




*Enhancing Accountability*



 <b>THE NATIONAL ASSEMBLY</b> <b>PAPERS LAID</b>	
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CLERK-AT THE-TABLE: <u>Mainah Manjiri</u>	

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**GLOBAL FUND - MALARIA ROUND 10  
PROJECT GRANT NO. KEN-011-G13-M AND  
NO. KEN-M-TNT-1546**

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

**MINISTRY OF HEALTH**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
**REGISTRY**  
23 DEC 2020  
**RECEIVED**

**Project Name.... GLOBAL FUND MALARIA**

**Implementing Entity.... MINISTRY OF HEALTH - MALARIA CONTROL PROGRAMME**

**PROJECT GRANT/CREDIT NUMBER. KEN-M-TNT-1546 AND ROUND 10 KEN-011-G13-M**


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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>		
<b>DATE: 23 FEB 2021</b> <table border="1" style="display: inline-table;"><tr><td style="text-align: center;"><b>DAY.</b></td></tr></table>		<b>DAY.</b>
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**GLOBAL FUND MALARIA**

**Reports and Financial Statements**

**For the financial year ended June 30, 2020**

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## 1 PROJECT INFORMATION AND OVERALL PERFORMANCE

### 1.1 Name and registered office

**Name:** NATIONAL MALARIA CONTROL PROGRAMME

**Objective:** KEN-M-TNT- 1546

**Goal:** To reduce malaria incidence and deaths by at least 75% of the 2016 level by 2023.

**Specific Objectives:** The key objectives for this proposal are;

1. To manage 100% of suspected malaria cases according to the Kenya malaria treatment guidelines by 2023;
2. To establish systems for malaria elimination in targeted counties by 2023;
3. To increase utilization of appropriate malaria interventions in Kenya to at least 80% by 2023;
4. To strengthen malaria surveillance and use of the information to improve decision-making for programme performance; and
5. To provide leadership and management for optimal implementation of malaria interventions at all levels for the achievement of all objectives by 2023.

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

Ministry of Health

P.O. Box 30016 -00100

Afya House, Cathedral Road,

NAIROBI

Malaria Control Programme

Ministry of Health

National Public Health Laboratories grounds

Next to Kenyatta National Hospital

P. O. Box 19982-00202

KNH – NAIROBI

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

Telephone: (254) 0720-846127

Office Line: 020- 2716934/5

E-mail: [wejersa@domckkenya.or.ke](mailto:wejersa@domckkenya.or.ke)

Website: [www.nmcp.or.ke](http://www.nmcp.or.ke)

### 1.2 Project Information

Project Start Date:	The project start date is 1 <sup>st</sup> January 2018 (KEN-M-TNT-1546)
Project End Date:	The project end date is 30 <sup>th</sup> June 2021 (KEN-M-TNT-1546)
Project Manager:	The project manager is Dr. George Githuka
Project Sponsor:	The project sponsor is Global Fund

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Health.
Project number	<b>KEN-M-TNT-1546 AND ROUND 10 KEN-011-G13-M</b>
Strategic goal of the project KEN-M-TNT-1546	To reduce malaria incidence and deaths by at least 75% of the 2016 level by 2023.
Achievement of strategic goals KEN-M-TNT-1546	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> <li>(i) Mass net distribution of LLINs to persons in high burden counties coupled to the creation of awareness among communities to utilise the LLINs;</li> <li>(ii) Provision of treatments and diagnostics for patients attending public health facilities and training of health workers to manage malaria appropriately. Health workers in the private sector are also targeted for training and supervision;</li> <li>(iii) Strengthen surveillance of malaria, improve reporting and quality of data; and</li> <li>(iv) Advocacy communication and social mobilisation to ensure that vulnerable communities take up malaria interventions to prevent and control malaria.</li> </ul>
Other important background information of the project	KEN-M-TNT-1546 commenced on 1 <sup>st</sup> Jan 2018 and is expected to run up to 30 <sup>th</sup> June 2021. This is a performance based grant and inability to meet targets can impact future funding. The government is required to allocate counterpart funding which should complement the grant and should be used to implement activities related to program objectives. The funds are received by treasury and are disbursed based on agreed budget and work plan. Oversight for the grant is through the ICCs and the National Oversight Committee.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none"> <li>(i) Offer protection to vulnerable communities to prevent malaria;</li> <li>(ii) Procure ACTs and RDTs required to manage the disease, and train health workers on the case management guidelines written as per WHO recommendations;</li> <li>(iii) Increase uptake of malaria interventions;</li> <li>(iv) Improve data collection, accuracy, timeliness and use to influence</li> </ul>

**GLOBAL FUND MALARIA**  
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**For the financial year ended June 30, 2020**

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	policy; and (v) Improve program management capacity by hiring additional staff and holding regional planning and review meetings on a regular basis.
Project duration	KEN-M-TNT-1546 project started on 1 <sup>st</sup> January 2018 and is expected to run until 30 <sup>th</sup> June 2021.

