


REPUBLIC OF KENYA



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 THE NATIONAL ASSEMBLY	
<b>REPORT</b>	
DATE:	15 NOV 2022
	DAY: Tuesday
TABLED BY:	Hon. Silvanus OSONO, MP
OF	Chief Whip Majority
CLERK AT THE TABLE:	Falima Suleiman

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL AIDS CONTROL COUNCIL**

**FOR THE YEAR ENDED  
30 JUNE, 2021**



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NATIONAL AIDS CONTROL COUNCIL  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDING  
30<sup>TH</sup> JUNE 2021

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

NATIONAL AIDS CONTROL COUNCIL  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

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**ABBREVIATIONS AND ACRONYMS**

ANC	Antenatal Care
AYP	Adolescent Youth Program
CAIPs	County AIDS Implementation Programs
CAPR	Committee AIDS Program Reporting
CoG	Council of Governors
GF	Global Fund
HAT	HIV AIDS Tribunal
KASF	Kenya AIDS Strategic Framework
KICD	Kenya Institute of Curriculum Development
NACC	National AIDS Control Council
NCD	Non-Communicable Disease
NGO	Non-Governmental Organization
PMTCT	Prevention of Mother to Child Transmission
PSASB	Public Sector Accounting Standard Board
SGBV	Sexual and Gender Based Violence

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background Information**

The National AIDS Control Council (NACC) was established under Section 3 of the State Corporations Act Cap 446 through the National AIDS Control Council Order, 1999 published vide Legal Notice No. 170 of 1999.)

The entity has its headquarters at the Landmark Plaza, Argwings Kodhek Road, Nairobi. It has 18 regional offices as shown below.

**Regional Offices**

REGION	COUNTIES	OFFICE PHYSICAL ADDRESS
REGION 1	Mombasa (Kilifi, Kwale., Taita Taveta)	County HQs, Uhuru Na Kazi Bldg, 7th Floor, Mombasa
REGION 2	Garissa (Lamu, Tana River)	Regional Commissioner's Office, 1st Floor, Garissa.
REGION 3	Wajir (Mandera)	Wajir East MOH Office, County Referral Hospital, 3rd Room.
REGION 4	Machakos. (Kitui, Makueni)	County Commissioner's, Office, Machakos.
REGION 5	Nairobi (Kajiado, Kiambu)	Nyayo Hse, 4th Floor, Nairobi.
REGION 6	Isiolo (Marsabit)	Isiolo North CDF Office, 1st Floor, Isiolo.
REGION 7	Meru (Tharaka Nithi, Embu)	Regional Coordinator's Office. Ground Floor, Room 18, Embu.
REGION 8	Nakuru (Narok, Bomet, Kericho)	Regional Coordinator's Office, Block A, 1st Floor. Nakuru.
REGION 9	Kisi (Nyamira)	Ministry of Planning & Devolution. Kisii.
REGION 10	Homabay (Migori)	County Commission Office, Homabay.
REGION 11	Kisumu (Siaya)	Nyanza Regional HQs, 6th Floor, Room C.
REGION 12	Busia. (Bungoma)	Department of Immigration Bldg, 1st Floor.
REGION 13	Vihiga (Kakamega)	Western Regional Commissioner's Office, 2nd Floor, Block B, Room 74, Kakamega.
REGION 14	Turkana	IEBC Offices Opposite, Huduma Centre Turkana.
REGION 15	West Pokot (Trans Nzoia)	County Commissioner's Bldg, 2nd Floor, Room 3, Trans Nzoia.
REGION 16	Baringo (Elgeyo Marakwet, Uasin Gishu, Nandi)	County Commissioner's Office, 2nd Floor, Room 210, Eldoret.
REGION 17	Nyeri (Kirinyaga, Murang'a)	County Commissioner's Bldg, Annex A Nyeri.
REGION 18	Laikipi (Nyandarua, Samburu)	Nyandarua Bldg, Nyahururu Post Office 1st Floor, Nyahururu.

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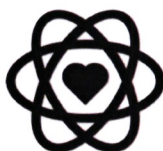
## **Our Vision**

To be a responsive authority in the multi-sectoral coordination of the national HIV and AIDS Response.



## **Our Mission**

To provide Policy and Strategic Framework for mobilizing and coordinating resources for the prevention of HIV transmission and provision of care and support to the infected and affected people in Kenya.



## **Our Values**

### **Integrity**

We commit to act with honesty, fairness, and transparency in everything we do

### **Professionalism**

We commit to uphold ethics and high standards of excellence in all our day-to-day operations

### **Accountability**

We commit to being responsive and accountable for the services we provide and resources at our disposal to ensure an optimally coordinated HIV response

### **Diversity**

We desire to work with and serve all without discrimination, fear or favour on account of race, tribe, gender, HIV status, sexual orientation or affiliation

### **Flexibility**

We commit to change and be adaptable to disease patterns and attendant responses

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**b) Principal Activities**

The National AIDS Control Council is a Not-for-Profit, semi-autonomous government organization that is mandated to coordinate all the stakeholders involved in various forms of HIV response in Kenya.

**c) The Mandate of the National AIDS Control Council**

- i. Develop strategies, policies, and guidelines for the prevention and control of HIV
- ii. Mobilize resources and provide grants to implementing partners in HIV response
- iii. Coordinate and supervise the implementation of the HIV programs in the country
- iv. Identify and address sector-specific training needs and device appropriate workforce development strategies
- v. Facilitate the setting up of effective sectoral programs for the management and control of HIV
- vi. Mobilize stakeholders, including state and non-state actors to participate in the prevention and management of HIV response
- vii. Develop national management information systems for the HIV response
- viii. Develop appropriate mechanisms for the monitoring and evaluation of HIV and sexually transmitted infections programs
- ix. Lead in the advocacy and public relations for the HIV response and the Council's programs

**d) Key Management**

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

- i) NACC Council
- ii) Chief Executive Officer
- iii) Management

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**e) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer	<b>Dr. Ruth - Laibon Masha</b>
2.	Deputy Director, Finance & Administration	<b>Mr. Kamuren Dennis K.</b>
3.	Ag. Deputy Director, Finance & Administration	<b>CPA, CS, Kenneth O. Nyamolo</b>
3.	Deputy Director, Policy, Monitoring and Research	<b>Mr. John Kamigwi</b>
4.	Deputy Director, Coordination and Support	<b>Dr. Emmy J. Chesire.</b>

**f) Fiduciary Oversight Arrangements**

The Council through its Committees and the Secretariat has put in place systems aimed at enhancing governance, transparency, and accountability. The Council has four committees as listed below:

- i) Executive Committee,
- ii) Finance and Administration Committee,
- iii) Programmes Committee,
- iv) Audit, Risk and Compliance Committee

A detailed description of the roles, functions and composition of these committees is found under the section on Corporate Governance.

**g) NACC Headquarters**

Landmark Plaza, 9<sup>th</sup> Floor  
Argwings Kodhek Road  
P.O. Box 61307,  
Nairobi, KENYA

**h) NACC Contacts**

Telephone: (254) 20 2896 000  
E-mail: [communication@nacc.or.ke](mailto:communication@nacc.or.ke)  
Website: [www.nacc.or.ke](http://www.nacc.or.ke)

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**i) NACC Bankers**

- i) Citibank N.A, Upper Hill Branch, P.O. Box 30711-00100, Nairobi, Kenya
- ii) ABSA Bank of Kenya Ltd, Bunyala Road Branch, P.O. Box 18060, Nairobi, Kenya
- iii) Standard Chartered Bank Ltd, Kenyatta Avenue Branch, P.O. Box 40310, Nairobi, Kenya
- iv) NCBA Bank Ltd, NIC House Branch, P.O. Box 44599-00100, Nairobi, Kenya
- v) Co-operative Bank Ltd, Upper Hill Branch, P.O. Box 30415-00100, Nairobi, Kenya

**j) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084 - 00100  
GPO, Nairobi, Kenya

**k) Principal Legal Adviser**

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

# NATIONAL AIDS CONTROL COUNCIL

## ANNUAL REPORT AND FINANCIAL STATEMENTS

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#### THE COUNCIL



**Dr. Ole Mapelu Zakayo**  
**Board Chairperson**

**DOB: 1960**

**Appointed: March 25, 2022**

Dr. Ole Mapelu Zakayo is the Chairperson of the Council. Dr. Mapelu holds a Ph.D in Strategic Management from Jomo Kenyatta University of Agriculture and Technology. He also holds a Diploma in Law from the Kenya School of Law, a Bachelor of Laws from the University of London, a Master of Business Administration from United States International University, Kenya and a Bachelor of Arts from the University of Nairobi. He brings the Council a wealth of experience, having worked and held different senior positions in public and private sectors. Dr. Mapelu previously worked at the Kenya Airports Authority as the General Manager and East Africa Portland Cement as the Chief Executive Officer. He was also the Chief Executive Officer at the European Commission – Tourism Trust Fund. He is an advocate of the high court of Kenya and is currently a part-time lecturer at

the Jomo Kenyatta University of Agriculture and Technology.

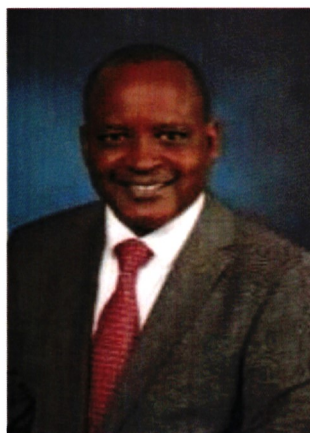


**Dr Ruth Laibon-Masha (PhD)**  
**Board Secretary/Chief Executive**

**DOB: 1976**

**Appointed: September 15, 2020**

Dr. Masha has a wide-ranging experience in HIV, human rights, gender, sexual, and reproductive health programs gained from more than 20 years of experience as a public health expert at the national, regional, and global levels. Before her appointment, she served at the Kenya and Geneva offices of the United Nations Joint Programme for HIV and AIDS, ActionAid International, Engender Health and Family Health Options of Kenya. Dr. Masha holds a PhD in Public Health from Jomo Kenyatta University of Agriculture and Technology and a Master of Science in Public Health.



**Mr. Moses Njeru Mbaruku - Alternate Board Member to the Principal Secretary, Ministry of Health**

**DOB: 1966**

**Appointed: May 25, 2020**

Mr. Mbaruku is an experienced administrator, having served in various government administrative positions, rising to his current rank of Secretary Administration in the Ministry of Health. He has led several initiatives to respond to various community issues, including the improvement of community action towards prevention and treatment, care and support for people living with or affected by HIV. Mr. Mbaruku holds a Bachelor of Arts degree in Sociology and Swahili, a Master of Business Administration degree in Entrepreneurship. He is currently a PhD candidate in Leadership and Governance at Jomo Kenyatta University of Agriculture and Technology. Mr. Mbaruku is a member of two committees: Human Resource and Administration; Finance and Resource Mobilization.

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**Mr. Patrick Irungu Macharia - Alternate Board Member to the Principal Secretary, The National Treasury**

**DOB: 1976**

**Appointed: July 17, 2020**

Mr. Macharia holds a bachelor's degree in Economics from Kenyatta University, and is currently pursuing an MA degree in Economics at the University of Nairobi. As Principal Economist in the Public Debt Management Office at the National Treasury, he is tasked with planning, budgeting, and tracking the implementation of foreign financed projects among other key responsibilities. Currently, he is handling the World Bank Portfolio. He has over 13 years of experience in the Public Service on development planning and financial matters. Mr Macharia serves on the Board of Marumi Secondary school in Murangá County and is a member of the NACC Audit, Risk and Compliance Committee.

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**Mr. Mark Joseph Obuya EBS, MCI Arb - Independent Member**

**DOB: 1957**

**Appointed: May 10, 2021**

Mr. Obuya is an advocate of the High Court of Kenya, arbitrator, certified trustee, chartered insurer, and a Patent Agent. He is a seasoned commercial lawyer, finance and insurance professional with over 25 years of experience in leadership with a thorough knowledge of corporate law, alternative dispute resolution mechanisms, medical law, intellectual property law, procurement law, corporate governance, financial markets, investments, labour laws and social security. He has served as President of the Federation of Kenya Employers, Chairman of the Association of Kenya Insurers, Chairman of the Insurance Institute of Kenya, board member National Bank of Kenya and serves on the Board of Trustees of the National Social Security Fund. Mr. Obuya chairs the NACC Audit, Risk and Compliance Committee. He is also a member of the Human Resource and Administration Committee.

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**Dr. Lorna K. Sangale - Independent Member**

**DOB: 1952**

**Appointed: May 10, 2021**

A holder of a Bachelor of Medicine and Bachelor of Surgery degree (MBChB) from Nairobi University. Dr. Sangale has over forty years of medical practice experience. She has served on various boards dealing with diverse healthcare issues, including the Child Fund, Vision 2030 Delivery Board, Women Corporate Directors - Kenya Chapter: East African Academy of Aesthetic Medicine, the Nairobi Hospital, Gertrude Children's Hospital and Mater hospital. A renowned Healthcare Management professional, Dr. Sangale has a fellowship from the royal college of surgeons of Ireland and DARCS from England. She is a member of the Kenya Institute of Management, Kenya Medical Association, and the American Academy of Aesthetic Medicine.

Dr. Sangale is the Chair of the NACC Human Resource and Administration Committee. She is also a member of the Audit, Risk and Compliance committee.

