,340</td> </tr> <tr> <td>FY 2021/2022</td> <td>78,758,171</td> </tr> <tr> <td>FY 2022/2023</td> <td>67,046,897</td> </tr> <tr> <td>FY 2023/2024</td> <td>68,638,589</td> </tr> </tbody> </table> <p><b>Appendix 439 (b) Gazette Notice, Budget allocation and Staff deployment</b></p> <p><b>2. Kenya Health Professions Oversight Authority</b>  <b>Operationalization of the Authority</b></p> <p>The Authority is established as a body corporate under section 45(1) of the Health Act, No. 21 of 2017. It is one of the State Agencies under the State Department of Public Health and Professional Standards as per the Executive Order No 1. Of 2023.</p> <p>Further, the authority was operationalized in May,2019 when MOH deployed technical staff to start its operations.</p> <p>The Authority has undertaken the following to ensure autonomy and full operationalization;</p>	FINANCIAL YEAR	BUDGET ALLOCATION (APPROVED ESTIMATES)	FY 2020/2021	89,594,340	FY 2021/2022	78,758,171	FY 2022/2023	67,046,897	FY 2023/2024	68,638,589		
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<ul style="list-style-type: none"> <li>• Appointment of the board to administer the authority</li> </ul> <p>The board composed of seven (7) members, was appointed through Gazette Notice of April, 2022(see attached notice). This is in addition to two (2) representatives of the Principal Secretary and the Director General, Health.</p> <p>The first board meeting was held on 29<sup>th</sup> July 2022, following official inauguration on 04<sup>th</sup> July,2022 by the Cabinet Secretary. Since then,8 full board meetings have been held to transact its business.</p> <ul style="list-style-type: none"> <li>• Bank Accounts</li> </ul> <p>KHPOA was granted authority by the National Treasury to open bank accounts vide letter from the Principal Secretary Ref: MOH/ADM/1/1/19 dated 12th February, 2021(see attached copy of the letter). The bank accounts are at the National Bank of Kenya Ltd (for AIA) and Kenya Commercial bank (for Grant allocations)</p> <ul style="list-style-type: none"> <li>• KHPOA Official Seal</li> </ul> <p>The Authority has an official seal as provided in the Health Act, procured and delivered on 14<sup>th</sup> November,2022. (see attached delivery note)</p> <ul style="list-style-type: none"> <li>• Categorization</li> </ul> <p>The authority was graded as a Regulatory State Corporation category PC 6B by the State Corporations Advisory Committee (SCAC), on 25th January,2021 vide letter Ref: OP/CAB.1/14/9 dated 8th June, 2021 from the Head of Public Service and Chief of Staff (see attached copy). The HR instruments have also been approved.</p> <p><b>Appendix 439(c)</b> (Gazette Notices, Authority to open bank account letter, Letter form Head Public Service on Categorization, Delivery note for the Official Seal)</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><b>4. Tobacco Control Fund</b></p> <p>The fund is yet to be operationalized because the regulations to govern the fund have not been finalized -Appendix 439(d)</p>		
440	<p><b>Unremitted National Social Security Fund (NSSF) Contributions</b></p>	<p>The Ministry of Health recruited 11,336 health care workers to support the County Governments undertake the Universal Health Coverage (UHC) and also to mitigate against the Covid-19 pandemic. These officers were placed on local contract terms and were eligible for NSSF deductions. However, by then the IPPD system was configured to deduct NSSF contributions from officers employed on temporary terms only.</p> <p>The Ministry of Health vide letters Ref. No. MOH/HRM&amp;D/IPPD/GC/ (29) date 22nd February 2022 (Attached) and MOH/HRM/IPPD/60/VOLX/ (13) dated 23rd November 2022 (Attached) requested the State Department for Public Service to configure the system to enable deductions of NSSF from the contractual employees and address the issue. Consequently, all employees are now being deducted Appendix 440</p>	Not resolved	31 <sup>st</sup> October 2024
441	<p><b>Delayed Closure of Donor Funded Projects</b></p>	<p>We agree with your observations and respond as follows</p> <p>i) Support of the Health Financing Strategy-Output Based Approach Programme (OBA);</p> <p>It is true that this project ended in January 2017 but the bank account is yet to be closed. Even though the project activities ended in 2017, the accounts remained open because of</p>	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>the pending litigations. KFW had agreed to send any contingency funds that would be requested by PwC emanating from the proceedings and or determination by the courts. The email communication between KFW and PwC is annexed.</p> <p>The programme account will be closed as soon as the court cases are concluded.</p> <p>Appendix 441 (a) Communication from KFW Allowing Expenditure on ongoing litigation</p> <p>ii) Ministry of Health - United Nations Population Fund - (UNFPA)</p> <p>The account was opened as a requirement of the Implementing Partner Agreement between the Ministry of Health and UNFPA.</p> <p>The bank account has remained dormant because UNFPA was to conduct capacity/micro assessment at Division of Reproductive and Maternal health before the funds are channeled into the bank account. The division still needs the bank account to facilitate funding from UNFPA. The Implementing partner agreement between Ministry of Health and UNFPA is renewed annually. Attached are copies of the latest agreements. Appendix 441(b) UNFPA is making process to channel funds to the bank account</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>iii) East Africa Public Health Laboratory Networking Project (KEMSA)                      The East Africa Public Health Laboratory Networking Project (KEMSA) was to close on 31st March 2020 but the project was extended to 30th September 2020 (See Appendix 441(c) -extension letter). KEMSA Board of Directors passed a resolution to close the EAPHL project and the project bank account (See Appendix 529- KEMSA Board Resolution), Subsequently, KEMSA sought authorization to close the bank account from the National Treasury through the Ministry of Health, which was granted on 9th January 2023 the account was closed in March 2023. (See Appendix 529 – final authority from The National Treasury to close the project account and certificate of bank with Nil balance).