**1.4 Bankers**

The following are the bankers for the current year:

Cooperative Bank of Kenya

Upper Hill Branch

P.O Box 48231-00100

NAIROBI

**1.5 Auditors**

The project is audited by;

The Auditor-General

Kenya National Audit Office

P.O Box 30084- 00100

NAIROBI

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**1.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Dr, George Githuka	Head- Division of National Malaria Programme	Medical Doctor; Public Health Specialist and Patient safety researcher	Provide oversight for the grant; sign off correspondences from the program, correspondence with the global fund and the KCM on this grant.
Ms. Debora Ikonge	Program planner (Focal Point, Partnerships and resource mobilisation	Program Officer	Coordination of proposal development, budget reviews, filling up programmatic accounting documents, grant oversight, participation in global fund meetings at MOH and PR-The National Treasury.
Mwaniki Njuguna	Senior Finance Officer	Accountant	Financial Oversight, Budget preparation and Budgetary control, Donor and GOK Reporting and Periodic Budget reviews and preparation of financial reports.
Bancy M. Nguthi	Principal Accountant	Accountant	Financial guidance Preparation of routine and adhoc financial reports.

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**1.7 Funding summary**

KEN-M-TNT-1546 Grant begun on 1<sup>st</sup> January 2018 with a total funding of USD 54,156,636 (Malaria USD 22,584,900 and National Treasury 31,571,735) there was an additional funding of USD 8,661,734 (malaria USD 2,499,738 and National Treasury USD 6,161,996) in May 2019 making a total funding of USD 62,818,370 (Malaria 25,084,638 and National treasury 37,571,735). In August 2019 there was an additional funding of USD 11,199,999 (Malaria 3,232,267 and National treasury 7,967,732) making a total funding of USD 74,018,369; this grant will be implemented for a period of 3.5 Years ending 30<sup>th</sup> June 2021.

Phase I of KEN-011-G13-M Project begun on 1<sup>st</sup> January 2012 with a total funding of USD 38,443,645 and was implemented for a period of 2 years ending 31<sup>st</sup> December 2013. Phase II commenced on 1<sup>st</sup> January 2014, with a total funding of USD 70,937,998. On 1<sup>st</sup> October 2015 the New Funding Model (NFM) was introduced consolidating the balances under phase two of the grant and introduced an additional funding of USD 51,507,426, making a total approved budget of US \$68,437,830. The NFM grant was initially to run for 1.5 years up to 30<sup>th</sup> June 2017 but there was a costed extension up to 31<sup>st</sup> December 2017 making it for 2 years and further extension up to 30<sup>th</sup> June 2018. This project expired on 30<sup>th</sup> June 2018.

Below is the funding summary for part of the Grant that relates to the Malaria Control Program:

Source of funds	Donor Commitment-		Amount received to date –		Undrawn balance to date	
			(30 June 2020)		(30 June 2020)	
	Donor currency (A)	KShs (A')	Donor currency (B)	KShs (B')	Donor currency (A)-(B)	KShs (A')-(B')
<b>(i) Grant</b>						
Global Fund KEN-011- G13-M	42,165,297	4,216,529,700	49,621,151.71	4,962,151,171	-	-
<b>Total</b>	<b>42,165,297</b>	<b>4,216,529,700</b>	<b>49,621,151.71</b>	<b>4,962,151,171</b>	<b>-</b>	<b>-</b>
Global Fund KEN-M – TNT-1546	28,316,905	2,917,150,919.29	14,506,050.49	1,494,384,309	13,810,854.5	1,422,766,610.29
<b>Total</b>	<b>28,316,905</b>	<b>2,917,150,919.29</b>	<b>14,506,050.49</b>	<b>1,494,384,309</b>	<b>13,810,854.5</b>	<b>1,422,766,610.29</b>
GOK	-	-	-	-	-	-
<b>Grand Total</b>	<b>70,482,202</b>	<b>7,133,680,619.29</b>	<b>64,127,202.2</b>	<b>6,456,535,480</b>	<b>13,810,854.5</b>	<b>1,422,766,610.29</b>

### **1.8 Summary of Overall Project Performance:**

- Budget performance against actual amounts for current year budget is Kshs 754,577,929 and actual is Kshs 719,446,924.
- Physical progress based on outputs, outcomes and impacts since project commencement  
The project has contributed by offering protection to vulnerable communities to prevent malaria. It has procured ACTs and RDTs required to manage the disease, and trained health workers on the case management guidelines written as per WHO recommendations. It has also increased uptake of malaria interventions. It has improved data collection, accuracy, timeliness.
- **VALUE-FOR-MONEY ACHIEVEMENTS** - In terms of value for money, the interventions supported by Global Fund have been of high quality as shown by the assessments done by the Local Fund Agent of the Global Fund (LFA). All the interventions follow international set guidelines. The procurement of medicines and other equipment have met the required standards while trainings undertaken follow an accepted curriculum which has built the confidence of health care workers to deal with Malaria and emerging challenges. The program has also documented prudent use of resources where savings have been realized and put into good use by reallocating to other important activities like supporting distribution of nets, Kenya Malaria Indicator Survey and Surveillance trainings. The project has also been rated well by the Global Fund.

### **CHALLENGES AND RECOMMENDATIONS.**

- i) Low uptake of interventions;
- ii) Long procurement processes that delay the utilization of funds and therefore the project has time and again reported low fund absorption;
- iii) With the recent change of governance structure , channels for funds flow to the devolved structures have not been established; and
- iv) Failure of government to meet the threshold for counterpart financing (set at 20% of the grant) threatens future funding for malaria control from the global fund;
- v) The emergence of covid 19 affected the implementation of the Program activities especially those carried out in the counties such as Mass net Distribution, Surveillance Trainings and also Bi-annual Review meetings.