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**Ms. Lucy Ghati - Independent Member**

**DOB: 1975**

**Appointed: May 10, 2021**

Ms. Ghati has worked with and for people living with and affected by HIV for over two decades and has vast experience in rights-based programming, capacity assessment and strengthening, resource mobilization and community HIV outreach programs. She previously worked at KELIN and the NEPHAK. Before her appointment, she has served in various national and international technical working groups and representative groups for HIV response. She heads the International Community of Women living with HIV and AIDS – Kenya Chapter. Ms. Ghati also serves in the AVAC- AIDS Vaccine Advocacy Coalition board and is a member of the Multi-Stakeholder Task Team on Community-led AIDS Responses of UNAIDS. Ms. Ghati holds Master's degree in Education and a post-graduate diploma in project management. She is the Chair of the Strategy & Programmes Committee and a member of the Finance and Resource Mobilization Committee.



**Mr. Geoffrey Mbirua Gitu - Independent Member**

**DOB: 1963**

**Appointed: May 10, 2021**

Mr. Gitu has finance, management and strategy development experience in public and private sectors spanning over thirty years. Most notably, he had designed and implemented various strategies for the Food and Agriculture Organization (FAO), the Kenya Tea Development Agency (KTDA), the European Union Business Assistance Scheme and the Ministry of Finance. Mr. Gitu is also a board member of Dr. Kiano Secondary School, Kibutha High School and Chairperson of the Board of Governance of Kanyenyaini Secondary School as well as the Chairman of Kangema FM 106.5. He holds a Bachelor's in Commerce and Master of Commerce from Indore University of Science and Technology and Rajasthan State University. Mr. Gitu is the Chair of the Finance and Resource Mobilization Committee and is also a member of the Strategy and Programmes Committee.

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**MANAGEMENT TEAM**



**Dr. Ruth Laibon – Masha (PhD)**  
**CEO, National AIDS Control Council**  
Doctor of Philosophy in Public Health, Master of Science Public Health.



**Mr. Reuben T. Musundi**  
**Head, Stakeholders' Coordination**  
Master of Arts in Project Planning and Management, Bachelor of Science Degree, Post Graduate Diploma in Community Development and Project Management and Certificate in HIV and AIDS monitoring.



**Dr. Emmy J. Chesire.**  
**Deputy Director, Coordination and Support**  
Doctor of Philosophy in Public Health, Master of Public Health in Community Health and Nutrition, Master of Education in Primary Healthcare.



**CPA, CS, Kenneth O. Nyamolo.**  
**Ag Deputy Director Finance and Administration**  
Master of Business Administration (Finance), Bachelor of Law (LLB-UoN)-1st Class Honours, Bachelor of Environmental Studies (1st class Honours), a member of the Institute of Certified Public Accountants of Kenya (ICPAK), a member of the Institute of Certified Public Secretaries of Kenya (ICPSK), an Accredited Governance Auditor and a member of the Legislative Affairs Sub-Committee of the Public Policy and Governance at ICPAK and Finance and Strategy Committee at ICPSK

**Mr. John Kamigwi Mwangi. Deputy Director, Policy, Monitoring & Research.**  
Master of Economics and Social Studies (Health Planning & Development), Bachelor of Philosophy (Economics) and Bachelor of Arts (Economics)

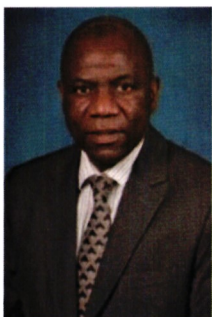


**Mr. Edwin Chumo Kimutai**  
**Head, Performance Management**  
Master of Public Health and Epidemiology, Advanced management and leadership, Dip. in Environmental Health Sciences, ISO Lead Auditor



**Mr. Gregory Weere**  
**Head, HR and Administration**  
Master of Arts, Industrial and Health Psychology, Bachelor of Arts, Political Science and Public Administration Honours in Psychology, Higher Dip. in Human Resource Management, Post Graduate Dip. in Guidance and Counselling and Full Member IHRM (K).

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**Mr. Clauder N. Musi**  
**Head, Procurement**  
Master of Commerce, Bachelor of Commerce, Advanced Dip. in Purchasing and Supply (CIPS).



**Mr. Joshua M'Maita Gitonga**  
**Head, Monitoring and Evaluation**  
Master's in Public Health and Epidemiology, Higher Dip. in Public Health Education and Promotion.



**Dr. Celestine Mugambi**  
**Head, Technical Support**  
Master of Science, Infectious Diseases, Bachelor of Medicine & Surgery



**Ms. Fridah Ndinda Muinde**  
**Head, Research**  
Master of Public Health Degree from Kenyatta University, Bachelor Degree in Nursing (BSc N)



**Mr. Gabriel Mutembei Nkari**  
**Head, Internal Audit**  
Master of Business Administration, Finance, Bachelor of Commerce (Accounting option), CPA, ICPAK, Member of Institute of Internal Auditors



**Ms. Caroline Nkatha Kinoti**  
**Head, County Support**  
Master of Public Health and Epidemiology, Bachelor of Education



**Josephine Karambu Kaberia**  
**Head, Costing and Expenditure Analysis**  
Master of Science in Finance and Investments, Bachelor of Commerce (Finance), Certified Public Accountant



**Mr. Geoffrey Obonyo**  
**Head Policy and Strategy**  
Master of Arts in Economics, Bachelor of Arts (Economics Major).

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**Mr. Alex Kariuki Migwi**  
**Head, Management**  
**Information Systems**  
Master of Arts in Project  
Planning and  
Management, Bachelor of  
Science, Information  
Technology, Professional  
certifications in CCNA,  
MCSE, ITIL, PRINCE2,  
MCSDT and CompTIA  
Project+



**Ms. Njeri Kimuri,**  
**Head Legal Services**  
Master of Laws (LLM)  
Degree in International  
Law & World order,  
Bachelor of Laws Degree  
(LLB), Postgraduate  
Diploma in law, Advocate  
of High of Kenya.



CPA Simon Macharia  
Ag. Head Finance  
Master of Business  
Administration (Finance)  
and Bachelor of Arts  
(Economics), CPA, a  
member of ICPAK) and  
ISACA

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**CHAIRPERSON'S STATEMENT**



The National AIDS Control Council is mandated to coordinate and supervise stakeholders engaged in a multi-sectorial AIDS response. The council provides policy and strategic direction, mobilizes resources and provides technical assistance while monitoring the progress made.

During the reporting period, the COVID-19 pandemic caused disruption in health care services, including delivery of and access to HIV services. The number of people tested for HIV amongst the general population reduced by 45% from 7,189,484 in 2019 to 3,931,839 in 2020. The programme provided other service platforms which minimized the impact of COVID-19 to HIV services.

In recent years, external funding for technical and financial support for strategic public health programs, including for the HIV have been on a decline. This has been attributed to several factors including lowering of Kenya's economic status to a middle -income status. Despite this, The National AIDS Control Council mobilised USD 415, 310, 170 from Global Fund to support HIV, Tuberculosis and Malaria programming in Kenya between 2021 and 2023. In addition, the country received USD 382,939,000.00 from the President's Emergency Plan for AIDS Relief under the Country Operational Plan (2021). In this reporting period, 30 (7%) out of the 411 Implementing Partners reported spending of KES 15.09 billion.

The NACC is mandated to oversee the collection, analysis, and dissemination of data for evidence-based decision making. The NACC leveraged on the Kenya HIV and Health Situation Room to include monitoring of other diseases including COVID-19.

Kenya is committed to ending AIDS by 2030. The country honoured its global reporting obligation on the progress made in the HIV response. In the FY 2019/2020, the 2020 Global AIDS Monitoring (GAM) Report was developed, validated, and submitted. In addition, Kenya developed the 2020 HIV Estimates Report which was submitted at the national, regional and global levels.

The NACC, in collaboration with the HIV and AIDS Tribunal (HAT) established four (4) teleconferencing facilities in Nairobi, Mombasa, Kisumu, and Nyeri Counties to accelerate the hearing of cases of discrimination against People Living with HIV and to serve as satellite courts, taking delivery of services closer to the people. Fourteen (14) cases were heard in January and February 2021, 5 of which were determined by April 2021. The NACC sensitized community

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representatives from Kisumu, Vihiga, Nyandarua, Nyamira, Bomet, Narok and Baringo Counties on the HIV tribunal and human rights, including the HIV and AIDS Prevention and Control Act.

The NACC is a key partner of the Beyond Zero Initiative, established by Her Excellency Margaret Kenyatta, the First Lady of the Republic of Kenya, to champion Kenya's readiness for validation for the elimination of mother to child transmission of HIV and syphilis. To set Kenya on the path to elimination, a delegation led by the Cabinet Secretary in the Ministry of Health visited Cuba on a learning mission in June 2021 to study the Cuban model of addressing HIV among children. Cuba success was validated by the World Health Organization.

The 6th Maisha HIV and AIDS Conference was held between 14th and 16th June 2021 in Nairobi with the theme '*Towards the last mile: Resilience and innovation*'. The conference brought together over 1000 scientists, programmers, and other stakeholders to share their expertise in responding to HIV, COVID-19 pandemic, research, community-led interventions, technology, sustainable financing, multi-sectoral involvement, and the building of resilient health systems.

The NACC would like to thank staff and all stakeholders for their contribution in the HIV response.

**Dr. Ole Mapelu Zakayo**

  
**Board Chairperson**

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representatives from Kisumu, Vihiga, Nyandarua, Nyamira, Bomet, Narok and Baringo Counties on the HIV tribunal and human rights, including the HIV and AIDS Prevention and Control Act.

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The NACC would like to thank staff and all stakeholders for their contribution in the HIV response.

**Dr. Ole Mapelu Zakayo**

  
**Board Chairperson**

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**REPORT OF THE CHIEF EXECUTIVE OFFICER**



The National AIDS Control Council is responsible for the development of national strategies, policies and guidelines for the prevention and control of HIV. The NACC led stakeholders in developing the Kenya AIDS Strategic Framework II (KASF II) 2020/21 – 2024/25. In addition, the NACC spearheaded the development of County AIDS Implementation Plans that will inform county level HIV interventions. A Faith Sector Action Plan to guide awareness among faith communities was also developed.

The NACC supported the COVID 19 pandemic response through resource mobilisation, including coordinating partners to raise KES 2,302,849,337 for provision of technical assistance in Machakos, Kitui, Makueni, Kajiado, Mombasa, Kwale, Kilifi, Tana River, Lamu, and Taita Taveta counties to assess their preparedness to respond to COVID-19 in the context of Universal Health Coverage. The NACC served as member of the COVID 19 National Emergency Response Committee and the Interfaith COVID-19 Response Committee. HIV and COVID-19 messages were developed and distributed to over 4 million people, 72,950 vulnerable persons, including Persons Living with HIV, the chronically ill were identified and linked to the COVID 19 Relief Programme. The NACC distributed 27,534 Maisha Packs (Food, Hygiene Materials, Sanitary packs, and Masks) to vulnerable households and sub-populations.

During this reporting period, the NACC explored opportunities to increase HIV resources. The Council piloted the implementation of guidelines to harness resources allocated to infrastructure projects in four counties including Mombasa, Meru, Marsabit, and Kitui. By the end of the reporting period, 83 infrastructure projects had implemented the guidelines. In addition, a total of KES 210,315,000 was allocated for HIV programs by the county governments. Kakamega county passed legislation to ring-fence HIV resources in their budget. Other resources mobilized included: USD 500,000 from Georgetown University and Bill and Melinda Gates Foundation to support Local Community-Centered Interventions. Other community-led interventions included training of 8,652 Women Living with HIV to serve as mentor mothers within health facilities. Partner reporting rates at the community level declined for 61% in FY 2019/20 to 49% in FY 2020/21. This was attributed to COVID-19 restrictions.

In fulfilling its mandate of the development of national management information systems for the HIV response, NACC in partnership with county governments, developed an excel-based cascade

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### **FOR THE YEAR ENDED JUNE 30, 2021**

generation tool and accompanying user manual for monitoring HIV prevention interventions. HIV prevention cascades were piloted in the three counties of Kiambu, Kilifi, and Kisumu.

The Maisha Certification Program aims at promoting the provision of HIV services in workplaces. During the reporting year, HIV workplace programmes reached 265,536 employees and their family members with HIV testing and screening of communicable and non-communicable diseases. In the reporting period, the NACC certified 284 of 280 Ministries, Department and Agencies of government, as being HIV responsive. Given low condom use in Kenya, the NACC committed to increasing condom outlets in non-health settings by 25 % during this financial year. A total of 921 condom dispensers were installed in eleven counties of Kajiado, Homabay, Kwale, Meru, Muranga, Kitui, Taita Taveta, Garissa, Bungoma, Bomet and Vihiga counties, increasing condom outlets from 3690 to 4611 across the country. The NACC distributed a total of 40,393,996 condoms in non-health settings in all 47 counties.

The National AIDS Control Council engaged various media platforms to disseminate tailored messages on HIV, Universal Health Coverage and COVID-19. A total of 25,000,000 against a target of 20,000,000 people were reached with such messages. The NACC also organized 8 interactive TV forums reaching over 8,000,000 viewers. These were complemented with varied Information Education and Communication materials with messages on Covid 19 prevention reaching an estimated 10,000,000 people.

The NACC, in partnership with the Kenya Institute of Curriculum Development, Ministry of Education and in collaboration with the Ministry of Health, jointly implemented COVID-19 Infection Prevention Control for preparing teachers as schools re-opened. Schools COVID-19 protocols were developed with 8,320 teachers being trained. In addition, 20 themed TV messages were broadcasted through the Kenya Institute of Curriculum Development (KICD) EDU TV channel.