</p> <p>iv) Health sector services fund (HSSF) Grant No.4771-Ke and TF-16027                      The Kenya Health Sector Support Project- Health Sector Services Fund Account was closed upon the projects conclusion. See the attached MOH letter requesting for closure of the account and a letter from the National Treasury dated 28th June 2022 authorizing the closure. Appendix 441(d)</p> <p>v) Health Sector Support Project (KEMSA)                      The KHSSP project was extended to 30th June 2018, however, the delay in project closure was due to the fact that one of the funding partners, DANIDA had not concluded an audit of their fund’s contribution. On 21st May 2020, KEMSA sought guidance from the PS Ministry of Health on the project funds held. The Permanent Secretary via letter dated 9th</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>of June 2020 requested KEMSA to refund back an amount of Ksh 289,090,323.48 as part of KHSSP project closing procedures.</p> <p>This amount was refunded back to the Ministry of Health MOHP &amp;S- SWAP Secretariat account on 22nd June 2020. The balance of the funds was transferred to KEMSA Bank account number 01136217405103 awaiting the conclusion of DANIDA audit. The Project bank accounts were closed as per treasury approval on 17th January 2022. (find Appendix 522- authority to close the project's accounts)</p> <p>vi) Support of the Health Financing Strategy - Output Based Approach - Reproductive Health (OBA-RH) No 20106- 5853</p> <p>The Donor had requested for a final audit of the project by independent auditors before the accounts could be closed. Following the completion of the audit by PWC, the accounts have now been closed.</p>		
442	<b>Unremitted Pension Contributions</b>	<p>It is true a review of Integrated Personnel and Payroll Data base records revealed that Management did not deduct Kshs.2,245,580 pension contribution for employees below the age of 45 years who were engaged on permanent and pensionable terms. The implementation of Defined Benefit scheme was centrally effected in the IPPD system by the Ministry of Public Service. However, it was realized that thirty (30) eligible officers</p>	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		were not deducted. This has since been resolved and all eligible officer are being deducted.		
443	<b>Irregular Use of Low Value Procurement</b>	<p>It is true that the Ministry incurred expenditure of Kshs. 8,723,434 for minor repair of vehicles. During the period under review, the Ministry was involved in the provision of various urgent real time services in responding to the Covid-19 pandemic. This necessitated marshalling all its one hundred (100) working and serviceable fleet to perform the activities hence the cost of maintenance.</p> <p>The urgent responses to the pandemic therefore required officers to be facilitated with imprests to carry out minor repairs while performing their duties.</p>	Not resolved	31 <sup>st</sup> October 2024
444	<b>Upgrading of Kigumo Sub-County Hospital</b>	<p>It is true that the State Department settled an Interim Payment Certificate (IPC) No. 2 amounting to Ksh.23,375,738.00 in favour of M/S Interlink Industries and the contract was to be completed on 21st December, 2022. The contract implementation was however faced by various challenges including delay in settlement of IPCs prompting the contract period to be extended by further 12 weeks vide letter Ref. MOH/PROC/GEN/MF/ADSCMS/Vol.I dated 15th February, 2024. The contract period extension was however not to be attended to by any cost variations.</p> <p>Attached please find a copy of the press advertisement for the contract, tender opening register/minutes, the bid document, tender evaluation report, professional opinion and a copy of the contract document including the notification of award, acceptance letter by the tenderer and all the attendant terms and conditions of the contract.</p>	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Attached also find the contract period extension letter to the project managers (State Department for Public Works) as advised. This contract period extension revised the contract completion period to 21st May, 2024. (Appendix 444)		
445	<b>Weaknesses on Compensation of Employees</b>	<p>a. 168 employees had their net pay less than a third of their basic pay. It is true that 168 employees had their net pay less than a third of their basic pay.</p> <p>This was occasioned by the following reasons which were outside the control of the payroll manager.</p> <ul style="list-style-type: none"> <li>• The introduction of statutory deduction of Superannuation Scheme as from January, 2021.</li> <li>• Expiry of tax exemptions for officers living with disabilities.</li> <li>• Contract end dates – employees whose contracts ended mid-month therefore paid only for the few days worked</li> <li>• Salary overpayment recovery</li> <li>• GOK house rent recovery</li> </ul> <p>Attached in Appendix 445 (a.) is a sample of employees who had their net pay less than a third of their basic pay. Appendix 445 (a)</p> <p>b. Shared bank accounts by 8 employees</p>	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>It has been observed that eight (8) officers shared bank accounts as at June 2022.</p> <p>It is important to note that during the period under review, the Ministry of Health was involved in an enormous assignment of data entry. The Ministry had recruited Eleven thousand, three hundred and thirty-six (11,336) health care workers to operationalize the Universal Health Coverage Programme. Some of the health care workers were also engaged to mitigate against the Covid 19 pandemic.</p> <p>The process of data entry was quite involving given this bulk number of newly engaged employees.