#### Way forward.

- i. Advocacy communication and social mobilization through mass media and community sensitization efforts are aimed at increasing the uptake of these interventions;
- ii. Procurement planning is important to ensure that lead times do not interfere with grant performance;
- iii. The National Treasury should authorize counties to open global fund dedicated bank accounts to enable smooth flow of funds from the national program to the counties;
- iv. Sensitize the counties on GF and the expectation of the donor on grant management and reporting. This should also be a continuous process even at the ministry level so that all the

players involved in the running of the grant understands the crucial expectation and especially on the timelines and implication on the grant performance; and

- v. There is need for government to allocate resources for malaria control as per GF requirements for counterpart funding.

**1.9 Summary of Project Compliance:**

- The project has been meeting its obligation to supplies and other third parties and there are no long outstanding claims or suits against it;
- The project has been compliant by submitting the following statutory returns: PAYE, NSSF, NHIF;
- Procurements are carried out in compliance with the Public Procurement and Disposal Act 2005 and attendant regulations; and

## **2 STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES.**

### **Introduction**

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

The key development objectives of the Global Fund Malaria Grant project 2018- June 2021 plan are to:

- a) To protect 100 percent of people living in malaria risk areas through access to appropriate malaria preventive interventions by 2023.
- b) To manage 100 percent of suspected malaria cases according to the Kenya malaria treatment guidelines by 2023
- c) To establish systems for malaria elimination in targeted counties by 2023
- d) To increase utilisation of appropriate malaria interventions in Kenya to at least 80 percent by 2023
- e) To strengthen malaria surveillance and use of information to improve decision making for programme performance
- f) To provide leadership and management for optimal implementation of malaria interventions at all levels, for the achievement of all objectives by 2023

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**Progress on attainment of Strategic development objectives**

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

Project	Activity intervention	Objective	Outcome	Indicator	Performance
Global Fund Malaria Grant KEN-M-TNT-1546	Mass LLIN campaign	To protect 100 percent of people living in malaria risk areas through access to appropriate malaria preventive interventions by 2023	Protect household members in malaria risk areas through appropriate malaria preventive interventions	Proportion of households with universal coverage of LLINs in malaria risk areas	51% of households in areas at risk of malaria provided with adequate LLINs to cater for the entire household. Mass LLIN campaign postponed due to COVID pandemic restrictions. Activity to be fast-tracked
Global Fund Malaria Grant KEN-M-TNT-1546	Quality of Care Survey	To manage 100 percent of suspected malaria cases according to the Kenya malaria treatment guidelines by 2023	Ensure adherence to malaria prevention, diagnosis and treatment guidelines	Proportion of suspected malaria cases presenting to public health facilities managed in accordance with the Kenya malaria treatment guidelines	55% of febrile patients managed as per the guidelines. Inadequate stocks of malaria diagnostic kits. Prioritized malaria surveillance trainings in 15 counties. 32 counties will be trained in the subsequent financial year
Global Fund Malaria Grant KEN-M-TNT-1546	KMIS/PMLLIN Survey	To increase utilisation of appropriate malaria interventions in Kenya to at least 80 percent by 2023	Advocate for increased utilization of malaria interventions through various channels	Proportion of population that slept under an LLIN the previous night	66% of household population using an LLIN the previous night. Use of social behaviour change communication channels to enhance uptake of interventions
Global Fund Malaria Grant KEN-M-TNT-1546	Commodity security meetings	To provide leadership and management for optimum implementation of malaria interventions at all levels, for the achievement of all objectives by 2023	Ensure adequate resources as well as coordinate implementation of malaria activities	Proportion of public health facilities having no stock out of key malaria commodities in the facility	66% had malaria medicines in stock. Implement malaria commodity review meetings with stakeholders and come up with mitigation measures to avert stock outs.

### **3 CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY**

#### **REPORTING**

The purpose of the Division of National Malaria Program is to provide policy, strategic guidance and co-ordinate the scaling up of an effective malaria control and also to ensure provision of quality care and prevention services for all people affected by malaria. This is achieved by bringing together stakeholders involved in Malaria control including development partners, civil society, county Governments and other stakeholders by providing a platform for participation in planning and decision making on matters related to Malaria treatment and prevention in Kenya. The program is mandated to mobilize resources in order to make sure that Malaria diagnosis and treatment are accessible to the clients at the minimum cost to reduce financial burden to persons and families affected by the disease. The program holds biannual review meetings with key stakeholders including Malaria coordinators, pharmacists from all 47 counties to review progress on the implementation of agreed-upon activities, share experiences, disseminate key outputs from activities, discuss challenges and brainstorm solutions

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

The Program makes Continuous efforts towards the improvement of efficiency in the utilization of existing resources and advocates for increased sustainable investment in Malaria interventions at National and County Governments. In particular advocacy for increased public funding for Malaria interventions with a view to enhance sustainability is a key concern for the Malaria Program. The program developed a national strategic plan (2019-2023) which identifies gaps which are fully costed as a guide for resource mobilization. This enables counties and stakeholders to mobilize resources at that level. UHC is a key pillar in achieving accessible quality health services. The program through, GOK and partners is also investing in health systems to ensure sustainability. The government continues to avail domestic resources to support Malaria commodity procurement including first line medicine and laboratory equipment such as Microscopes. However, most of the program activities are still donor dependant including provision of Long Lasting Insecticide treated Nets to the community, Malaria Testing Kits (Rapid Diagnostic Test kits) and Indoor Residual Spraying