To address the HIV among adolescents, the NACC developed a curriculum and training materials on comprehensive Sexuality and Gender Based Violence and HIV prevention responses for vocational training. Maisha Youth County Chapters in 46 counties were operationalized reaching 294,058 adolescents and young people through peer-to-peer engagement. An additional 25,000,000 were reached through mass media platforms. In addition, 98 community gatekeepers from 4 sub-counties in Taita Taveta and Baringo County were trained to address Sexual and Gender Based Violence, Teenage pregnancies, early marriages, FGM and unskilled birth attendance. The NACC, the National AIDS Control Council, in partnership with the Ministry of Transport, State Department of Fisheries, National Boda Boda Association and beach management units, also supported inter-

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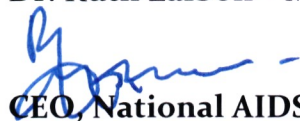
**FOR THE YEAR ENDED JUNE 30, 2021**

personal engagement with Motorbike riders and fisherfolk. 226,021 young boys and men were reached with HIV prevention and wellness services to facilitate access to HIV information and services. Over 12,530 motorbike riders and fisherfolk were reached with a comprehensive HIV prevention information package including HIV testing in the counties of Kiambu, Kilifi, Kwale, Homabay, Migori, Kisumu and Lamu.

In the Faith Sector, 55 chaplains from primary and secondary schools across counties were sensitized on the Community Activity Programs Reporting tool and linked with the State Corporations Advisory Committee. Over 15,330,013 congregants were reached with messaging on HIV prevention, stigma reduction and sexual and gender-based violence. Close to 7 million of congregations were reached with COVID 19 messaging through engagement of media channels, churches, and mosques. A total of 39,105 HIV self-testing kits were distributed through congregations with 1,224 people tested positive and linked to care.

We wish to acknowledge with gratitude the financial and technical contribution of various partners to the NACC in achieving its objectives, and their support of the HIV response in Kenya

**Dr. Ruth Laibon – Masha**



**CEO, National AIDS Control Council**

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**STATEMENT OF NACC'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

NACC has seven Key Result Areas (KRAs) and objectives within its Strategic Plan for FY 2014-2019 extended to 2020/2021. These KRA's are as follows:

**KRA 1:** Policy, strategies and guidelines.

**KRA 2:** Resources mobilisation.

**KRA 3:** Stakeholder coordination and effective sectoral programmes

**KRA 4:** Technical support and capacity building

**KRA 5 :** Strategic Information

**KRA 6:** Public education communication and advocacy

**KRA 7:** Institutional capacity to deliver its mandate strengthened

NACC develops its annual work plan aligned to the seven KRAs. Performance review against the workplan is done on a quarterly basis. The NACC Key achievements against the targets for the FY 2020/2021 is outlined on Table below

<b>Strategic Pillar</b>	<b>Objective</b>	<b>KPI</b>	<b>Activities</b>	<b>Achievements</b>
<b>RA 1: Policy and Strategy Development</b>	To develop robust strategies, policies and guidelines for the prevention	Number of policies developed	Mobilise and coordinate stakeholders to develop the national framework and County level operational plans	Kenya AIDS Strategic Framework II (2020/2021-2024/2025) developed and launched

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<b>Strategic Pillar</b>	<b>Objective</b>	<b>KPI</b>	<b>Activities</b>	<b>Achievements</b>
	and control of HIV		for the HIV response.	47 County AIDS Implementation plans. Comprehensive HIV curriculum for TVE; Faith Sector Action Plans  Guidelines for Meaningful Engagement of people living with HIV developed
<b>KRA 2 Resource Mobilisation</b>	To mobilize sufficient resources for a sustainable HIV response	Resources mobilised to sustain the HIV response	Resource gaps identified and funding proposals developed for domestic and external resources.	NACC led and coordinated stakeholders to mobilise KES 24 billion for HIV, TB and malaria for 2021-2023 from the Global Fund; 30 of 411 implementing partners reported an investment of KES 15 billion US government committed 38 billion for the HIV response under country operational plan for 2021. Kes 50 million from Bill and Melinda Gates Foundation through Georgetown
<b>KRA 3 Stakeholders mobilised and effective sectoral programmes in place</b>	To mobilise and coordinate multi-sectoral stakeholder to implement effective sectoral HIV programmes	National and County level multi-sectoral coordination groups established with clear terms of reference and reporting tools	Quarterly national and county level HIV coordination committees meeting conducted to monitor progress in programme implementation	A total of 178 quarterly meeting held across the counties and at the national level Increase in resource allocation by 127% between 2016/2017 FY and 2020/2021FY for HIV and wellness centres with MDAS
<b>KRA 4 Technical Support and capacity building</b>	To identify stakeholder needs and build technical capacities	Training and certification of institutions	280 Ministries, Department and Agencies complete Maisha certification training processes	284 successfully trained and reports received at the NACC through the performance contracting processes

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<b>Strategic Pillar</b>	<b>Objective</b>	<b>KPI</b>	<b>Activities</b>	<b>Achievements</b>
<b>KRA 5 Strategic Information</b>	To provide evidence based strategic information for the management of the HIV response	NACC digital reporting systems functional (Situation Room, HIV implementing partners Online Reporting; Community Based Activity Programs Reporting	Training of staff and stakeholders on the use of NACC Strategic information online tools Data collection and collation Develop evidence based statutory reports	509 staff and stakeholders trained HIV progress reports: HIV estimates report developed and submitted at the national, regional and global levels
<b>KRA 6 Public education, communication, and advocacy</b>	To stem new HIV infections, promote access to treatment and reduce HIV related stigma and discrimination	Reduce new infections among adolescents and young people 15-24yrs by 40% baseline of 2016;	Tools and programmes to effectively reach adolescents and young people; and on HIV	New HIV infections and young people reduced by 60 percent from 35,776(2015/2016) to 14,420(2020/2021) 47 chapters of adolescent and young people established to cascade a peer-to-peer education model with effective monitoring tools established
		Eliminate mother to child transmission of HIV and syphilis;	National Steering committees established; Beyond Zero Medical Safaris	48,071 Kenyans accessed screening services, surgical repairs and testing for cancer, HIV, obstetric fistulae through Beyond Zero medical safaris
		Reduce AIDS related deaths, stigma and discrimination	Support networks of people living with HIV to promote HIV testing and access to treatment	Estimated AIDS related deaths reduced from 35,821(2015/2016 to 20,997 (2020/2021)

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Strategic Pillar	Objective	KPI	Activities	Achievements
			Access to Justice systems strengthened	4 teleconferencing facilities for the HIV Tribunal supported (Nairobi, Mombasa, Kisumu and Nyeri) 14 cases heard and 4 completed.
			Faith sector engaged to address HIV stigma; and discrimination;	4,723 of religious leaders to address congregational stigma and discrimination.
			Leaders sensitise to educate the public;	98 Chiefs and community elders from Taita Taveta and Baringo Counties convened to address HIV, SGBV and teenage pregnancies.
			Mass media communication	Estimated 15 million Kenyans were reached with messaging on HIV prevention, stigma reduction, Sexual and Gender Based Violence through diverse communication channels.
<b>KRA 7 Institutional Capacity</b>	To strengthen institutional capacities to deliver on core mandate	Number of staff trained and supported with effective tools to deliver on mandate	Trainings; installation of Enterprise Resource Planning (ERP) Re-certification to ISO 9001:2015	45 staff trained on various Continuous Professional Development courses NACC completed the establishment of Enterprise Resource Planning Systems and automated all key functions NACC applied for re-certification and trained 6 lead auditors NACC communication crisis protocol developed.

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**CORPORATE GOVERNANCE STATEMENT**

**Statement of Compliance**

The NACC Board is committed to principles of good corporate governance. The country provided effective, efficient, professional, transparent and equitable services that comply with all applicable laws. The principles and standards adhered to by the Board have been developed with close reference to the Mwongozo: The Code of Governance for State Corporations and guidelines on corporate governance issued by the State Corporations and Advisory Committee (SCAC). In compliance particularly to Mwongozo, the Legal notice 170 of 1999 was amended and the NACC (Amendment) Order, 2021 was published on 31st March, 2021 vide Legal Notice No.36 of 2021. This amendment order enabled the NACC to comply to the Mwongozo code of conduct

The NACC has undergone numerous surveillance and internal audits that have ascertained its continued compliance to international quality standards and enhanced service delivery and customer satisfaction. The NACC was certified ISO 9001:2015 Quality Management System (QMS) compliant in August 2017 and recertified in April 2021.

**Process of Appointment of Directors**

During the year under review the NACC (Amendment) Order was enacted in March 2021 and the Board transitioned from thirteen (13) to nine (9) directors out of whom four (4) are independent non-executive directors including the Chairman and one director represents persons living with HIV. The Board also includes the Principal Secretaries to the National Treasury, the Ministry of Health and the Honorable Attorney General. The Board composition brings together members from different professional backgrounds with diverse skills and competencies. The directors' biographies are shown from page seven (7).

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NATIONAL AIDS CONTROL COUNCIL BOARD OF DIRECTORS 2020/2021 UPTO MARCH 2021

No.	NAME	Designation
1.	Ms. Angeline Yiamiton Siparo	Chairperson
2.	Dr. Ruth Laibon-Masha (PhD)	CEO/Secretary
3.	Mr. Moses Mbaruku	<b>Alternate Member to The</b> Principal Secretary, Ministry of Health
4.	Mr. Vincent Matioli	<b>Alternate Member to The</b> Principal Secretary, Ministry of Devolution and Planning
5.	Mr. Kangethe Thuku	<b>Alternate Member to The Principal Secretary, Ministry of Interior and Coordination of National Government</b>
6.	Mr. Patrick Macharia	<b>Alternate Member to The</b> Principal Secretary, The National Treasury
	Mr. Alfayo Mogaka	<b>Alternate Member to The</b> Principal Secretary, The National Treasury <b>for Audit Committee only</b>
7.	Rev. Canon Dr. Rosemary Mbogo	<b>Independent - Alternate Member to Chairperson, National Council of Churches of Kenya,</b>
8.	Ms. Jacinta Mutegi	<b>Independent - Alternate Member to The</b> Chairman Kenya Conference of Catholic Bishops
9.	Mr. Lattif N. Shaban	<b>Independent - Alternate Member to The</b> Chairman, Supreme Council of Kenya Muslims
10.	Ms. Dorothy Onyango, OGW	<b>Independent-</b> Executive Director, Women Fighting AIDS in Kenya,
11.	Mrs Rahab Mwikali Muiu, HSC	<b>Independent - National Chairperson, Maendeleo Ya Wanawake Organization</b>
	Mrs. Elizabeth Mayieka	<b>Independent - Alternate Member to National</b> Chairperson, Maendeleo Ya Wanawake Organization
12.	Mr. Mark Joseph Obuya	<b>Independent - Designated representative, Federation of Kenya Employers</b>
13.	Dr. Stella K. Njagi	<b>Independent</b>

## NATIONAL AIDS CONTROL COUNCIL NEW BOARD OF DIRECTORS 2020/2021 APPOINTED IN MAY 2021

No.	NAME	Designation
1.	Ms. Angeline Yiamiton Siparo	<b>Chairperson</b>
2.	Dr. Ruth Laibon-Masha (PhD)	<b>CEO/Secretary, National AIDS Control Council</b>
3.	Mr. Moses Mbaruku	<b>Alternate Member to The</b> Principal Secretary, Ministry of Health
4.	Mr. Patrick Macharia	<b>Alternate Member to The</b> Principal Secretary, National Treasury
5.	Ms. Caroline Amondi	<b>Alternate Member to The</b> Attorney General
6.	Mr. Mark J. Obuya	<b>Independent Member</b>

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No.	NAME	Designation
7.	Mr. Geoffrey M. Gitu	Independent Member
8.	Dr. Lorna K. Sangale	Independent Member
9.	Ms. Lucy Ghati	Independent Member

**Role and Functions of the Board**

The Board is responsible for the overall strategic direction and operational guidance of the Council. In this regard and as per Mwongozo, the responsibilities of the Board include:

- 1) Determining the organization’s mission, vision, purpose and core values.
- 2) Setting and overseeing the overall strategy and approving significant policies of the organization.
- 3) Ensuring that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its stakeholders.
- 4) Ensuring that the NACC strategy is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- 5) Approving the organizational structure and annual budget.
- 6) Monitoring the organization’s performance and ensure sustainability.
- 7) Appointing the CEO and Senior Management Staff.
- 8) Ensuring effective communication with stakeholders
- 9) Enhancing the corporate image of the organization.
- 10) Ensuring availability of adequate resources for the achievement of the organization’s objectives.

**The Board Charter**

The Board has developed and adopted a Board Charter that defines the governance parameters within which the board exists and operates, sets out specific responsibilities and functions of the board and its committees. The Board periodically reviews its Board Charter.

**Board Induction, Training and Evaluation**

The Board ensures members are inducted and their skills and knowledge continually developed to enhance effectiveness. Upon appointment to the Board, new Members are inducted to the NACC’s mandate and operating environment. Training needs assessments are conducted by the Board to determine capacity gaps. The Board undertook an annual evaluation for FY 2020/21 to assess its performance, efficiency and effectiveness. The annual self-assessment is aimed at improving members’ individual and collective performance for continuous growth and sustainability of the Organization. The evaluation exercise was facilitated by the State Corporations Advisory Committee (SCAC) and the Board attained an overall score of 82.4%. During the year, members also attended

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a training on Mwongozo to equip the Board with the necessary skills for effective discharge of their mandate.