</p> <p>However, the Ministry made a follow-up with Banks to ensure the money posted was reverted to the correct bank accounts. Therefore, no funds were lost as a result of duplicate bank accounts. The Ministry has since corrected the shared bank accounts through updating of the payroll. Attached is the correspondence between the Ministry and Banks on the same.</p> <p>Appendix 445 (b)</p> <p>c. Kshs. 54,253,428 paid outside the payroll to interns</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>During the period under review the Ministry engaged about 11,336 UHC Workers and about seven thousand interns. Due to the high number of new employees, the State Department for Public Service could not generate their personal numbers in time and hence they could not be introduced in the IPPD system by the time their contracts ended. They were therefore paid manually through payment vouchers for the services rendered. A detailed breakdown of the payment of Kshs 54,253,428, can be found in Appendix 445 c.</p> <p>d. 2,296 employees paid basic salary of Kshs. 93,987,280 and special salary of Kshs. 58,880,866</p> <p>It is indeed true that some officers were paid special salary and basic salary. These include; UHC Contract Staff, and Interns. Their salary is normally captured as special salary in the IPPD system. Whereas whenever they are paid salary arrears this is captured as basic salary. It is therefore confirmed that the payments were valid and there were no cases of double payment. A sample of payslips for officers with the two payments are attached in Appendix 445 d.</p>		
446	<b>Failure to Maintain Fixed Assets Register</b>	It is true that the State Department had not maintained a fixed asset register for the Financial Year 2021/2022. The State Department has however since then prepared a fixed	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		asset register with assets details including the asset description, asset location and the asset condition. Attached please find the said State Department's Fixed Asset Register as at 30th June, 2022. The State Department will endeavour to have the same updated as and when any assets are acquired or disposed off and have all the requisite details of the assets including the values and year of purchase captured. Appendix 446		
FYI 2022-2023 489	Undisclosed Bank Balances	It is true that Note 12A to the financial statements reflects bank balance of Kshs.304,951,441 as at 30 June 2023; and that the amount omits Kshs.840,928,545 in respect of three (3) bank accounts of KIDDP, Equalization Fund and Tobacco Control Fund. These are self-reporting entities that are liable for preparation of separate Financial Statements and hence their balances cannot be reported together with those of the Ministry.  It is also true that the fourteen (10) bank accounts held in different financial institutions were not supported by cashbooks, bank statements and certificate of bank balances. These Accounts are not part of the Cash and Bank balances since they are FIF (Facility Improvement Funds).	Not resolved	31 <sup>st</sup> October 2024
490	Budget Control and Performance		Not resolved	31 <sup>st</sup> October 2024
491	Unauthorized Development Expenditure	The statement of comparison of budget and actual amounts combined reflects final receipts budget of Kshs.111,185,209,462 and actual on comparable basis of Kshs.78,696,295,000, resulting to underfunding of Kshs.32,488,914,462 or 29% of the budget. Similarly, the Ministry spent an amount of Kshs.78,692,449,657 out of the approved expenditure budget of Kshs.111,185,209,462, resulting in an under expenditure of Kshs.32,492,759,805 or 29% of the budget.  The underfunding and underperformance may have affected the Ministry's key mandate of	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		coordinating health policy, health regulation, National Referral Health Facilities, capacity building and provision of technical assistance to the Counties.		
492	<b>Pending Payables Accounts</b>	It is true Note 20 to the financial statement reflects pending bills amounting to Kshs.41,169,835,759 which includes Kshs.40,218,084,659 for the previous year. However, analysis revealed payment of Kshs.1,671,543,405 toward spending bills for financial year 2021/2022 but which were not included in this balance This was due to budgetary constraints occasioned by budget cuts and delay in disbursements of Exchequer by the National Treasury	Not resolved	31 <sup>st</sup> October 2024
493	<b>Failure to Adhere to the Executive Order No.1 of 2023 on Organization of the Government of Kenya</b>	It is true that Executive Order No.1 of 2023 split the Ministry of Health into two Departments i.e. State Department for Medical Services and State Department for Public Health and Professional Standards. However, the State Department for Medical Services was fully operationalized from July 2023 upon approval of the budget for the FY 2023/2024. The State Department for Medical Services via letter Ref No.MOH/ACCT/FRS/7/VOL III sought guidance from The National Treasury on Preparation and Presentation of Financial Statements for Ministry of Health Vote provide additional funding of USD.2,800,000 or Kshs. 280,000,000 bringing the total estimated project to Kshs.2,280,000,000. The project duration was six (6) years from 10 August, 2016 to 10 August, 2022. However, as at 30 June, 2023, construction had not commenced and total loan amount disbursed since the inception of the project has also not been disclosed. The commencement of the project has delayed for over 7 years in the circumstances the expected value for money has not been obtained.	Not resolved	31 <sup>st</sup> October 2024
494	<b>Non-compliance with the One Third of Basic Salary Rule</b>	The IPPD system is programmed by default not to allow an employee to violate the one -th ird rule. This applies only for non-statutory deductions. It is indeed true that the 168 employees had earned less than a third of their basic pay as indicated. This was occasioned by; · Increase in PAYE rates · Increase in Public Service Superannuation Pension scheme from 5% to 7.5% of basic salary.	Not resolved	31 <sup>st</sup> October 2024