#### **2. Environmental performance**

The main goal of environmental policy is to regulate resource use or reduce pollution to promote human welfare and protect natural resources. Environmental factors such as bushes and stagnant water around homes, low altitudes and high temperatures favour the breeding of Malaria. The Malaria Program through assistance from various stakeholders has offered indoor Residue Spraying and also distribute Long Lasting Insecticide treated Nets in an effort to prevent Malaria. In taking care of the environment, the program ensures that the chemicals used for Indoor Residue Spraying and those used to treat the nets are user friendly and do not have adverse effects on the users.

#### **3. Employee welfare**

The program implements the Public Service commission policies procedures and guideline as provide. During hiring the program applies the *i) Human Resource Policies and Procedures Manual for the Public Service – May 2016* and *ii) Diversity Policy for Public Service - May 2016* to foster, cultivate and preserve a culture of respect for diversity by embracing and encouraging an inclusive workforce in terms of age, colour, minority and marginalized, disability, ethnicity, family or marital status, gender, language, physical and mental ability,

race, religion, socio-economic status, and other characteristics that make its human resource unique.

The Program is currently implementing the i) *Human Resource Policies and Procedures Manual for the Public Service – May 2016* ii) *Human Recourse Development Policy for the Public Service where – June 2015*; clear guidelines for efficient, effective and purpose driven management of human resource development in the public service for socio-economic development. Further, it provides for systematic identification and mitigation of performance gaps; and creation of an environment that promotes Private Public Partnerships in training and development, innovativeness and creativity in service delivery. In addition, it provides direction in planning and implementation of capacity building programmes and mechanisms for performance improvement, while ensuring continuous and lifelong learning for public servants. The Policy presents a mechanism for structured training, competency development and assessment; knowledge and talent management; entrenchment of Values and Principles of Public Service, human resource development audit and development of a monitoring, evaluation and reporting framework for human resource development programmes.

Division of National Malaria Control is implementing the *Occupational safety and health policy guidelines for the health sector In Kenya* as developed by the Ministry of Health. The program staff are also provided with a comprehensive medical cover to ensure improved health for higher productivity

#### **4. Market place practices-**

##### *a) Responsible competition practice.*

The Division of National Malaria Control is a division within the Ministry of Health, being a government entity, the program does not participate or have any political affiliation(s) neither does it undertake any commercial activities. All the staff are duly trained and guided by the i) Code of Regulation, ii) Bribery Act 47 and framework for the implementation of values and principles in articles 10 and 232 of the constitution in the public service 2015.

##### *b) Responsible Supply chain and supplier relations and responsible marketing and advertising*

Division of National Malaria Control Program as a government entity is governed by the *Public Procurement and Disposal Act 2015* and *PFM Act 2012*. This act clearly stipulates policies and procedures to follow to ensure fair and competitive selection of suppliers when procuring goods and services to be used in the implementation of the project. Being a performance-based grant, the Malaria program settles all invoices within thirty days to enhance grant absorption.

##### *c) Product stewardship*

Management of Malaria Health commodities follows the pharmacy and poisons Act CAP 244 (revised Edition 2015 and other relevant legislation. Procurement of Malaria Health Commodities under special programmes like Global Fund Follows Government rules and regulations and procurement by other donor Agencies follows the rules and regulations of the relevant organisations.

**5. Community Engagements-**

Every three years the Ministry of Health through the Division of National Malaria Program distributes Long Lasting Insecticide Treated Nets to vulnerable communities with an aim of preventing and controlling Malaria. These nets are provided to the community free of charge. During the distribution process, the involvement of the community including the Village Elders, Community Health Volunteers, Health Workers, Religious institutions and also Chiefs is clearly visible as they get involved in the registration of households to receive the nets and also in the actual distribution of the nets. Also Once every year on the 25<sup>th</sup> of April the Program Facilitates World Malaria day during which period the community is highly involved. The role of communities and community-based organizations in Malaria work is however mainly limited to a few tasks in service delivery. Lessons learnt from other public health responses, highlight the importance of community engagement and participation in all aspects of communication, advocacy, planning, implementation and monitoring of programs.

#### **4 STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for Malaria project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement 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 Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

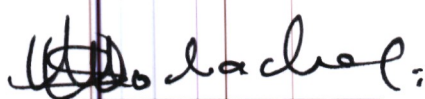
The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for Malaria project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International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

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for Malaria project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2020, and of the Project's financial position as at that date. The *Principal Secretary* for Ministry of Health and the *Project Coordinator* for **Malaria project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

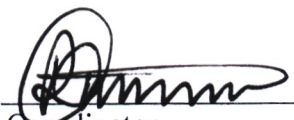
The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for malaria project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

#### **Approval of the Project financial statements**

The Project financial statements were approved by the *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for **Malaria project** on 30 June 2020 and signed by them.