#### **Board Remuneration**

The Board's remuneration is as per the policies developed by the Government for State Corporations. The members are paid for every meeting ended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement while on duty. Members are also provided with a medical cover. The Chairperson is paid an honorarium and airtime allowance as applicable.

#### **Compliance with Laws and Regulations**

The NACC is committed to executing its mandate in full compliance with the Constitution of Kenya, all applicable laws and regulations and in line with accepted national and international standards, as well as the internal policies of the organization. To this end, the NACC carries out annual compliance audits and independent legal audits, with the objective of establishing the level of adherence to applicable laws, rules, regulations and standards.

#### **Conflict of Interest**

The NACC is committed to establishing and maintaining high standards of integrity and ethical conduct among its Board members and employees in discharge of their roles and responsibilities. Directors and staff have a statutory duty to situations personal of conflict with the interests. A Conflict-of-Interest Policy is in place to provide clear guidance.

#### **Ethics and Conduct**

The Board is committed to ensuring that ethics and integrity remain at the core of the NACC's operations. To this end, the NACC Code of Conduct and Ethics is in place to establish standards of integrity and ethical conduct among staff and board members.

#### **Other Policies**

Other policies include the Whistle blowing policy, Gift Policy, Corporate Social Responsibility Policy, Complaints Policy, Information Communication and Technology Policy, Procurement Policy and Corruption prevention policy.

#### **Risk Management**

The Board has ensured the development of a policy on risk management which considers sustainability, ethics and compliance risks. The Board monitors the implementation of this policy through managing risk assurance reports

#### **Audit compliance**

The NACC Board has established an internal audit function and an Audit, Compliance and Risk Management Committee which oversees the internal and external audit functions. The Committee's role, responsibilities and functions are as outlined in the Audit Committee Charter. The NACC is audited by independent, competent, and qualified external auditor

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In compliance the PFM Act, the NACC prepared and submitted for audit, Annual Report and Financial Statements for FY 2019/20 to the Auditor General. The NACC also prepared and submitted quarterly reports as required by the Act.

The Board transacts its business through meetings. The Board held ten (10) Full Board meetings which were attended as follows:

No.	Board Members	Designation	Full Board Meeting (attendance out of 10)
1.	Ms. Angeline Yiamiton Siparo	<b>Chairperson</b> , National AIDS Control Council	10
2.	Dr. Ruth Laibon-Masha (PhD)	<b>CEO/Secretary</b> , National AIDS Control Council	7
3.	Mr. Moses Mbaruku	<i>Alternate Member to</i> The Principal Secretary Ministry of Health	10
4.	Mr. Vincent Matioli	<i>Alternate Member to</i> The Principal Secretary Ministry of Devolution and Planning	7
5.	Mr. Kangethe Thuku	<i>Alternate Member to</i> The Principal Secretary Ministry of Interior and Coordination of National Government	3
6.	Mr. Patrick Macharia	<i>Alternate Member to</i> The Principal Secretary The National Treasury	7
7.	Rev. Canon, Dr. Rosemary Mbogo	<b>Alternate Member to</b> The Chairperson National Council of Churches of Kenya	10
8.	Ms. Jacinta Mutegi	<i>Alternate Member to</i> The Chairman Kenya Conference of Catholic Bishops	10
9.	Mr. Lattiff N. Shaban	<i>Alternate Member to</i> The Chairman Supreme Council of Kenya Muslims	10
10.	Ms. Dorothy Onyango	<b>Member</b> Executive Director Women Fighting AIDS in Kenya	10
11.	Mrs. Rahab Mwikali Muiu, HSC	<b>Member</b> National Chairperson Maendeleo ya Wanawake Organization	10
12.	Mr. Mark J. Obuya	<b>Member</b> Federation of Kenya Employers	9

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No.	Board Members	Designation	Full Board Meeting (attendance out of 10)
13.	Dr. Stella Njagi	Member Nominated	9
14.	Mr. Stephen Cheboi	Member Chairman NGOs Council	5

**Board members inauguration in March 2021**

No.	Board Members	Designation	May 20, 2021 Special	May 28, 2021 Special
1.	Ms. Angeline Yiamiton Siparo	<b>Chairperson</b> , National AIDS Control Council	√	√
2.	Dr. Ruth Laibon-Masha (PhD)	<b>CEO/Secretary</b> , National AIDS Control Council	√	√
3.	Mr. Moses Mbaruku	<b>Alternate Member to</b> The Principal Secretary Ministry of Health	√	√
4.	Mr. Patrick Macharia	<b>Alternate Member to</b> The Principal Secretary The National Treasury	√	√
5.	Ms. Caroline Amondi	<b>Alternate Member to</b> The Attorney General	x	x
6.	Mr. Mark J. Obuya	<b>Independent Member</b>	√	√
7.	Mr. Geoffrey M. Gitu	<b>Independent Member</b>	√	√
8.	Dr. Lorna K. Sangale	<b>Independent Member</b>	√	√
9.	Ms. Lucy Ghati	<b>Independent Member</b>	√	√

**Committees of the Council**

The Council has four standing committees which meet regularly as per the approved Board Almanac. These are:

1. Audit, Risk and Compliance Committee
2. Finance and Administration Committee
3. Programmes Committee
4. Executive Committee

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#### 1. Audit and Risk Management Committee

The Audit, Risk and Compliance Committee is chaired by Mr. Mark J. Obuya. The Committee is comprised of seven (7) members including the Head Internal Audit and Risk Management; and is responsible for overseeing the internal and external audit function. The Committee receives from the internal audit function a written assessment of the system of internal controls and risk management. The Committee Held four (4) meetings which were attended as follows:

No.	Board Member	Designation	Meeting (attendance out of 4)
1.	Mr. Mark J. Obuya	<b>Committee Chair</b> Designated representative - Federation of Kenya Employers	4
2.	Mr. Alfayo Mogaka	<b>Alternate member to</b> The Principal Secretary the National Treasury <b>representing Kenya National Audit Office</b>	4
3.	Mr. Moses Mbaruku	<b>Alternate member to</b> The Principal Secretary, Ministry of Health	4
4.	Rev. Canon Dr. Rosemary Mbogo	<b>Alternate Member to</b> The Chairperson National Council of Churches of Kenya	4
5.	Mr. Lattif N. Shaban	<b>Alternate member to</b> The Chairman Supreme Council of Kenya Muslims	4
6.	Mrs. Rahab Mwikali Muiu, HSC	<b>Member</b> National Chairperson Maendeleo ya Wanawake	3
7.	Mrs. Elizabeth Mayieka	<b>Alternate member to</b> National Chairperson Maendeleo ya Wanawake	1

#### 2. Finance and Administration Committee

The Finance and Administration Committee is chaired by Ms. Jacinta Mutegi, the alternate member to the Chairman, Kenya Conference of Catholic Bishops. The Committee ensures effective financial and personnel oversight of the NACC. The Committee held four (4) meetings which were attended as follows.

No.	Board Members	Designation	Meeting (attendance out of 4)
1.	Ms. Jacinta Mutegi	<b>Committee Chair</b> <b>Alternate Member to</b> The Chairman Kenya Conference of Catholic Bishops	4
2.	Dr. Ruth Laibon-Masha (PhD)	<b>CEO/Secretary</b> National AIDS Control Council	4
3.	Mr. Moses Mbaruku	<b>Alternate to</b> The Principal Secretary Ministry of Health	4

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No.	Board Members	Designation	Meeting (attendance out of 4)
4.	Rev. Canon Dr. Rosemary Mbogo	<b>Member</b> Chairperson National Council of Churches of Kenya	3
5.	Dr. Stella Njagi	<b>Member</b> Nominated	4
6.	Mr. Patrick Macharia	<b>Alternate Member to</b> The Principal Secretary the National Treasury	4

The board committees were re-organized as follows:

No.	Board Members	Designation	June 23, 2021
1.	Mr. Geoffrey M. Gitu	<b>Committee Chair</b>	√
2.	Dr. Ruth Laibon-Masha (PhD)	<b>CEO/Secretary</b> National AIDS Control Council	√
3.	Mr. Moses Mbaruku	<b>Alternate to</b> The Principal Secretary Ministry of Health	√
4.	Ms. Lucy Ghati	<b>Member</b> Chairperson National Council of Churches of Kenya	√

### 3. Programmes Committee

The Programmes Committee is chaired by Ms. Dorothy Onyango, the Executive Director of Women Fighting AIDS in Kenya (WOFAK). The Committee is responsible for policies and programmes that support HIV response in the Country. The Committee held three (3) meetings that were attended as follows:

No.	Board Members	Designation	Meeting (attendance out of 3)
1.	Ms. Dorothy Onyango	<b>Committee Chair</b> Executive Director Women Fighting AIDS in Kenya	3
2.	Dr. Ruth Laibon-Masha (PhD)	<b>CEO/Secretary</b> National AIDS Control Council	3
3.	Mr. Moses Mbaruku	<b>Alternate member to</b> The Principal Secretary Ministry of Health	2
4.	Mr. Lattif N. Shaban	<b>Alternate member to</b> The Chairman Supreme Council of Kenya Muslims	3
5.	Mrs. Rahab Mwikali Muiu, HSC	<b>Member</b> National Chairperson Maendeleo ya Wanawake Organization	3
6.	Mr. Stephen Cheboi	<b>Member</b> Nominated	1
7.	Dr. Stella Njagi	<b>Member</b> Nominated	3

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**4. Executive Committee**

To facilitate decision making process of urgent matters, the Committee held five (5) meetings which were attended as follows:

<b>No.</b>	<b>Board Members</b>	<b>Designation</b>	<b>Meeting (attendance out of 5)</b>
1	Ms. Angeline Yiamiton Siparo	<b>Chairperson</b> National AIDS Control Council	5
2	Dr. Ruth Laibon-Masha (PhD)	<b>CEO/Secretary</b> National AIDS Control Council	3
3	Mr. Moses N. Mbaruku	<b>Alternate Member to</b> The Principal Secretary Ministry of Health	3
4	Ms. Jacinta Mutegi	<b>Alternate Member to</b> The Chairman Kenya Conference of Catholic Bishops	4
5	Ms. Dorothy Onyango	<b>Member</b> Executive Director Women Fighting AIDS in Kenya	5
6	Mr. Mark Joseph Obuya	<b>Member</b> Designated representative of Federation of Kenya Employers	5

**NATIONAL AIDS CONTROL COUNCIL  
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**MANAGEMENT DISCUSSION AND ANALYSIS**

**1. Strategic Direction**

The National AIDS Control provides strategic directions to steer the organisation path towards ending AIDS as a public health threat leading the control and management HIV in the context of COVID-19 pandemic and other threats. Key priorities will also include resource mobilization to sustain the gain made in the HIV response.

**2. Operational Performance Analysis**

NACC activities responded to the seven key result areas. These areas were identified to accelerate progress in the reduction of new HIV infections, AIDS related deaths and HIV stigma and discrimination.

*Progress in the HIV Response 2015-2021*

<b>Indicator</b>	<b>2015/2016 Estimates</b>	<b>2018/2019 Estimates</b>	<b>2020/2021 Estimates</b>
HIV Prevalence	5.9%	4.8%	4.5%
Total People Living with HIV	1,517,707	1,493,382	1,508,405
Adults Living with HIV	1,419,537	1,388,169	1,401,598
Children Living with HIV	98,170	105,213	106,807
Youth Living with HIV	268,586	184,719	145,471
Total new HIV Infections	77,647	52,767	41,416
Adult new HIV Infections	71,034	44,789	34,610
Youth new HIV Infections	35,776	17,667	14,410
Children new HIV Infections	6,613	7,978	6,806
Prevention of mother to child Coverage	75%	76%	94%
Mother to child transmission rates	8.3%	11.5%	10.8%
AIDS related Deaths	35,821	28,214	20,997

***The NACC contributions to the HIV response was through leadership and coordination of stakeholders in the following activities***

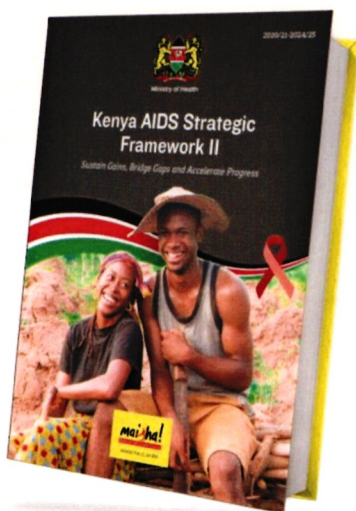
- a) *Development of strategies, policies and guidelines for the prevention and control of HIV*

The NACC is mandated to develop policies, strategic and guidelines for the management and control of HIV.

# NATIONAL AIDS CONTROL COUNCIL

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The NACC led the development of the Kenya AIDS Strategic Framework II FY 2020/21-2024/25 through a country wide citizen participatory approach. The framework was launched on December 1, 2020, during World AIDS day commemoration and calls for the stakeholders to sustain gains achieved so far, bridge identified gaps and accelerate progress towards ending AIDS by 2030.

To address heterogeneity of the HIV epidemic across Counties, the NACC supported the 47 counties to develop and launch the County AIDS implementation Plans. The NACC further supported communities of faith to develop a Faith Sector Action Plan to sensitize religious leaders to reach over 97% of the Kenya population who ascribe to religion with HIV education to increase access to prevention and treatment services.