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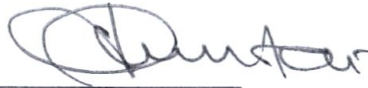
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Expiry of KRA Exemption to Persons living with Disabilities (PWDs)		
495 495.1	<b>Delayed Construction of Kisii Cancer Centre</b>	This is a semi-autonomous government agency whose board is yet to be gazetted. However, since the entity had no board in the financial year 2022-2023, they utilized funds from the ministry's headquarters vote. The funds were accounted for and audited for with the ministry's financial statements. No funds were transferred to the organization	Not resolved	31 <sup>st</sup> October 2024
495.2	<b>Expired Contract on Consultancy Services</b>		Not resolved	31 <sup>st</sup> October 2024
496	<b>Delayed Construction of Paediatric Emergency Centre and Burns Management Centre</b>		Not resolved	31 <sup>st</sup> October 2024
497.1	<b>Mathari Teaching and Referral Mental Hospital</b>	<p>Mathari National Teaching and Referral Hospital has been in existence since 1910. It was however established as a SAGA on 21st August 2020 via a Legal notice No.165. The Head of Public Service vide letter Ref: OP/CAB.1/9/266A dated 9th February, 2021 categorized the Hospital at PC 5 with an attached remuneration for the Chief Executive Officer. The Letter further advised the Hospital Board to hasten preparation and submission of the following Human Resource instruments to SCAC for consideration and approval;</p> <ul style="list-style-type: none"> <li>i) Organizational Structure</li> <li>ii) Staff Grading and Establishment</li> <li>iii) Career Guidelines</li> <li>iv) Human Resource Policy &amp; Procedures Manual</li> </ul> <p>The Hospital therefore did not have approved Human Resource Instruments until the 7th July, 2023 when the Public Service Commission vide letter Ref: PSC/GEN/22/11/(53) approved the Organization Structure and Staff Establishment and further directed that the Hospital be re-categorized from category 5 to 7 in line with the mandate and status of a National Teaching and Referral Hospital.</p>	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		It is therefore true that the accounts of the Hospital are still under the Ministry of Health since the Hospital did not have approved Human Resource Instruments. Following the approval of the HR Instruments by the PSC, the Budget for Recurrent and Development will be captured as a Grant Transfer to the Hospital in the Supplementary Budget. The Hospital will therefore have full autonomy in execution of the Budget		
497.2	<b>National Spinal Injury Referral Hospital</b>	This is a semi-autonomous government agency whose board is yet to be gazetted However since the entity had no board in the financial year 2022-2023,they utilized funds from the ministry's headquarters vote .The funds were accounted for and audited for with the ministry's financial statements .No funds were transferred to the organization	Not resolved	31 <sup>st</sup> October 2024
497.3	<b>Kenya Tissue and Transplant Authority</b>	This is a semi-autonomous government agency whose board is yet to be gazetted However since the entity had no board in the financial year 2022-2023,they utilized funds from the ministry's headquarters vote. The funds were accounted for and audited for with the ministry's financial statements .No funds were transferred to the organization	Not resolved	31 <sup>st</sup> October 2024
497.4	<b>Kenya Institute of Primate Research</b>	This is a semi-autonomous government agency whose board is yet to be gazetted However since the entity had no board in the financial year 2022-2023, they utilized funds from the ministry's headquarters vote .The funds were accounted for and audited for with the ministry's financial statements .No funds were transferred to the organization	Not resolved	31 <sup>st</sup> October 2024
498	<b>Procurement of Immunohistochemistry Machine</b>		Not resolved	31 <sup>st</sup> October 2024
499	<b>Long Outstanding Deposits</b>	It is true that the during the year under review, the Ministry had long outstanding retentions and deposits totaling to Kshs. 164,632,076. Most of the outstanding deposits and retentions relates to Equalization fund activities, which had not been paid since most of the project activities stalled.	Not resolved	31 <sup>st</sup> October 2024
500.1	<b>Lack of Approval to Train in Foreign Based Institution</b>	In endeavour to achieve Universal Healthcare it become necessary for Kenya to benchmark this health care system. Consequently, the Kenyan and Cuban Government signed two bilateral agreements, that saw, hundred (100) Cuban Family Doctors deployed in all te counties. The purpose was for these doctors to work alongside our doctors so that they can learn the Cuban family medicine system. The other agreement was for the Cuban Government to offer academic service to fifty (50) Kenya Doctors. The Concept behind sponsoring our doctors to study Family medicine was to allow our doctors learn the overall	Not resolved	31 <sup>st</sup> October 2024