Principal Secretary  
Name: Susan N. Mochache



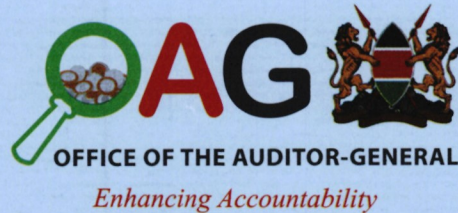
Project Coordinator  
Name: Dr. Pacifica Onyancha



Project Accountant  
Name: Bancy Nguthi  
ICPAK Member Number 20439

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON GLOBAL FUND - MALARIA ROUND 10 PROJECT GRANT NO. KEN-011-G13-M AND NO. KEN-M-TNT-1546 FOR THE YEAR ENDED 30 JUNE, 2020 – MINISTRY OF HEALTH**

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

#### **Opinion**

I have audited the accompanying financial statements of Global Fund - Malaria Round 10 Project set out on pages 1 to 15, which comprise of the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Global Fund Malaria Round 10 Project as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Grant Agreement No. KEN-011-G13-M dated 1 October, 2015 and Grant Agreement No. KEN-M-TNT-1546 dated 15 December, 2017 and the Public Finance Management Act, 2012.

#### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Global Fund Malaria Round 10 Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

In addition, the special accounts statement presents fairly the special accounts transactions and the closing balance has been reconciled with the books of account.

## **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. There were no key audit matters to report in the year under review.

## **Other Matters**

### **Budget Control and Performance**

The statement of comparative budget and actual amounts reveals that the Project had budgeted receipts totalling Kshs.754,577,929 from the External Development Partners, but actual receipts amounted to Kshs.719,446,924, resulting to a shortfall of Kshs.35,131,005 or 5% of the budgeted receipts. Similarly, the Project was budgeted to spend an amount of Kshs.754,577,929 but only expended Kshs.391,516,546 or 52% of the approved budget. Management has attributed the under absorption to slow uptake of activities occasioned by delayed Exchequer releases coupled with the transfer of officer from the project and the effect of the COVID 19 pandemic.

The under-utilization of funds may lead to failure by the Project to achieve its planned goals and objectives.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to

believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in

compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

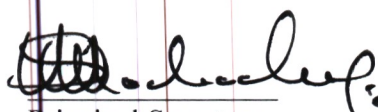
**21 December, 2020**

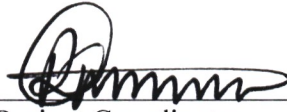
**GLOBAL FUND MALARIA**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

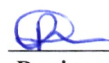
**6 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019/2020	2018/2019	
		Receipts and payments controlled by the entity	Receipts and payments controlled by the Entity	Cumulative to date (from inception)
		KShs	KShs	KShs
<b>RECEIPTS</b>				
Transfer from Government entities	10.3	-	-	103,298,818
Proceeds from domestic and foreign grants	10.4	719,446,924	579,135,685	6,456,535,480
Miscellaneous receipts	10.5	2,494,829	2,428,433	27,835,514
<b>TOTAL RECEIPTS</b>		<b>721,941,753</b>	<b>581,564,118</b>	<b>6,587,669,812</b>
<b>PAYMENTS</b>				
Compensation of employees	10.6	17,655,038	14,703,671	98,800,838
Purchase of goods and services	10.7	373,861,508	498,171,740	5,977,453,101
<b>TOTAL PAYMENTS</b>		<b>391,516,546</b>	<b>512,875,411</b>	<b>6,076,253,939</b>
<b>SURPLUS/(DEFICIT)</b>		<b>330,425,207</b>	<b>68,688,707</b>	<b>511,415,873</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

  
Principal Secretary  
Name: Susan N. Mochache

  
Project Coordinator  
Name: Dr. Pacifica Onyancha


  
Project Accountant  
Name Bancy M. Nguthi  
ICPAK Member Number: 20439

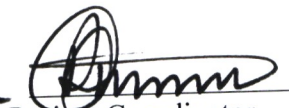
**GLOBAL FUND MALARIA**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**


**7 STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2020**

	Note	2019/2020	2018/19
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	10.8.A	501,201,696	162,809,666
Cash Equivalents (short-term deposits)	10.8 B	10,211,177	-
<b>Total Cash and cash equivalents</b>		<b>511,412,873</b>	<b>162,809,666</b>
Accounts receivables – Imprest and Advances	10.9	5,000	18,190,600
<b>TOTAL FINANCIAL ASSETS</b>		<b>511,417,873</b>	<b>181,000,266</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts payable	10.8 C	2,000	9,600
<b>NET FINANCIAL ASSETS</b>		<b>511,415,873</b>	<b>180,990,666</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	10.10	180,990,666	112,301,960
Surplus/(Deficit) for the year		330,425,207	68,688,706
<b>NET FINANCIAL POSITION</b>		<b>511,415,873</b>	<b>180,990,666</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30 June 2020 and signed by:

  
Principal Secretary  
Susan N. Mochache  
Date:

  
Project Coordinator  
Dr Pacifica Onyancha  
Date: 17/12/2020

  
Project Accountant  
Bancy Nguthi  
Date:  
ICPAK Member No. 20439

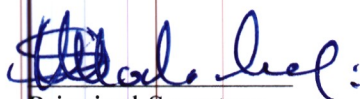
**GLOBAL FUND MALARIA**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