#### *b) Resource mobilisation*

The National AIDS Control Council Order, 1999 Section 6 (c) (e) (f) (g) (i) and (k), mandates the NACC to mobilize resources for the management and control of HIV and AIDS. These resources include support to implementing partners across the country. In the financial year 2020/21, the NACC led other stakeholders in developing a successful proposal that led to an award of USD 415,310,170 to address HIV Tuberculosis and Malaria from the Global Fund. HIV was allocated of 246,165,248.27 for three years (2021 and 2023). The grant will support procurement of essential HIV commodities including ARVs. Other donations to the country included USD 382,939,000.00 from the President's Emergency Plan for AIDS Relief (PEPFAR) and Country Operational Plan 21. The Council also mobilized USD 500,000 from the Bill and Melinda Gates Foundation through Georgetown University to support community level interventions. A further Kshs 293,927,551 was raised as Appropriations – in - Aid from other partners to support a research conference, media activities and commemoration of World AIDS Day. The NACC further supported the implementation of a policy to harness resources for HIV and health from allocations to infrastructure projects in four counties. By the end of the reporting period, 83 infrastructure projects were implementing the guideline against a target of 50.

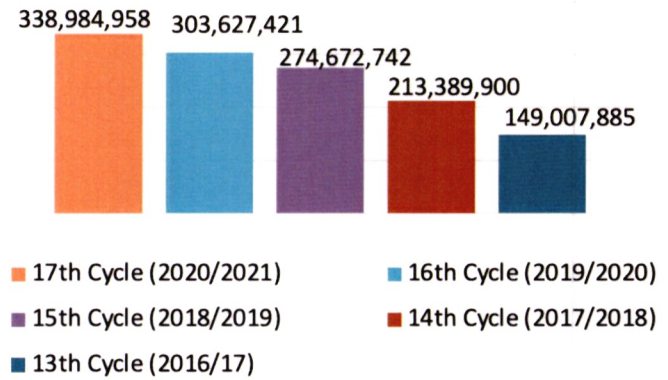
# NATIONAL AIDS CONTROL COUNCIL

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Additional resources were also mobilised through Ministries, Departments and Agencies allocation to HIV and wellness programs in fulfilment of a Performance Contract indicator that obliges for prevention and management of HIV and Non-Communicable Diseases (NCDs) at the workplace. This allocation increased by 127% (from KES 149,007,885 in 2018/19 to KES. 338,934,958 in 2019/20). The number of people who accessed screening for HIV and NCDs increased by 404% (from 53,008 to 267,160).

**Amount Allocated (KES.) for HIV  
2016/17-2020/21**



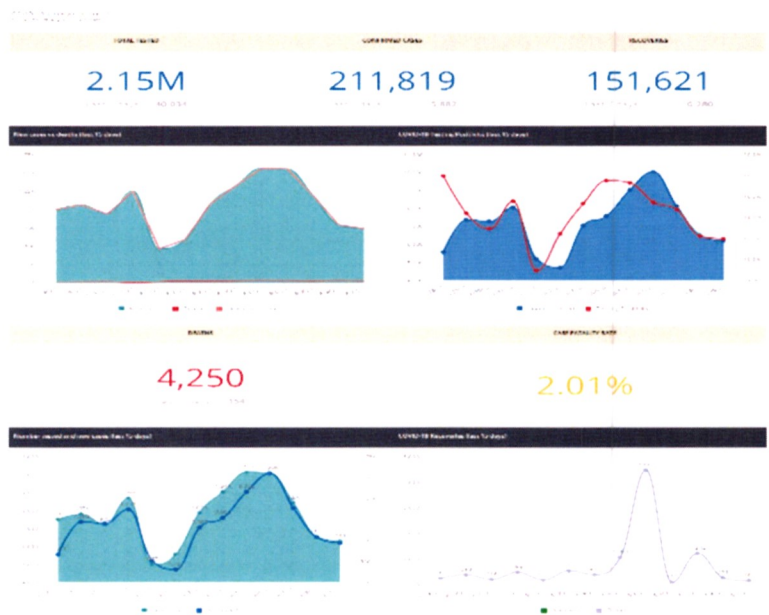
**Amount in (KES) Allocated for HIV workplace programs**

At the County level a total of KES 210,315,000 was allocated for HIV programs. Counties were sensitised to ringfence HIV funds for self-reliance. Kakamega county, on its part, passed a legislation to ringfence HIV

#### c) Generation of strategic information

The NACC is mandated to develop a national system to manage strategic information, monitor and evaluate the HIV response. During the financial year NACC invested in strengthening the automated data solutions. The Kenya HIV and Health Situation Room was used to provide real time data on HIV and other diseases including COVID-19. At the community level, an activity reporting system captured data from 1290 implementing partners despite the COVID-19 related disruptions.

The NACC further supported generation of reports from women living with HIV who served as mentor



# NATIONAL AIDS CONTROL COUNCIL ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

mothers to other HIV positive pregnant women to access prevention of transmission of mother to child transmission of HIV. A total of 8,652 mentor mothers reported on their activities using the digital solutions. NACC utilized its digital solutions to monitor the number of people living with HIV reached with counselling support to adhere to medication.

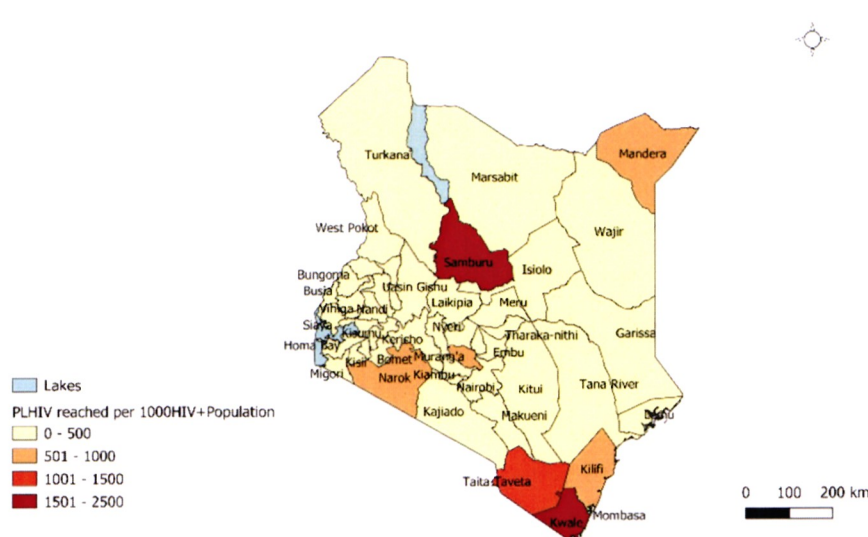
The HIV Implementing Partners Online Reporting System captured data from 30 (7%) of the implementing partners who had made an investment of KES 15.09 billion. The NACC also coordinated the generation of the Kenya HIV Report to the United Nations. The report which was validated by stakeholders was submitted through the Global AIDS Monitoring Online Reporting tool on 30<sup>th</sup> March 2021. The national and county level HIV data was also generated from the same tools. To enhance the use of strategic information, the sixth edition of the Maisha HIV and AIDS Conference was held in June 2021. The event focused on the sustenance of the fight against HIV and the entrenchment of contextualized community-led HIV response in the 47 counties.

## *d) Mobilization of stakeholders and setting up of effective sectoral programmes to address HIV and AIDS*

The NACC is responsible for the coordination of a multi-sectoral AIDS response. A National Multi-Stakeholders' Consultation forum on Pediatric HIV and TB was held with theme *Paediatric HIV and TB: Optimizing Accessibility and Accountability*. The Beyond Zero initiative convened a partners meeting through NACC to consult on how to get the country on track through the elimination of new HIV infections from mother to child transmission.

*"We need enhanced partnerships and renewed energy and passion of different organizations and individuals to eliminate mother to child transmission of HIV and Syphilis. As your champion, I will continue to support achieving zero new HIV infections in children". Her Excellency the First Lady of Kenya Margaret Kenyatta*

PLHIV reached with Adherence Counselling Support



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#### *e) Technical support and capacity building*

The NACC provided technical support to 280 Ministries, Department and Agencies (MDAs) in managing their workplace programme for HIV and NCDs in response to a performance contract indicator. The MDAs were certified through an online certification process. During the reporting year, the NACC spearheaded mainstreaming of HIV in workplaces that reached over **265,536** employees and their family members for HIV testing and screening of communicable and Non-Communicable Diseases (NCDs, breast cancer, diabetes, blood pressure and mental related illnesses). A further **315,593** employees were sensitized on Non-Communicable Diseases.

The NACC further supported the establishment of a high level Multi-Sectoral Committee to steer the country's efforts to eliminate mother-to-child transmission of HIV. Through Beyond Zero initiative Kajiado and Nyamira Counties were supported to develop their county business plans to eliminate mother to child transmission of HIV. Other interventions supported through the Beyond Zero initiative included mobilisation of County Executive members of Health to accelerate actions for HIV control among children, adolescents, and young people through a joint communique.

The NACC also participated in a learning mission in Cuba organised in partnership with the office of the first lady. Cuba was among the first country to be validated as having eliminated mother-to-child transmission of HIV. The NACC has since established a committee to oversee the country validation efforts.

During the financial year 2020/21, the NACC developed and validated a comprehensive Sexual and Gender Based Violence and HIV prevention information package (TVET curriculum) tools and training materials. Ten master trainers were physically trained, and virtual training of 3,477 technical trainers was conducted to implement the curriculum.

#### *f) Public education, advocacy and communication*

The NACC is required to provide public education to promote access to HIV prevention and treatment services. To curb new HIV infections, among adolescents and young people, the NACC promoted a *peer-to-peer* model. Further with support from Global Fund, a youth movement to address HIV was established through 46 Maisha Youth County Chapters who report through the online Community AIDS Program Reporting tool. A total of 294,058 adolescents and young people were reached through peer-to-peer engagement across the 46 counties. An additional 25,000,000 were reached via digital and mass media platforms.

# NATIONAL AIDS CONTROL COUNCIL ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021



*Homabay Maisha Youth Chapter community sensitization for Adolescents and Young People on Healthy Relationships*

*An estimated 42 % of all new adult HIV infections in 2020 were in adolescents and young people. In every 1 of 3 adolescent girls and young people experience some form of sexual gender-based violence. 1 in 3 ANC clients are adolescent girls aged 10-19 years and 69% of HIV positive mothers were adolescent girls and young women aged 10-19 years. Kenya's Prevention of Mother to Child Transmission coverage is at 94% with an MTCT rate of 10.8%.*

Cognizant of the different spheres that influence young people, the community plays a significant role in reducing the factors that increase their vulnerability to HIV, teenage pregnancies, and STIs. Aligned to its core mandate, the NACC engaged different sectors in the Adolescents and Young People HIV response, specifically the Faith Sector. During the year under review, the NACC engaged schools' chaplains by building their capacity to address issues affecting learners in learning institutions.

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- *The NACC sensitized 4,723 religious leaders to address congregational stigma and discrimination.*
- *15,330,013 Kenyans were reached with messaging on HIV prevention, stigma reduction, Sexual and Gender Based Violence.*
- *Over 7 million congregations were reached with HIV and COVID 19 prevention messaging through the engagement of media, churches and mosques, and online platforms such as Facebook, Twitter, Instagram, and YouTube.*
- *Over 39,105 HIV self-testing kits distributed through congregations*
- *1,224 people tested positive and linked to care*

Despite condoms being one of the key prevention pillars, their use remains low in Kenya at only 14 condoms per man per year against the global target of 40 condoms per man per year. The NACC committed to increasing condom outlets in non-health settings by 25 % during the reporting period. Condom outlets were increased from 3690 to 4611 by installing 921 condom dispensers in eleven counties; Kajiado, Homabay, Kwale, Meru, Kitui, Muranga, Kitui, Taita Taveta, Garissa, Bungoma, Bomet, and Vihiga. A total of 40,393,996 condoms were distributed in non-health settings during the year in all 47 counties. Other initiatives included innovations of sustaining localised community solutions supported by through a grant from Bill and Melinda Gates Foundation through university of Georgetown in the counties of Kiambu, Kilifi, and Kisumu.



Condom dispenser refill at a local store

The NACC partnered with the Ministry of Transport, State Department of Fisheries, National Boda Boda Association and beach management units. Over 12,530 motorbike riders and Fisherfolk were reached with a comprehensive HIV prevention information package including HIV testing in the seven targeted counties of Kiambu, Kilifi, Kwale, Homabay, Migori, Kisumu and Lamu. Kisumu and Homabay county engaged both Boda Boda riders and Fisherfolk. 226,021 young boys and men were reached with HIV prevention and wellness services.

A total of 83 Infrastructure projects implemented HIV and Health Prevention and promotion programs (Roads, Energy, Water and Sanitation and Housing). The NACC reached 317,959 persons

## **NATIONAL AIDS CONTROL COUNCIL**

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among the host community and 16,922 project staff respectively with information on HIV and STIs Prevention.

COVID-19 pandemic caused disruptions in socio-economic, health-seeking, and care services globally. In the HIV response, the number of people tested for HIV amongst the general population reduced by 45% from 7,189,484 in 2019 to 3,931,839 in 2020 during comparable periods. The NACC response to mitigate disruptions included support to dissemination of prevention messaging; coordination of partners to mobilise resources for COVID-19 where KES 2,302,849,337 was raised for the Covid-19 response.