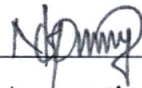
*State Department for Medical Services  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		primary healthcare system as practice in Cuba. This is an elaborate system that focuses more on primary health care. Family Doctors are attached and attend to community health needs at a family level.		
500.2	<b>Training County Government Employees</b>		Not resolved	31 <sup>st</sup> October 2024
501	<b>Outstanding Imprest</b>	We agree that The statement of financial assets and financial liabilities reflects imprest and advances of Kshs.44,226,312 that had not been surrendered as at 30June, 2023. As at the time of audit, there was no evidence that management had instituted measures on recovery of long outstanding imprest The state Department has instituted measures to recover the money.	Not resolved	31 <sup>st</sup> October 2024
502	<b>Unutilised Medical Equipment</b>		Not resolved	31 <sup>st</sup> October 2024
503.1	<b>Failure to Maintain Fixed Assets Register</b>	It is true that the Ministry did not maintain a fixed asset register to record the assets, at the time of audit the ministry was still in the process of updating the fixed asset register We attach the copy of the fixed asset Register.	Not resolved	31 <sup>st</sup> October 2024
503.2	<b>Undisclosed Residential Housing Units</b>	The houses at Mathare are owned and managed by National Housing which is under the state department of public works and house. . They manage the houses since they were built long time ago when ministry of public works was the sole manager of government buildings	Not resolved	31 <sup>st</sup> October 2024
503.3	<b>Undisclosed Land and Buildings</b>	It is true that the the ministry has not disclosed land and buildings in its financial statements .We wish to respond as follows, Under executive order no.1 and two which splitted the ministry of Health into two separate distinct state departments of Public Health and Medical services,at the time of preparation of financial statements we were still in the process of allocating land and buildings to the two state departments and hence we could not be able to ascertain which land and building belonged to which state department We attach the copy of the fixed asset Register	Not resolved	31 <sup>st</sup> October 2024
503.4	<b>Encroachment of Land at Mathari Teaching and Referral Hospital</b>	It's true that Ministry health owns a parcel No. 42/13/97/3 which houses Mathari National Teaching & Referral Hospital measuring approximately 34.3 Hectares. Part of the said land is partially fenced by Nairobi Metropolitan Services for temporary use and thus the land has not been encroached.	Not resolved	31 <sup>st</sup> October 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		The hospital has since secured a title deed for the whole piece of the land.		
504	Payment of Salaries Outside the Payroll		Not resolved	31 <sup>st</sup> October 2024
505	Lack of Training Needs Assessment		Not resolved	31 <sup>st</sup> October 2024