**8 STATEMENT OF CASHFLOW FOR THE YEAR 30 JUNE 2020**

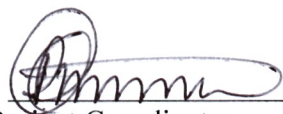
		2019/20	2018/19
	Note	KShs	KShs
<b>Receipts for operating activities</b>			
Transfer from Government entities		-	---
Proceeds from domestic and foreign grants	10.4	719,446,924	579,135,685
Miscellaneous receipts	10.5	2,494,829	2,428,433
<b>Payments for operating activities</b>			
Compensation of employees	10.6	(17,655,038)	(14,703,671)
Purchase of goods and services	10.7	(373,861,508)	(498,171,740)
<b>Adjustments during the year</b>			
Decrease/(Increase) in Accounts receivable:(outstanding imprest)	10.11	18,185,600	7,714,650
Increase/(Decrease) in Accounts Payable: (deposits and retention)	10.12	(7,600)	9,600
<b>Net cash flow from operating activities</b>		<b>348,603,207</b>	<b>76,412,957*</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>162,809,667</b>	<b>86,396,710*</b>
<b>Cash and cash equivalent at END of the year</b>		<b>511,412,874</b>	<b>162,809,667*</b>

\*Please See Note 10.13

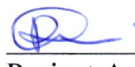
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30 June 2020 and signed by:



Principal Secretary  
 Susan N. Mochache  
 Date:



Project Coordinator  
 Dr Pacifica Onyancha  
 Date:



Project Accountant  
 Bancy Nguthi  
 Date:

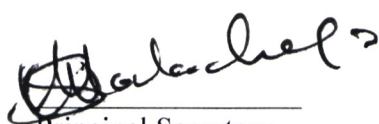
ICPAK Member No. 20439

**GLOBAL FUND MALARIA**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

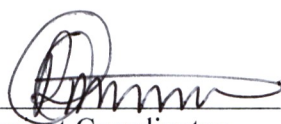
**9 STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE  
YEAR 30 JUNE 2020**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	D	e=c-d	f=d/c %
<b>Receipts</b>						
Proceeds from domestic and foreign grants	1,150,000,000	(395,422,071)	754,577,929	719,446,924	35,131,005	95%
Miscellaneous receipts	-	-	-	2,494,829	(2,494,829)	-
<b>Total Receipts</b>	<b>1,150,000,000</b>	<b>(395,422,071)</b>	<b>754,577,929</b>	<b>721,941,753</b>	<b>32,636,176</b>	<b>96%</b>
<b>Payments</b>						
Compensation of employees	22,210,626	-	22,210,626	17,655,038	4,555,588	79%
Purchase of goods and services	1,127,789,374	(395,422,071)	732,367,303	373,861,508	358,505,795	51%
<b>Total Payments</b>	<b>1,150,000,000</b>	<b>(395,422,071)</b>	<b>754,577,929</b>	<b>391,516,546</b>	<b>363,061,383</b>	<b>52%</b>

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.



Principal Secretary  
Susan N. Mochache  
Date:



Project Coordinator  
Dr Pacifica Onyancha  
Date:



Project Accountant  
Bancy Nguthi  
Date:

ICPAK Member No. 20439

## **10 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

### **10.1 Basis of Preparation**

#### **10.1.1 Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB a. 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.

#### **10.1.2 Reporting entity**

The financial statements are for the Project Global Fund Malaria (KEN-M-TNT 1546) under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

#### **10.1.3 Reporting currency**

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

### **10.2 Significant Accounting Policies**

#### **a) Recognition of receipts**

The Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.

##### **• Transfers from the Exchequer**

Transfer from Exchequer is be 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 entity.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Undrawn external assistance**

These are grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

• **Other receipts (Miscellaneous receipts)**

These include interest earned on bank balance. These are recognised in the financial statements the time associated cash is received.

**b) Recognition of payments**

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

• **Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

• **Use of goods and services**

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

**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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year less any accounts payable.

**d) Accounts receivable**

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 is 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 AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**e) Contingent Assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**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 to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The 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 and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**h) Comparative figures**

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

**i) Subsequent events**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**j) Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**GLOBAL FUND MALARIA**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10.3 TRANSFER FROM GOVERNMENT ENTITIES**

Amounts received from Government Kshs	Total amount in KShs		Cumulative to Date
	2019/2020	2018/2019	
	KShs	KShs	Ksha
KEN-011-G13-M(RD 10)	-	-	103,298,818
Global Fund (KEN-M-TNT 1546)	-	-	
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>103,298,818</b>

**10.4 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the 12 months to 30 June 2020 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in Donor Currency	Grants received in cash	Total amount in KShs	
				2019/2020	2018/2019
				KShs	KShs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>					
KEN-011-G13-M(RD 10)		-	-	-	-
Global Fund (KEN-M-TNT 1546)	07.11/2019 26.2. 2020 15.06.2020	6,983,701	719,446,924	719,446,924	579,135,685
<b>Total</b>		<b>6,983,701</b>	<b>719,446,924</b>	<b>719,446,924</b>	<b>579,135,685</b>