For Country COVID-19 response preparedness; Developed and distributed of HIV and COVID-19 messages to over 10 million people; Identified of 72,950 vulnerable persons, including Persons Living with HIV, the chronically ill, and linking them to receive support from the COVID 19 Relief Programme and other stakeholders providing support; Distributed 27,534 Maisha Packs (Food, Hygiene Materials, Sanitary packs, and Masks) to vulnerable households of Persons Living with HIV, the chronically ill, the elderly, caregivers, adolescents and development of curriculums and training of teachers on COVID-29.

A total of 420 teachers were trained on preparedness for school reopening amid COVID-19. The training of teachers was complemented with airing of the COVID 19 protocols and materials relevant to schools. The NACC, further partnered with the Kenya Institute of Curriculum Development, Ministry of Education and in collaboration with the Ministry of Health, jointly implemented Infection Prevention Control of COVID -19 for teachers. A total of Eight master trainers (from MOH, MOE and TSC) trained to deliver virtual training to the targeted number of teachers, with 7900 teachers virtually trained. Twenty themed TV messages were developed and broadcasted through the Kenya Institute of Curriculum Development (KICD) EDU TV channel for sustainability and continuity.

The NACC engaged 98 Community gatekeepers 53 from 4 sub-counties in Taita Taveta and 45 chiefs and sub-chiefs from Baringo County to address Sexual and Gender Based Violence, teenage pregnancies, early marriages, FGM and unskilled birth attendance. The gatekeepers were tasked to utilise their platforms of influence and educate their communities.

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*Chiefs and Sub-chiefs sensitised to lead in addressing harmful cultural practices that put women and girls at risk of HIV infection in Baringo County, May 2021*

The NACC works with people living with HIV to develop guidelines for their meaningful Involvement and strengthening of linkages between community and health facilities referrals. Four (4) teleconferencing facilities were established in Nairobi, Mombasa, Kisumu, and Nyeri Counties increase access to justice through the HIV and AIDS Tribunal. Fourteen (14) cases were heard in January and February 2021, 5 of which were determined by April 2021. A total of 54 community representatives drawn from PLHIV networks and vulnerable populations on the HIV tribunal and human rights, including the HIV and AIDS Prevention and Control Act.

Overall, NACC reached an estimated 25 million people with HIV prevention, care and treatment messages through mass media activities. Some of the key activities included Live interactive TV forums where an estimated 8,000,000 viewers were reached through eight televised town hall meetings with expert messages on HIV and COVID -19.

### **3. Financial Stewardship & Discipline**

#### ***Institutional Budget***

The National AIDS Control Council's (NACC) total exchequer allocation for the period ended June 30, 2021 was Ksh 988,745,000 compared with Ksh 1,055,180,000 in the period ended June 30, 2020. The amounts are composed of resources for recurrent expenditure, development and Global Fund.

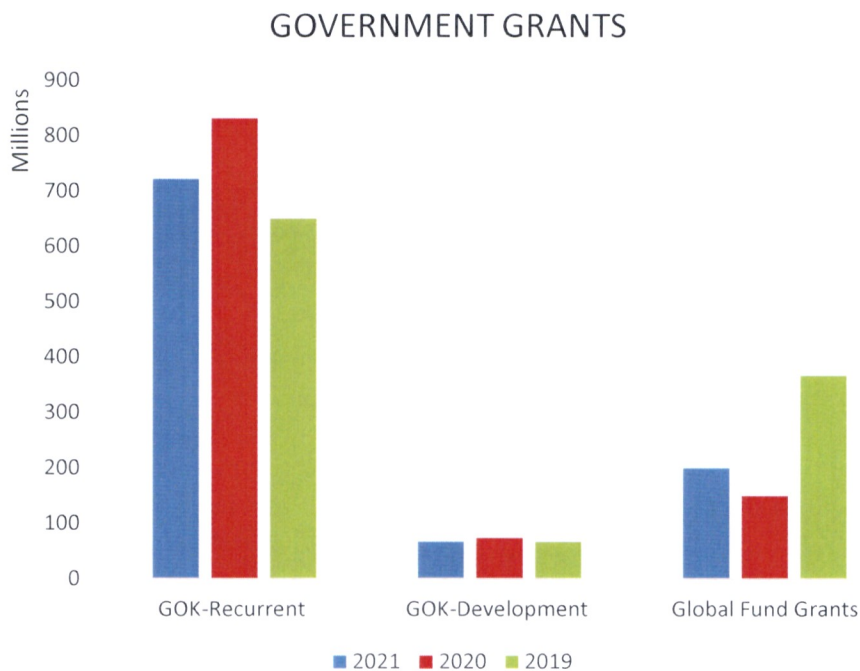
**NATIONAL AIDS CONTROL COUNCIL  
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<b>Revenue Type</b>	<b>FY 2020/2021</b>	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
GOK-Recurrent	722,270,000	832,000,000	650,670,562
GOK-Development	66,475,000	73,180,000	66,440,000
Global Fund Grants	200,000,000	150,000,000	367,455,788
<b>Total</b>	<b>988,745,000</b>	<b>1,055,180,000</b>	<b>1,084,566,350</b>
<b>Other sources</b>			
Support from partners	45,167,548	54,066,591	50,464,307
Other revenue	11,958,336	9,838,835	8,402,834
Total	57,125,884	63,905,426	58,867,141
<b>Total revenue</b>	<b>1,045,870,884</b>	<b>1,119,085,426</b>	<b>1,143,433,491</b>

The NACC experienced budget reduction of Ksh 150,000,000 on its recurrent budget with a further reduction of Ksh 66,475,000 under development vote in the FY 2020/2021.

This was a deviation from the original allocations and approvals by the Health Sector Working Group (SWG) during the Medium Term Expenditure Framework (MTEF) for 2020/2021. In order to mitigate the challenge, the Council raised Appropriation in Aid (AIA) from development partners to bridge the gap.

**Revenues**



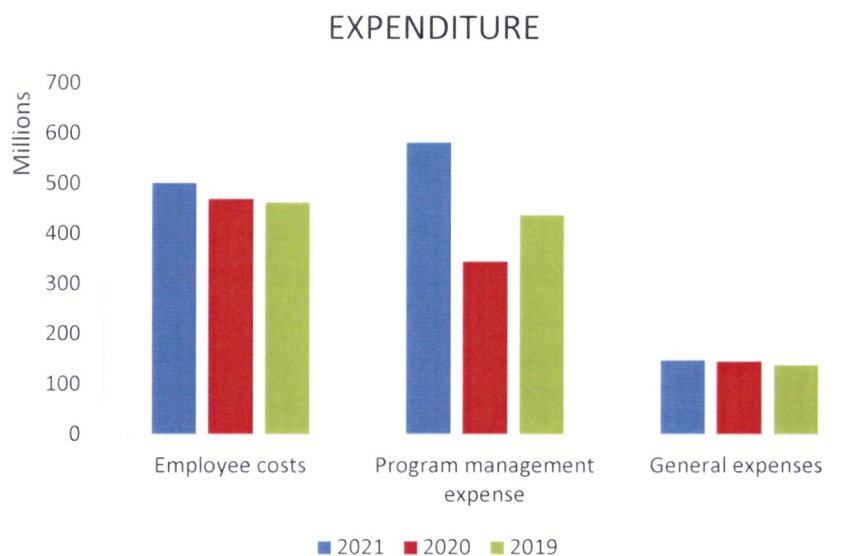
# NATIONAL AIDS CONTROL COUNCIL

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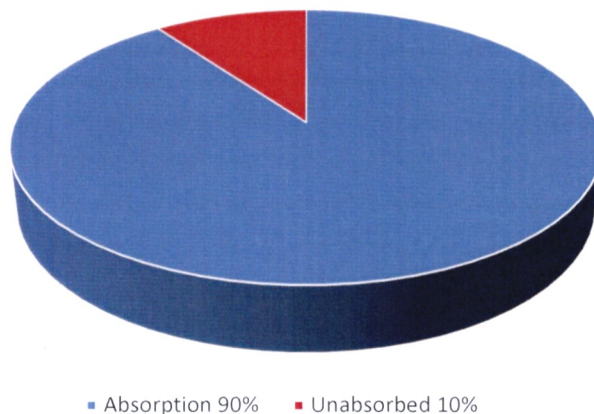
### FOR THE YEAR ENDED JUNE 30, 2021

The revenue from Government reduced by 6% in the financial year ended June 30, 2021 as compared to the previous year. Recurrent allocation reduced by Ksh 109,730,000. The NACC however had an increase of Ksh 50,000,000 from Global Fund.

#### Expenses

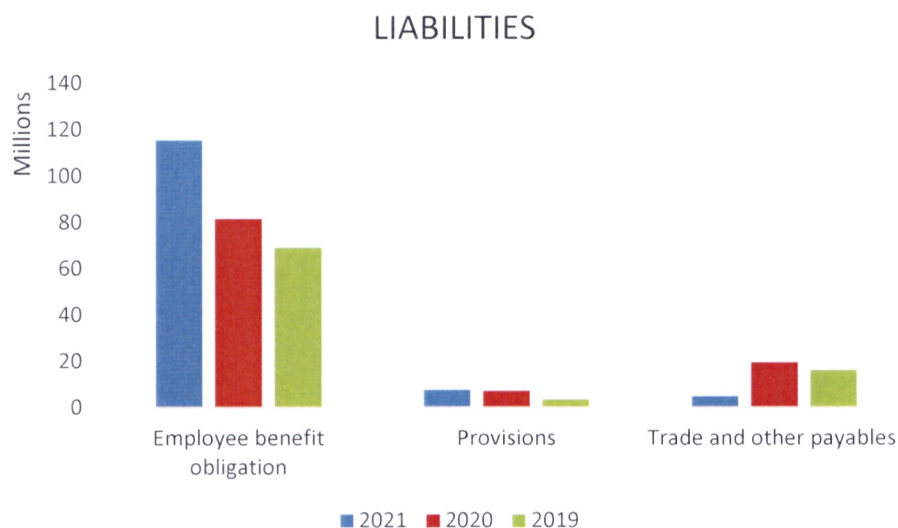


#### NACC's ABSORPTION RATE



The Council spent 55% of its revenues to drive its core mandate activities as program costs. Human resource is a critical tool to undertake the council mandate. The council plans to mobilize additional resources to maintain a healthy staff cost and program cost ratio.

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*Trade and Other Payables*



The accumulation of pending bills has raised concerns in the recent past, with the President calling for a special audit to be done by the Office of Auditor General (OAG). The NACC has consistently managed financial obligation towards suppliers at the end of a financial year. Pending bills arise when an entity fails to settle invoiced amounts for goods and services properly procured and delivered, or rendered as at the end of a financial year. In the FY ended June 30, 2021 there was a reduction in the Trade and other payables from Ksh 19,466,615 to Ksh 4,801,291 representing a 75% reduction in pending supplier payment.

***Statutory Compliance and Obligations***

The Council is expected to comply with Constitution Provisions and Statute Laws as part of ensuring sound Governance practices. These include Article 10(2) of the Constitution on Principles of Governance and national values, the Public Finance Management Act 2012 and the Public Finance Management regulations of 2015, the Income Tax Act, the National Social Security Act, the National Hospital Insurance Act and the various circulars as released by the National Treasury and other Government Agencies.

The NACC has continuously complied with provision of Section 81 of the Public Finance Management Act 2012 requiring the Preparation and presentation of the Annual Financial Statements, Section 83 on the preparation and presentation of Quarterly Financial reports within the stipulated timelines.

In compliance with its Tax obligation and other Statutory obligation, the Council has deducted and remitted in a timely manner all its taxes and statutory obligation as at June 30, 2021. There are no arrears of statutory deduction that has come to the knowledge of the Council for the reporting period.

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#### ***Contingent Liabilities***

A contingent liability is a liability that may occur depending on the outcome of an uncertain future event. A contingent liability is recorded if the contingency is likely and the amount of the liability can be reasonably estimated. The NACC has disclosed its Contingent liabilities being pending court cases under Note 35 of the Financial Report.

#### **ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The National AIDS Control Council continues to work towards achieving its vision 'to be a responsive authority in the multi-sectoral coordination of the national HIV and AIDS response. The NACC acknowledges the importance of providing excellent services that are responsive to both external and internal stakeholders. Below is an outline of the National AIDS Control policies and activities that promoted sustainability in the year of reporting.

#### **Strategic Profile for Sustainability**

##### *Delivery on Performance Contracting 2020/21*

The National AIDS Control Council performance as per the Performance Contract has reflected an upward trajectory. This demonstrates the institution's commitment to executing its core mandate strategically while supporting the government's priority projects and attaining national goals such as Vision 2030.

#### **Risk Management and Audit Compliance**

##### *Risk Management*

NACC has put an effective governance oversight and risk management framework that considers sustainability, ethics, and compliance risks. The National AIDS Control Council assurance model takes a three-pronged approach comprising management review through the Advisory Audit team on audit and risk matters supported by internal audit function. The Audit, Risk and Compliance Committee, as delegated by the Board, ensures effective risk management structured are in place.

During the reporting year, the NACC conducted an annual risk evaluation review and developed risk mitigation plans.

##### *Audit Compliance*

The NACC Board has established an internal audit function and formed an Audit and Risk Management Committee, which oversees the internal and external audit functions. The internal audit function reviews compliance with policies and exposure limits continuously. The Committee's role, responsibilities, and functions areas are outlined in the Audit Committee Charter. The Board ensures that the Office of the Auditor General conducts annual Audit of the National AIDS Control Council as per the PFM Act

# **NATIONAL AIDS CONTROL COUNCIL**

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#### **Re-certification to ISO 9001: 2015 Quality Management Systems**

Eight years ago, the Council was awarded the coveted ISO 9001 International Standard Certification and, as such, begun the continuous journey to ensure quality management principles are embedded in its operations to meet customers and valued stakeholders. In the 2017/18 Financial Year, the Council was certified under the ISO 9001: 2015 after transitioning from ISO 9001: 2008. During the FY 2021/22, the National AIDS Control Council applied for recertification for its Head Office operations and nine regional offices. The institution also trained six lead auditors to serve in the ISO internal audit.