Accounting Officer



Head of Accounting Unit

18. Annexes

Annex 1 - Analysis of Pending Accounts Payable (See Appendix 1)

Supplier of Goods or Services	Date invoiced/ contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
				a	b	c	d=a+b-c	
Construction of buildings								
1.								
Sub-Total								
Construction of civil works								
2.								
Sub-Total								
Supply of goods								
3.								
Sub-Total								
Supply of services								
4.								
5.								
Sub-Total								
Grand Total								

**Annex 2 – Summary of Fixed Asset Register**

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land	-	-	-	-	-
Buildings and structures	2,056,054,582	572,941,804	-	-	2,628,996,386
Transport equipment	110,998,037	39,960,000	-	-	150,958,037
Office equipment, furniture and fittings	52,083,774	13,496,575	-	-	65,580,349
Machinery and Equipment	3,024,576,506	2,629,748,382	-	-	5,654,324,888
ICT Equipment, Software and Other ICT Assets	213,813,330	-	-	-	213,813,330
Biological Assets	684,243,610	-	-	-	684,243,610
<b>Total</b>	<b>6,141,769,839</b>	<b>3,256,146,761</b>	<b>-</b>	<b>-</b>	<b>9,547,916,600</b>

*(NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 9 on acquisition of assets during the year. Ensure this section is complete and covers all the entity's assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No.23/2020 of The National Treasury)*

**Annex 3 – List of Projects implemented by State Department for Medical Services**

Ref	Project Name	Principal Activity of the project	Accounting Officer	Project Consolidated in these Financial Statements
1	<i>Vote head 1082100100</i> Kenyatta National Hospital Burns and Pediatrics Centre	To reduce morbidity and mortality of burns patients and children in Kenya	CEO – KNH	YES
2	<i>Vote head 1082100200</i> National Commodities Warehousing Centre (KEMSA)	To improve access to essential medicines, by ensuring regular, shorter supply chains and continuous availability of medicines in the public health facilities	CEO - KEMSA	YES
3	<i>Vote head 1082100300</i> East Africa's Centre of Excellence for Skills & Tertiary Education	To provide high quality, competitive and skilled kidney care workforce in the EAC for social and economic development	PS – SDMS	NO
4	<i>Vote head 1082100500</i> Managed Equipment Service-Hire of Medical Equipment for 98 Hospital	To equip the level 4 and level 5 hospitals with specialized, modern and state of the art medical equipment	PS – SDMS	YES
5	<i>Vote head 1082100600</i> Free Maternity Program (Strategic Intervention)	To Reduce Maternal and Perinatal mortality	PS – SDMS	YES
6	<i>Vote head 1082100700</i> Modernize Wards & Staff house-	Improved access to and quality of health care services	PS – SDMS	YES

	Mathari Teaching & Referral Hospital			
7	<b>Vote head 1082100800</b> Construct a Wall, renovation & Procure Equipment at National Spinal Injury Hospital	To expand and modernize the hospital to improve service delivery	PS – SDMS	YES
8	<b>Vote head 1082100900</b> Procurement of Equipment at the National Blood Transfusion Services	Provision of adequate supply of blood and blood products hence reducing burden of disease	PS – SDMS	YES
9	<b>Vote head 1082101000</b> Establishing of Regional Cancer Centres	To promote access to quality and affordable diagnostic and treatment services for persons with cancer	PS – SDMS	YES
10	<b>Vote head 1082101100</b> Cancer & Chronic Disease Management Centre – MTRH	To offer early diagnosis of cancer and hence effective treatment.	CEO – MTRH	YES
11	<b>Vote head 1082101200</b> Construction and Equipping Children Hospital- MTRH	To offer comprehensive medical care to children	CEO – MTRH	YES
12	<b>Vote head 1082101300</b> Equipping Maternity Unit (Mother & Baby Unit)	To equip the maternity unit with equipment for the delivery rooms, maternity theatre, Maternity ICU & HDU and Equipment for the neonatal unit	CEO – MTRH	YES
13	<b>Vote head 1082101400</b> Expansion and Equipping of ICU-MTRH	Project to address the need for access of specialized care for ICU patients	CEO – MTRH	YES

14	<b>Vote head 1082101500</b> Construction and upgrading of KEMRI Laboratories (Nairobi, Kwale, Busia)	Improve quality of diagnosis of ill-health among Kenyans	CEO – KEMRI	YES
15	<b>Vote head 1082101600</b> Rollout of Universal Health Coverage	To offer access to essential services they need for their health and wellbeing through an explicit essential benefit package without the risk of financial catastrophe.	PS – SDMS	YES
16	<b>Vote head 1082101700</b> Construction of a Cancer Centre at Kisii Level 5 Hospital	To provide high quality cancer care prevention, treatment and control services in the western region of Kenya.	PS – SDMS	YES
17	<b>Vote head 1082101800</b> Strengthening of Cancer Management at KNH	To improve clinical outcomes in the management and treatment of cancer	CEO – KNH	YES
18	<b>Vote head 1082101900</b> Research and Development - KEMRI	To Improve Human Health and Quality of Life through Research, Capacity Building, Innovation and Service Delivery	CEO – KEMRI	YES
19	<b>Vote head 1082102000</b> Integrated Molecular Imaging Centre	To construct and equip the Integrated Molecular Imaging Centre to offer specialized diagnostic and treatment services to Cancer Patients	PS – SDMS	YES
20	<b>Vote head 1082102100</b> Construction of the Second Tower- Gatundu Level V Hospital (KUTRRH)	Construction of the Second Tower	CEO – KUTRRH	YES