**10.5 MISCELLANEOUS RECEIPTS**

		2019/2020	2018/2019	Cumulative to date
		Total Receipts	Total Receipts	
		Kshs	Kshs	Kshs
Other receipts not classified elsewhere	KEN-011-G13-M(RD 10)	36,961	597,039	23,534,291
	KEN-M-TNT 1546	2,457,868	1,831,394	4,301,225
		<b><u>2,494,829</u></b>	<b><u>2,428,433</u></b>	<b><u>27,835,517</u></b>

**GLOBAL FUND MALARIA**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10.6 COMPENSATION OF EMPLOYEES**

		2019/2020	2018/2019	Cumulative to date
		KShs	KShs	KShs
Basic wages of temporary employees	KEN-011-G13-M(RD 10)	-	-	45,112,002
	KEN-M-TNT-1546	12,875,449	10,622,216	28,868,388
	<b>Total</b>	<b>12,875,449</b>	<b>10,622,216</b>	<b>73,980,390</b>
Compulsory national social security schemes	KEN-011-G13-M(RD 10)	-	-	109,000
	KEN-M-TNT-1546	24,000	24,000	61,600
	<b>Total</b>	<b>24,000</b>	<b>24,000</b>	<b>170,600</b>
Compulsory national health insurance schemes	KEN-011-G13-M(RD 10)	-	-	336,060
	KEN-M-TNT-1546	102,000	102,000	261,800
	<b>Total</b>	<b>102,000</b>	<b>102,000</b>	<b>597,860</b>
Other personnel payments (PAYE)	KEN-011-G13-M(RD 10)	-	-	13,472,443
	KEN-M-TNT-1546	4,653,589	3,955,455	10,579,545
		<b>4,653,589</b>	<b>3,955,455</b>	<b>24,051,988</b>
<b>Grant Total</b>		<b><u>17,655,038</u></b>	<b><u>14,703,671</u></b>	<b><u>98,800,838</u></b>

**GLOBAL FUND MALARIA**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10.7 PURCHASE OF GOODS AND SERVICES**

	Grant Title	2019/2020	2018/2019	Cumulative to date 30.6.2020
		KShs		KShs
Utilities, supplies and services	KEN-O11-G13-M			167,500,587
	KEN-M-TNT 1546	1,024,773	5,448,414	7,769,898
	<b>Total</b>	<b>1,024,773</b>	<b>5,448,414</b>	<b>175,270,485</b>
Communication, supplies and services	KEN-011-G13-M			9,957,307
	KEN-M-TNT1546	333,000	2,255,500	2,963,500
	<b>Total</b>	<b>333,000</b>	<b>2,255,500</b>	<b>12,920,807</b>
Domestic travel and subsistence	KEN-011-G13-M			2,933,469,072
	KEN-M-TNT 1546	105,473,965	134,825,020	294,499,585
	<b>Total</b>	<b>105,473,965</b>	<b>134,825,020</b>	<b>3,227,968,657</b>
Printing, advertising and – information supplies & services	KEN-011-G13-M			540,481,881
	KEN-M-TNT 1546	112,334,480	73,892,592	190,243,072
	<b>Total</b>	<b>112,334,480</b>	<b>73,892,592</b>	<b>730,724,953</b>
Training payments	KEN-011-G13-M			930,934,846
	KEN-M-TNT 1546	126,936,273	245,613,978	385,046,001
	<b>Total</b>	<b>126,936,273</b>	<b>245,613,978</b>	<b>1,315,980,847</b>
Hospitality supplies and services	KEN-011-G13-M			303,919,879
	KEN-M-TNT 1546	16,506,360	27,548,540	46,439,900
	<b>Total</b>	<b>16,506,360</b>	<b>27,548,540</b>	<b>350,359,729</b>
Insurance costs	KEN-011-G13-M			5,508,322
	KEN-M-TNT 1546	5,598,962	-	8,400,463
	<b>Total</b>	<b>5,598,962</b>		<b>13,908,785</b>
Specialized materials and services	KEN-011-G13-M			2,494,144
	KEN-M-TNT 1546	-	-	-
	<b>Total</b>			<b>2,494,144</b>
Other operating payments	KEN-011-G13-M	-	8,280	19,987,246
	KEN-M-TNT 1546	3,748,499	2,713,008	6,775,432
	<b>Total</b>	<b>3,748,499</b>	<b>2,721,288</b>	<b>26,762,678</b>
Routine maintenance – vehicles and other transport equipment	KEN-011-G13-M			9,035,030
	KEN-M-TNT 1546	1,905,196	4,747,149	7,532,259
	<b>Total</b>	<b>1,905,196</b>	<b>4,747,149</b>	<b>16,567,289</b>
Routine maintenance- – other assets	KEN-011-G13-M			103,375,468
	KEN-M-TNT 1546	-	1,119,259	1,119,259
	<b>Total</b>	<b>-</b>	<b>1,119,259</b>	<b>104,494,727</b>
<b>Grant Total</b>		<b>373,861,508</b>	<b>498,171,740</b>	<b>5,977,453,101</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10.8 CASH AND CASH EQUIVALENTS CARRIED FORWARD**

	2019/2020	2018/2019
	KShs	KShs
Bank accounts (Note 10.7A)	501,201,696	162,809,666
Cash equivalents (Short –term deposits/ accounts payable) (Note 10.7 B)	10,211,177	-
<b>Total</b>	<b><u>511,412,873</u></b>	<b><u>162,809,666</u></b>