#### **Environmental Performance**

##### *Paperless Open Tendering*

In June 2021, the National AIDS Control Council operationalised open tendering process through an e-procurement system to allow all registered bidders in the National AIDS Control Council database and prospective suppliers to access floated tenders. This system will enable automated initiation, tendering, opening, evaluation, generation of Local Purchase or Service Orders, professional opinions, and the attendant approvals.

#### **Employee Welfare**

##### *Competence Development*

The National AIDS Control Council is committed to implementing the principles of equity, fairness and best practices in Human Resource Management and continuously endeavour to identify the best talent and develop them to excel in implementing our mandate and impacting the National growth of Kenya, particularly in HIV and AIDS programme work is concerned. The National AIDS Control Council continued to enhance, and best utilize the competencies of staff members to guarantee career progression of individual employees and improve institutional performance.

During the reporting year, the National AIDS Control Council undertook a performance appraisal for its staff members and reviewed the performance appraisal tool that has been in use for the last five (5) years. The changes aimed to address the gaps to harness the Council's performance needs.

##### *Supporting The Initiative on Youth Internships and Students on Attachment*

The NACC, in recognition of the Big 4 Agenda on Youth empowerment and creation of employment, engaged 44 young Kenyans through the internship programme and attachment, presenting the highest number of young people ever engaged in the history of National AIDS Control Council, contributing to 28% of the total staff establishment despite the challenges with COVID-19 challenges.

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#### *Continuous Professional Development*

The NACC has been keen on fulfilling the expectations of Chapter 6 of the Constitution of Kenya 2010 that allows for regulation of professions. The National AIDS Control Council facilitated employees with statutory expectations for continuous professional development to attend workshops and forums to attain the required points. The National AIDS Control Council also supported annual subscriptions for these members to ensure that their practising requirements are fulfilled, and they are in good standing with their professional bodies and maintain international best practices.

#### **Market Place Practices**

##### *Responsible Competition Practices*

The National AIDS Control Council subscribes to good corporate governance and the Mwongozo Principles applicable to public sector institutions. The National AIDS Control Council implemented its annual procurement plan and filed the statutory reports to the relevant oversight agencies, as shown in the table below.

Out of the KES 577 million annual procurement budget for FY 2020/2021, KES 223 million covered multi-year contracts, government policies and circulars, with advertisements taking a bigger proportion and were carried out through the Government Advertisement Agency (GAA).

The actual budget allocated for new procurements in the FY 2020/2021 was KES 354 million, out of which 30% or KES 106 million was set aside for contracts dedicated to special groups (women, youth and persons living with disabilities).

##### *Responsible Marketing and Advertisement*

In compliance with the Mwongozo Principles, NACC must disclose the top ten (10) highest value contracts awarded in each financial year and publish them on the NACC website and the Public Procurement Information Portal (PPIP).

##### *Compliance with the Ethics and Anti-Corruption Commission*

During the FY 2020/2021, the NACC reported quarterly to EACC on all contracts valued over KES 500,000 together with the list of directors of the firms awarded as summarized below.

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Quarter	No of Contracts	Value (Kshs)
Q1	8	6,511,906.28
Q2	33	44,283,373.09
Q3	23	23,606,968.15
Q4	71	248,159,488
<b>Grand Total</b>	<b>135</b>	<b>322,561,735.52</b>

*Responsible Competition Practices*

The NACC advertised nine (9) framework open tenders in December 2020 and five annual tenders through MyGov publication. Other tenders were advertised on the National AIDS Control Council website and the Public Procurement Information Portal (PPIP). There were no reported complaints or appeals on the tenders awarded during the period under review.

*Responsible Supply Chain and Supplier Relations*

During the FY 2020/2021, the National AIDS Control Council transacted procurements valued at KShs 439 million to provide goods, services and works. All invoices due were settled, and there were no pending bills at the closure of the financial year.

**Corporate Social Responsibility**

*Tree Planting Before and During World AIDS Day*

World AIDS Day 2020 was held on December 1, 2020, in all 47 counties. The National AIDS Control Council organized tree planting exercises the counties before and after World AIDS Day as of its environmental conservation efforts.



in part

*Pupils from Kapema primary school planting trees on the 1<sup>st</sup> December 2020 World AIDS Day*

# **NATIONAL AIDS CONTROL COUNCIL**

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#### ***Distribution of Dignity Packs and Maisha Packs during World AIDS Day 2020***

The NACC in collaboration with partners distributed 27,534 Maisha Packs in two hundred and ninety (290) constituencies to the vulnerable households which comprised of persons living with HIV, orphans and vulnerable children, pregnant and breastfeeding adolescent girls, young women, key populations, and persons with disability. The Maisha Packs contained dry foods, face masks, cereals and toiletries. NACC contributed 16% while the partners contributed 84%.

In addition, the Council distributed *Maisha Packs* to vulnerable households that included persons living with HIV, orphans, adolescents, pregnant and breastfeeding teenagers, and persons living with disability. The *Maisha Packs* contained dry foods, face masks, cereals, and toiletries.

#### **Presidential Directives and Circulars**

The NACC received two presidential directives on the following aspects.

- i) Acceleration on the attainment of 10% tree cover whereby the National AIDS Control Council planted 7480 trees to commemorate the 2020 World AIDS day
- ii) The public sector promotes locally manufactured textiles by adopting the habit of wearing locally produced locally made clothes. The National AIDS Control Council staff have adopted wearing locally made clothes during special days.

**3,936** Trees planted in pre and during World AIDS Day 2020.

#### **Financial Stewardship**

- Utilization of allocated resources – 90%
- Appropriation in Aid – Above 100%
- Pending Bill(s) - Nil

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**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the NACC affairs.

**Principal activities**

The principal activities of the entity are:

- Provision of policy and a strategic framework
- Mobilization and coordination of resources
- Prevention of HIV transmission
- Care and support for those infected and affected by HIV and AIDS

**Results**

The results of the NACC for the year ended June 30, 2021 are set out on page 53

**Directors**

The members of the Board who served during the year are shown on pages 6-7.

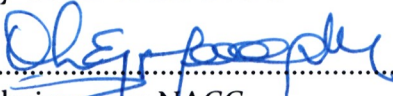
**Dividends/Surplus remission**


In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The NACC did not have any surplus and hence no remittance to the Consolidated Fund.

**Auditors**

The Auditor General is responsible for the statutory audit of the NACC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

  
.....  
Chairperson NACC

  
.....  
Date

**NATIONAL AIDS CONTROL COUNCIL  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the entity.

The NACC Board is responsible for the preparation and presentation of the NACC's financial statements, which give a true and fair view of the state of affairs of the NACC for and as at the end of the financial year ended on June 30, 2021. This responsibility includes:

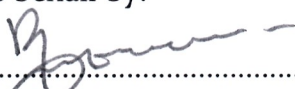
1. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
2. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NACC.
3. Designing, implementing, and 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.
4. Safeguarding the assets of the NACC.
5. Selecting and applying appropriate accounting policies; and
6. Making accounting estimates that are reasonable in the circumstances.

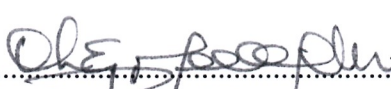
The NACC Board accept responsibility for the NACC's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Board is of the opinion that the NACC's financial statements give a true and fair view of the state of NACC's transactions during the financial year ended June 30, 2021, and of the NACC's financial position as at that date. The Board further confirm the completeness of the accounting records maintained for the NACC which have been relied upon in the preparation of the NACC's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the NACC will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The entity's financial statements were approved by the Board on September 28, 2021 and signed on its behalf by:

  
.....  
Dr. Ruth Laibon - Masha  
Chief Executive Officer

  
.....  
Dr. Ole Mapelu Zakayo  
Chairperson

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

### **3. Misstatement of Comparative Balance for Related Party Disclosure**

Note 33 to financial statements reflects related party disclosure comparative balance of Kshs.122,166,242 which relates to the financial year 2018/2019, instead of Kshs.118,720,393 relating to the year 2019/2020.

In the circumstances, the accuracy of the reported related party disclosure comparative amount of Kshs.122,166,242 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Aids Control Council 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 qualified opinion.

#### **Key Audit Matters**

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

#### **Other Matter**

#### **Unresolved Prior Year Matter**

A prior year audit issue on budgetary control and performance remained unresolved as at 30 June, 2021. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issue is not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board reporting template.

## **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, except for the matter 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**

#### **Deferred Revenue**

The statement of financial position and as disclosed in Note 28 to the financial statements reflects deferred revenue balance of Kshs.100,000,000 which was received on 04 December, 2017 for the purpose of acquiring Maisha Plaza. However, as at 30 June, 2021, four (4) years after receipt of the funds, the Council had not begun the process of acquiring the building.

In the circumstances, the Council is likely to lose out on funds earmarked for Maisha Plaza.

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 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 Council**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual 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 governance.

In preparing the financial statements, Management is responsible for assessing the Council's ability to continue to sustain services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Council or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, revenue 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.

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them 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 review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal 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 Council's 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 Council'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 Council to cease to continue sustaining its services.
- Evaluate the overall presentation, structure and content of the revenue 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 Council 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

26 July, 2022

**NATIONAL AIDS CONTROL COUNCIL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30  
 JUNE 2021**

	Note	2020/2021 Ksh	2019/2020 Ksh
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	5	45,167,548	54,066,591
Transfers from other governments	6	988,745,000	1,055,180,000
		<b>1,033,912,548</b>	<b>1,109,246,591</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	7	-	700,000
Other income	8	11,689,054	9,838,835
<b>Total revenue</b>		<b>1,045,601,603</b>	<b>1,119,785,426</b>
<b>Expenses</b>			
Employee costs	9	501,679,334	462,749,311
Depreciation and amortization expense	10	-	14,265,244
Repairs and maintenance	11	12,189,942	8,235,694
Program management expense	12	588,770,299	342,677,561
General expenses *	13	139,136,115	141,757,667
Council Expenses	14	21,356,348	12,063,515
Finance costs	15	4,406,814	2,918,662
<b>Total expenses</b>		<b>1,267,538,852</b>	<b>984,667,654</b>
Other gains/(losses)			
Gain on sale of assets	16	269,282	-
<b>Surplus /(Deficit) before taxation</b>		<b>(221,667,967)</b>	<b>135,117,772</b>
Taxation	17	(3,517,013)	(732,757)
<b>Surplus /(Deficit) for the period</b>	18	<b>(225,184,980)</b>	<b>134,385,015</b>

The notes set out on pages 58 to 76 form an integral part of these Financial Statements

**NATIONAL AIDS CONTROL COUNCIL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

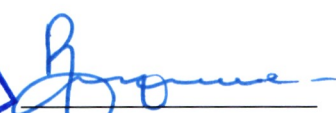
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

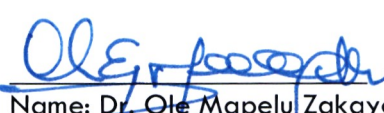
<b>Assets</b>	<b>Note</b>	<b>2020/2021 Ksh</b>	<b>2019/2020 Ksh</b>
<b>Current assets</b>			
Cash and cash equivalents	19	772,004,222	958,431,978
Inventories	20	11,700,339	7,660,042
Receivables from exchange transactions	21	12,988,513	56,455,669
Receivables from non exchange transactions	22	20,720,191	29,896,134
		<b>817,413,264</b>	<b>1,052,443,823</b>
<b>Non-current assets</b>			
Property, plant and equipment	23	257,104,086	17,844,396
Capital Work in Progress	24	-	18,276,874
<b>Total assets</b>		<b>1,074,517,350</b>	<b>1,088,565,093</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	25	4,801,291	19,466,615
Provisions	26	7,600,000	7,200,000
Employee benefit obligation	27	115,376,037	81,644,314
Deferred Revenue	28	100,000,000	100,000,000
Taxation *	29	12,147,048	25,498,556
		<b>(239,924,376)</b>	<b>(233,809,484)</b>
		<b>834,592,974</b>	<b>854,755,609</b>
<b>Funds and reserves</b>			
Revaluation reserve	30	205,022,345	-
Accumulated surplus		629,570,629	854,755,609
<b>Total funds and liabilities</b>		<b>834,592,974</b>	<b>854,755,609</b>

\* See note 31 on restatement

The Financial Statements set out on pages 53 to 76 were signed on behalf of the Board by:

  
 Name: Kenneth Nyamolo  
 Ag. DEPUTY DIRECTOR, F&A  
 ICPAK MEMBER No: 6532

  
 Name: Dr. Ruth Laibon-Masha  
 BOARD SECRETARY/CEO

  
 Name: Dr. Ole Mapelu Zakayo  
 CHAIR, NACC BOARD

**NATIONAL AIDS CONTROL COUNCIL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>ACCUMULATED SURPLUS</b>	<b>TOTAL</b>
Balance as at July 1, 2019	720,370,594	720,370,594
Surplus for the year	134,385,015	134,385,015
Balance as at June 30, 2020	<u>854,755,609</u>	<u>854,755,609</u>
Balance as at July 1, 2020	854,755,609	854,755,609
Surplus for the year	(225,184,980)	(225,184,980)
Balance as at June 30, 2021	<u><u>629,570,629</u></u>	<u><u>629,570,629</u></u>