21	<b>Vote head 1082102200</b> Infrastructural Support to Kigumo Hospital	To upgrade Kigumo hospital to offer specialized treatment services and skilled healthcare services.	PS – SDMS	YES
22	<b>Vote head 1082102200</b> Procurement of Cyber knife Radiotherapy Equipment for KUTRRH	To procure a stereotactic radiosurgery treatment technology for patients with inoperable/tumours in the Kenya	CEO – KUTRRH	YES
23	<b>Vote head 1082102400</b> Refurbishment/Renovation and Replacement of Obsolete Equipment - KNH	Refurbishment/Renovation and Replacement of Obsolete Equipment - KNH	CEO – KNH	YES
24	<b>Vote head 1082102500</b> Expansion of Comprehensive Cancer Centre -KUTRRH	To offer oncology services in the hospital	CEO – KUTRRH	YES
25	<b>Vote head 1082102700</b> Emergency Medical Treatment Fund		PS – SDMS	YES
26	<b>Vote head 1082103000</b> Digital Health Platform		PS – SDMS	YES
27	<b>Vote head 1082103100</b> Procurement of Family Planning & Reproductive Health Commodities	Provision of quality and accessible family planning services in order to prevent unwanted pregnancies	PS – SDMS	YES
28	<b>Vote head 1082103300</b> Situation Room for Real Time Data & Information on HIV & AIDS	Promote utilization of Strategic Information for decision making at all levels through management of a robust M&E system that effectively monitors the Health and HIV Response.	CEO – NSDCC	YES

29	<b>Vote head 1082103400</b> Transforming Health Systems for Universal care Project	To improve utilization and quality of primary health care services with a focus on reproductive, maternal, newborn, child, and adolescent health services	PS – SDMS	NO
30	<b>Vote head 1082103500</b> Beyond Zero Campaign	To ensure reduction of mother to child transmission through prevention, increased access and sustaining treatment	CEO – NSDCC	YES
31	<b>Vote head 1082103600</b> Kenya COVID-19 Emergency Response Project	To Prevent, detect and respond to COVID-19 and strengthen national systems for public health emergency preparedness	PS – SDMS	NO
32	<b>Vote head 1082103800</b> Vaccines Programme	To accelerate COVID - 19 vaccination programme under the World bank Project	PS – SDMS	YES
33	<b>Vote head 1082103900</b> Supply of Medical Equipmnt & Fight for Maternal & Infant Mortality	Supply of Medical Equipmnt & Fight for Maternal & Infant Mortality	PS – SDMS	YES
34	<b>Vote head 1082104000</b> GESDeK COVID 19 Response Project	To control and prevention of COVID-19 in the country	PS – SDMS	YES
35	<b>Vote head 1082104100</b> Special Global Fund HIV Grant NFM3	The programme aims to increase access of ARVs and awareness creation to prevent spread of HIV/AIDS	PS – SDMS	YES
36	<b>Vote head 1082104300</b> Primary Health Care in the Devolved		PS - SDMS	YES

	Context			
37	<b>Vote head 1082104400</b> Human Vaccine Production	Refurbishment and operationalization of the BIOVAX warehouse in Embakasi	PS – SDMS	YES
38	<b>Vote head 1082104500</b> Upgrading of Maternal & New Born Units Project-VAMED-FINLAND	Upgrading of Maternal & New Born Units	PS – SDMS	YES
39	<b>Vote head 1082104600</b> Support for Health Sector to Combat COVID -19 pandemic- BADEA	Supply of medical equipment to combat Covid-19	PS - SDMS	YES
40	<b>Vote head 1082104700</b> EA's Centres of Excel. for Skills & Tertiary Edu. in Biosciences- II	To provide high quality, competitive and skilled kidney care workforce in the EAC for social and economic development	PS - SDMS	NO
41	<b>Vote head 1082104800</b> GoK/ UNFPA 10th Country Programme - MoH NSDCC HIV	To support procurement of family planning commodities in the country	CEO -NSDCC	YES
42	<b>Vote head 1082104900</b> Integrated Reproductive Health Programme		PS - SDMS	YES
43	<b>Vote head 1082105000</b> Upgrading of Children Ward - Kibugua Level 3 Hospital	Upgrading of Children Ward	PS - SDMS	YES
44	<b>Vote head 1082105100</b> Upgrading & Equipping of Maternal & New Born Ward - Endebess Hospital	Upgrading & Equipping of Maternal & New Born Ward	PS - SDMS	YES
45	<b>Vote head 1082105200</b> Construction of Private Wing Inpatient		PS - SDMS	YES

