



KENYA MEDICAL SUPPLIES AUTHORITY YOUR PARTNER IN HEALTHCARE

## RESPONSE TO MEDIA REPORTS ARISING FROM KEMSA'S APPEARANCE BEFORE THE PUBLIC INVESTMENT COMMITTEE ON 19TH SEPTEMBER 2018

Our attention has been drawn to various articles published in a section of the media on expired drugs purported to be held in the Kenya Medical Supplies Authority (KEMSA) warehouse and unspent cash meant for drugs. The media reports are alleged to have been derived from KEMSA's Presentation of Accounts and Reports of the Auditor General for the Financial Year 2016/17 during its appearance before the Public Investment Committee on 19th September 2018.

The media reports cast aspersions on the KEMSA's drugs and financial management. The articles claim that KEMSA stored expired drugs worth Ksh.100M and had more than Ksh.350M unspent cash meant for drugs.

### KEMSA wishes to state the following:-

Due to their nature, medical commodities have a shelf life and it is a fact that some inevitable loss will occur due to expiries. The question to be asking is what an acceptable level of such loss. International norms and standards set this limit to no more than 2% of the total value of stocks moving through the supply chain system annually for organizations such as KEMSA.

### In view of this, KEMSA would like to clarify the following:-

1. In the Financial Year 2016/17, KEMSA's throughput stood at Ksh.26.26billion. According to the industry norms, fast moving consumer goods wastage/damage should not exceed 2%. KEMSA reported a Ksh.92.39 million as damages/ expiries which is equivalent to a 0.35%.
2. This loss of the Ksh.92.39 million was as a result of change in treatment regimens effected through policy changes such as shifts to better and more efficacious treatment regimens, and (ii) adoption of new technologies in healthcare such as for example the shift from analogue-based to digital-based diagnosis in radiology which has rendered X-ray films and processing chemicals obsolete.
3. The reference in the media to an unspent sum of Ksh.350 million is not true and the same was never reflected in the Kenya National Audit Report. KEMSA's Management Systems are world class and many countries have studied and adopted them. The systems leverage on the Enterprise Resource Planning (ERP). The Authority has a state of the art ICT infrastructure (the ERP and Logistics Management Information System – LMIS) that supports the day to day running of the business. These technologically supported systems are reviewed from time to time and have been found as both efficient and effective in managing the financial and inventory systems. The Authority has put in place a robust supply chain system which delivers to the last mile locations i.e. to the door step of each and every health facility within the Republic of Kenya.

KEMSA has not denied any county medical commodities supplies irrespective of the debt position. This is to facilitate the continued availability of medical supplies at the facilities as the county and the national Government mobilise resources to offset the debt. So far, the counties have under this arrangement paid a total of Ksh.1.9 billion. The Ministry of Health on its part is working with the National Treasury to mobilise funds to clear the Ksh.1.1 billion outstanding debt. The debts are therefore not doubtful as there is demonstrated goodwill and willingness to pay.

We wish to assure the country that KEMSA has a robust supply chain and financial system that is continuously audited by the government and development partners.

In case of any further clarification, do not hesitate to contact the undersigned.

Yours Sincerely,  
**DR JONAH MANJARI,**  
**CHIEF EXECUTIVE OFFICER**

27th September 2018



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