The project has one project accounts spread within the project implementation area as listed below:

**10.8A Bank Accounts**

**Project Bank Accounts**

	2019/2020	2018/2019
	KShs	KShs
<b><u>Local Currency Accounts</u></b>		
Co-operative Bank of Kenya [A/c No 01141162135500]	3,291,042	3,254,081
Co-operative Bank of Kenya [A/c No 01141163733200]	497,910,654	159,555,585
<b>Total local currency balances</b>	<b><u>501,201,696</u></b>	<b><u>162,809,666</u></b>

**10.8 B Cash Equivalent (short – term deposits)**

	2019/2020	2018/2019
	KShs	KShs
M-pesa Account - MOH Global Fund 7045665	10,211,177	-
<b>Total</b>	<b><u>10,211,177</u></b>	<b><u>=</u></b>

**10.8 C Accounts (payable) /Receivable**

	2019/2020	2018/2019
	KShs	KShs
Co-operative Bank of Kenya [A/c No 01141163733200]	2,000	9,600
<b>Total</b>	<b><u>2,000</u></b>	<b><u>9,600</u></b>

*[The amount of Kshs.2,000 for 2019/2020 relates to a NSSF cheques that had been raised but bounced in the bank and had not yet been replaced by the end of the financial year.*

NSSF (Returned Cheque)	2,000
	<b><u>2,000</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10.9 OUTSTANDING IMPRESTS AND ADVANCE**

The amount of outstanding Imprest was Kshs.5,000. This amount relates to a partial surrender the balance of which had not been surrendered by 30 June 2020 but which was later surrendered in cash.

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2020</i>	<i>Balance 2019</i>
Robert Mwaura	1,492,100	30/06/2020	1,487,100	5,000	Nil
	<b><u>1,492,100</u></b>		<b><u>1,487,100</u></b>	<b><u>5,000</u></b>	Nil

**10.10 FUND BALANCE BROUGHT FORWARD**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	162,809,666	85,424,934
Cash equivalents (accounts payable)	(9,600)	971,776
Outstanding imprests and advances	18,190,600	25,905,250
<b>Total</b>	<b>180,990,666</b>	<b>112,301,960</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10.11 CHANGES IN RECEIVABLE**

Description of the error	2019 – 2020	2018 – 2019
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July 2019 (A)	18,190,600	25,905,250
Imprest issued during the year (B)	80,328,170	215,167,070
Imprest surrendered during the Year (C)	98,513,770	222,881,720
Net changes in account receivables D=A-( A+B-C)	<b>18,185,600</b>	<b>7,714,650</b>

**10.12 CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS**

Description of the error	2019 – 2020	2018 - 2019
	KShs	KShs
Accounts payable 1 <sup>st</sup> July 2019 (A)	9,600	-
Accounts payable during the year (B)	2,000	9600
Accounts payable paid during the Year (C)	9,600	-
Net changes in accounts Payable D= A-(A+B-C)	<b>7,600</b>	-

**10.13 PRIOR YEAR FIGURES**

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in financial statement presentation. The template for the financial 2019 – 2020 was changed and some figures for the previous year in the cash flow statement had to be reconfigured to conform to the new template. This affected the working for net cash flow from operating activities and specifically accounts receivables and payables which in turn affected the opening balances for net cash flow from operating activities, net increase in cash and cash equivalents and cash and cash equivalent at the beginning of the year.

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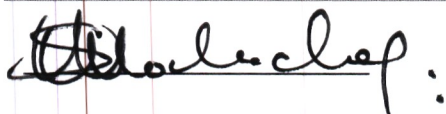
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11 PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

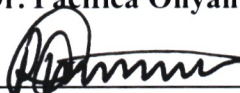
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unqualified Report	N/A	N/A	N/A	N/A



Principal Secretary  
 Susan N. Mochache

Date \_\_\_\_\_

Project Coordinator  
 Dr. Pacifica Onyancha

  
 Date 17/12/2020

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**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a%	
<b>Receipts</b>					
Proceeds from domestic and foreign grants	754,577,929	719,446,924	35,131,005	95%	The variance of 5% is due to challenges in exchequer receipts from treasury.
Miscellaneous receipts	-	2,494,829	(2,494,829)	-	
<b>Total Receipts</b>	<b>754,577,929</b>	<b>721,941,753</b>	<b>32,636,176</b>	<b>96%</b>	The variance of 4% is due to challenges in exchequer receipts from treasury and interest received from bank that had not been budgeted for .
<b>Payments</b>					
Compensation of employees	22,210,626	17,655,038	4,555,588	79%	The variance of 21% is due to transfer of an officer from the program to treasury.
Purchase of goods and services	732,367,303	373,861,508	358,505,795	51%	The variance of 49% is due to slow uptake of activities occasioned by delays in exchequer receipt as well as the interruption caused by Covid 19 outbreak which interfered with operations. This was also due to slow procurement process.
<b>Total payments</b>	<b>754,577,929</b>	<b>391,516,546</b>	<b>363,061,383</b>	<b>52%</b>	The variance of 48% is due to slow uptake of activities occasioned by delays in exchequer receipt and also due to a transfer of an officer from the program to treasury as well as interruption by Covid 19 outbreak.