	Complex - MTRH			
46	<b>Vote head 1082105300</b> Procurement of Specialized Medical Equipment - MTRH	Procurement of Specialized Medical Equipment	PS - SDMS	YES
47	<b>Vote Head 1082105400</b> Supply of Cyflow CD4 Counter Instruments	Supply of Cyflow CD4 Counter Instruments	PS - SDMS	YES
48	<b>Vote head 1082105500</b> Supply of Medical Supplies and Commodities - Vulcan Pending Bill	Supply of Medical Supplies and Commodities	PS - SDMS	YES
49	<b>Vote head 1082105600</b> Upgrading and Equipping of Lusigetti Hospital Kikuyu	Upgrading and Equipping of Lusigetti Hospital Kikuyu	PS - SDMS	YES
50	<b>Vote head 1082105700</b> Construction of Ugenya Hospital	Construction of Ugenya Hospital	PS- SDMS	YES
51	<b>Vote head 1082105800</b> Construction of Uriri Hospital	Construction of Uriri Hospital	PS - SDMS	YES

**Annex 4 – List of SCs, Sagas and Public Funds Under State Department for Medical Services (Appendix 5)**

Ref	SC, SAGA or Public Fund's name	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Kenyatta National Hospital	14,870,159,403.60	Yes
2	National Cancer Institute	200,000,000.00	Yes
3	Kenya Biovax Institute	300,000,000.00	Yes
4	Moi Teaching and Referral Hospital	9,469,499,998.30	Yes
5	Kenyatta University Teaching Referral & Research Hospital	3,060,000,004.00	Yes
6	Kenya Medical Research Institute	3,287,000,000.00	Yes
7	National Syndemic Diseases Control Council	1,640,760,830.00	Yes
8	Kenya Medical Supplies Agency	1,095,000,000.00	Yes
9	National Hospital Insurance Fund	5,722,999,998.00	Yes
	<b>TOTAL</b>	<b>39,645,420,233.90</b>	

**Annex 5 – Contingent Liabilities Register**

No.	Nature of Contingent liability	Details of Court Awards	Date of Award	Amount
1	Court Award	Susan Wamaitha Kamau Vs. PS Health Civil Suit No.173 of 2016	2016	63,702.40
2	Court Award	Eugene Reeksting Vs. The Hon. Attorney General Civil Suit No.25 of 2013	2013	3,893,309.00
3	Court Award	Emmanuel Odumo Vs. The Hon. Attorney General Suit CMCC No.9 of 2018	2018	427,314.00
4	Court Award	Kenya National Union of Nurses Vs. The Permanent Secretary Ministry of Health & 2 Others Civil Suit SRMCC No.250 of 2008	2012	385,164.00
5	Court Award	Michael N. Simiyu Vs. Attorney General Civil Suit No.3 of 2016	2016	462,500.00
6	Court Award	Harriet Muthoni Vs. the Medical Superintendent Mathari Psychiatric Hospital and AG. Civil Suit No.239 of 2012	2012	6,386,028.00
7	Court Award	Julius Migwi Vs. the Hon. Attorney General and another Civil Suit No.1890 of 2010	2010	2,582,874.00
8	Court Award	Christine Kubai Vs. Ministry of Health and the Attorney General and National Lands Commission Civil Suit No. 145 of 2018	2018	20,000,000.00
9	Court Award	Dr. David Kamau Ndege Vs. Principal Secretary Ministry of Health Civil Suit No.32 of 2020	2020	49,012,317.00
10	Court Award	Samuel Njoroge Mwangi Vs. Attorney General Civil Suit No.6755 of 2014	2020	342,090.00
11	Court Award	Bernard Wasonga Vs. Attorney General Civil Suit SRMCC No.250 of 2008	2008	153,072.00
12	Court Award	Elisha Okinyi Ogola t/a Echalco Contractors Civil Suit No.17 of 2011	2011	1,976,770.00
13	Court Award	Vulcan Limited Civil Suit HCCC No.1361 of 2000	2000	4,500,000,000.00
14	Court Award	Equip Agencies ltd Vs. Attorney General Civil suit HCCC No. 55 of 2017 formerly 1459/1999	1999	15,250,000,000.00
15	Court Award	Rockey African Limited Civil Suit HCCC No.1361 of 2000	2000	1,869,390,102.00
16	Court Award	Seven Seas Technologies Limited Vs. Ministry of Health Civil Suit HCCC E479 of 2018	2020	2,178,779,230.00
				<b>23,883,854,472.40</b>

**Annex 6: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
NON EXISTENT									

**Annex 7: Disaster Expenditure Reporting Template**

<b>Column I</b>	<b>Column II</b>	<b>Column III</b>	<b>Column IV</b>	<b>Column V</b>	<b>Column VI</b>	<b>Column VII</b>
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
<b>NON EXISTENT</b>						

**Annex 8- Reports Generated from IFMIS-(Appendix 6)**

IFMIS financial reports to be presented on request.