**NATIONAL AIDS CONTROL COUNCIL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2020/2021 Ksh.	2019/2020 Ksh.
<b>(Deficit)/surplus for the year</b>		(225,184,980)	134,385,015
Adjustments for:			
Depreciation	10	-	14,265,245
Interest income	8	(11,689,054)	(9,838,835)
Gain on asset disposal	16	(269,283)	-
<b>(Deficit)/Surplus before Working Capital Changes</b>		<b>(237,143,317)</b>	<b>138,811,425</b>
<b>Working capital changes</b>			
Decrease in trade and other payables	25	6,114,891	15,293,032
Increase in inventories	20	(4,040,297)	1,929,136
Increase in trade and other receivables	21-22	<u>52,643,100</u>	<u>(54,886,934)</u>
<b>Cash flows from operating activities</b>		<b>54,717,695</b>	<b>(37,664,766)</b>
<b>Investing activities</b>			
Interest earned	8	11,689,054	9,838,835
Proceeds from disposal of assets	16	269,283	-
Purchase of noncurrent assets	23-24	<u>(15,960,472)</u>	<u>(8,146,150)</u>
<b>Cash flows from investing activities</b>		<b>(4,002,134)</b>	<b>1,692,685</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(186,427,756)</b>	<b>102,839,344</b>
Cash and cash equivalent at the beginning	19	958,431,978	855,592,634
<b>Cash and Cash Equivalent at the End</b>		<b><u>772,004,222</u></b>	<b><u>958,431,978</u></b>

**NATIONAL AIDS CONTROL COUNCIL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Performance difference(%)
	2020/2021	Ksh	2020/2021	Ksh	2020/2021	Ksh	2020/2021	Ksh	2020/2021	Ksh	
<b>Revenue</b>											
Public contributions and donations	55,480,520		10,312,972)		45,167,548		45,167,548		-		0%
Government grants and subsidies	1,005,220,000		(216,475,000)		788,745,000		788,745,000		-		0%
Grants from development partners	200,000,000		-		200,000,000		200,000,000		-		0%
Finance income	14,000,000		(2,000,000)		12,000,000		11,689,054		310,946		2%
Gains on disposal	-		-		-		269,282		(269,282)		0%
<b>Total income</b>	<b>1,274,700,520</b>		<b>(228,787,972)</b>		<b>1,045,912,548</b>		<b>1045,870,885</b>		<b>41,664</b>		<b>-5%</b>
<b>Expenses</b>											
Compensation of employees	474,100,479		17,000,000		491,100,479		501,679,334		(10,578,855)		-2%
Finance cost	4,000,000		(500,000)		3,500,000		4,406,814		(906,814)		-26%
Rent paid	68,270,000		(6,529,802)		61,740,198		57,464,395		4,275,803		7%
Other payments (program and admin costs)	918,990,160		(216,475,000)		702,515,160		703,988,309		(1,473,149)		0%
<b>Total expenditure</b>	<b>1,465,360,639</b>		<b>(206,504,802)</b>		<b>1,258,855,837</b>		<b>1,267,538,852</b>		<b>(8,683,015)</b>		<b>-1%</b>
Deficit for the period	-		(22,283,170)		-		(221,667,967)				
Global Fund grant funds rolled over (recognised as revenue in the prior period)							260,344,703				
<b>Operating surplus</b>							<b>38,676,736</b>				
<b>Adjustment for:</b>											
Taxation							(3,517,013)				
Global Fund grant funds rolled over (recognised as revenue in FY 2020-2021)							-		260,344,703		
<b>Deficit as per statement of financial performance</b>									<b>(225,184,980)</b>		

**NATIONAL AIDS CONTROL COUNCIL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

The NACC was established under Section 3 of the State Corporations Act Cap 446 and derives its authority and accountability from Legal Notice No. 170 of 1999 and the State Corporations Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The NACC principal activity is Coordination of the HIV and AIDS response in Kenya

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

The IPSASB released final pronouncement, COVID 19: Deferral of effective Dates, which delays the effective dates of recently published standards and amendments to IPSAS by one year to January 1, 2023.

i. Relevant amendments to published standards.

Standard	Impact
a) Amendments to IPSAS 13	Applicable: 1st January 2023: Amendments to IPSAS 13, to guide on determination of whether a leased asset has been impaired.
b) IPSAS 17, Property, Plant, and Equipment.	Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved

**NATIONAL AIDS CONTROL COUNCIL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets IPSAS 31, Intangible Assets.</p>	<p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p>
<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p>	<p>Amendments to IPSAS 33 to guide on classifying financial instruments on initial adoption of accrual basis.</p>

ii. New standards and interpretations issued but not yet effective in the year ended 30 June 2021

<b>Standard</b>	<b>Effective date and impact:</b>
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:  The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.  IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>This standard has no impact on NACC's financial reporting.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p>

**NATIONAL AIDS CONTROL COUNCIL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Standard	Effective date and impact:
	<p>The objective of this Standard is to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p>This standard has no impact on NACC's financial reporting</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</li> <li>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</li> <li>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</li> </ul>

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Standard	Effective date and impact:
	d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

iii. Early adoption of standards

The NACC did not early – adopt any new or amended standards in year 2020/2021

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

*Grants from National Government*

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized as deferred revenue in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

*Rendering of services*

The NACC recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

*Interest income*

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**b) Budget information**

The original budget for FY 2020-2021 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with

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specific approvals from the appropriate authorities. The NACC budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Statement of Comparison of Budget and Actual of these financial statements.

**c) Taxes**

*Current income tax*

The NACC's operations are fully funded by the National Government and are therefore not subject to taxes. Taxes withheld from employees and suppliers of goods and services are remitted as required. Any unremitted amounts are included in the accounts payables.

**d) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The annual depreciation rates are calculated using reducing method. The rates in use are:

<b>Nature of Asset</b>	<b>Rate</b>
Motor Vehicle	25%
Computers	33.3%
Office Equipment	20%
Furniture and Fitting	12.5%

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**Leases**

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**e) Financial instruments**

***Financial assets***

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

**Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Financial liabilities

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit. The NACC determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized at fair value.

**f) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. however, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**g) Provisions**

Provisions are recognized when the NACC has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the NACC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

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**h) Contingent liabilities**

The NACC 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.

**i) Contingent assets**

The NACC 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.

**j) Nature and purpose of reserves**

The NACC creates and maintains accumulated surplus as a reserve. Any surplus or deficits at the end of the financial year are transferred into this reserve.

**k) Changes in accounting policies and estimates**

The NACC recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**l) Employee benefits**

*Retirement benefit plans*

The NACC provides gratuity benefits for its employees. The amount is calculated at 31% of basic pay for the duration of the three year renewable contract. The amount earned during the year are expensed in statement of financial performance and recognized as a current liability in the statement of financial position. The earned amount is payable at the end of the employees' contract or when exiting the NACC.

**m) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**n) Related parties**

The NACC regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

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**o) 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 do not include short term cash imprest and advances to authorized public officers and/ or institutions which were not surrendered or accounted for at the end of the financial year.

**p) Comparative figures**

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

**q) 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, 2021.

**4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the NACC's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The NACC based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the NACC. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset provisions

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Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 26 - 27. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

	2020/2021	2019/2020
	Ksh	Ksh
<b>5 Public contributions and donations</b>		
This consisted of financial support to NACC during the year.		
Georgetown University	36,917,543	35,520,928
Imperial College of Science	-	3,820,559
UNDP /UNFPA/UNICEF/UNOP/WHO	5,640,123	4,126,235
Rockefeller Foundation	-	4,714,963
Avenir Health Care Inc	-	5,535,318
AVAC	2,459,883	-
Other miscellaneous donations and support	150,000	348,590
	<u>45,167,548</u>	<u>54,066,591</u>
<b>6 Transfers from government-appropriations and grants</b>		
GOK-Recurrent	722,270,000	832,000,000
GOK-Development	66,475,000	73,180,000
Global Fund Grants	200,000,000	150,000,000
	<u>988,745,000</u>	<u>1,055,180,000</u>
<b>7 Rendering of service</b>		
This represents receipts for provision of services.		
Maisha certification	-	700,000
	<u>-</u>	<u>700,000</u>
<b>8 Interest income</b>		
This represents interest earned from bank deposits during the period.		
Interest earned	11,689,054	9,838,835

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	2020/2021	2019/2020
	Ksh	Ksh
<b>9 Employee costs</b>		
Basic Salary	222,620,371	221,063,251
House Allowance	59,608,537	62,283,550
Remuneration Allowances	31,630,562	32,265,536
Staff Gratuity	73,097,204	62,888,671
Staff Medical Insurance	40,856,813	38,090,270
Other Allowances	5,661,353	6,990,348
Bonuses	27,648,418	-
Non Practicing allowance	758,710	480,000
Acting/Special duty Allowance	1,050,211	318,156
Leave allowance	3,372,207	3,393,327
Employer NSSF Contribution	367,800	346,200
CACC responsibility allowances	34,323,929	34,309,000
Casual wages	683,218	321,000
	<u>501,679,334</u>	<u>462,749,311</u>
<b>10 Depreciation and amortization expense</b>		
Motor Vehicles Depreciation	-	-
Computer equipment depreciation	-	4,671,685
Office Equipment Depreciation	-	4,965,880
Furniture & Fittings Depreciation	-	4,627,679
	<u>-</u>	<u>14,265,244</u>
<b>11 Repairs and maintenance</b>		
Repairs and Maintenance General	3,564,912	1,651,414
Motor Vehicles Repairs & Maintenance	8,531,930	5,868,055
Office Equipment & Furniture Repairs	93,100	716,225
	<u>12,189,942</u>	<u>8,235,694</u>

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	2020/2021	2019/2020
	Ksh	Ksh
<b>12 Program management expenses</b>		
These were expenses incurred by NACC in executing its mandate.		
Program travel expense	346,637,300	214,283,714
Design printing and publishing	12,926,098	3,106,872
Hire charges	69,813,534	50,168,418
Advertising	125,610,466	49,458,811
Conferences and Workshops	7,301,648	4,150,920
Consulting fees	18,273,988	21,508,826
Other program management expense	8,207,265	-
	<u>588,770,299</u>	<u>342,677,561</u>
<b>13 The following are included in general expenses:</b>		
Audit fees	3,900,000	3,700,000
Consumables	5,224,285	8,823,481
Utilities	4,157,839	3,527,077
Fuel and oil	11,657,877	5,621,107
Insurance	7,147,343	6,764,921
Licenses and permits	6,139,084	4,950,483
Postage	547,795	528,244
Stationery	15,809,890	14,626,577
Rent *	57,464,395	65,264,053
Security costs	1,465,831	1,397,669
Telecommunication	16,092,143	17,876,050
Training	6,252,721	4,947,136
Membership and subscriptions	881,460	693,246
Other General expenses	2,395,453	3,037,623
	<u>139,136,115</u>	<u>141,757,667</u>

\* The reduction in rent from 65M to 57M resulted from a covid relief granted by the premises landlord.

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	2020/2021	2019/2020
	Ksh	Ksh
<b>14 Board Expenses</b>		
Sitting Allowance	9,280,000	8,302,600
Bonus	6,681,367	-
Meal Allowance	116,000	202,000
Per Diem Allow	3,276,000	1,601,600
Air Time	84,000	84,000
Chair Honoraria	960,000	960,000
Medical insurance	<u>958,981</u>	<u>913,315</u>
	<u><b>21,356,348</b></u>	<u><b>12,063,515</b></u>
<b>15 Finance Costs</b>		
Bank charges	4,406,814	2,918,662
<b>16 Gain on sale of assets</b>		
During the year under review, NACC disposed obsolete and unused items that had been fully depreciated.		
Proceeds from sale	269,283	-
Less Cost of items disposed	304,000	-
Add Accumulated depreciation	<u>304,000)</u>	<u>-</u>
	<u><b>269,282</b></u>	<u><b>-</b></u>
<b>17 Taxation</b>		
Tax charged on interest income	3,517,013	732,757

18 The reported deficit of Ksh 225,184,980 was financed from accumulated surplus that amounted to Ksh 854,755,609 as at the beginning of the financial year (see page 55)

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	2020/2021	2019/2020
	Ksh	Ksh
<b>19 Cash and cash equivalents</b>		
ABSA Bank -Recurrent vote account	157,194,183	167,115,091
Citibank -Development vote account	199,508,910	205,707,583
Stanchart -UNDP project account	2,460,056	2,473,376
NCBA Bank -UNFPA Operating project account	770,264	107,917
NCBA Bank -Global Fund project account	-	32,334
Citibank -TOWA Project Account	131,594,835	123,145,524
Coop Bank - IRAPP Project Account	1,210,920	1,210,920
NCBA GLOBA FUND-KN-H-TNT-1547	162,044,293	260,312,369
NCBA Bank- Gratuity Fund Account	49,153,260	48,326,864
Cash in transit *	68,067,500	150,000,000
	<u>772,004,222</u>	<u>958,431,978</u>
<b>20 Inventories</b>		
Office consumable	11,700,339	7,660,042
<b>21 Receivables from exchange transactions</b>		
Deposits	10,009,348	10,009,348
Prepayments	550,275	46,446,321
Other receivables	2,428,889	-
	<u>12,988,513</u>	<u>56,455,669</u>
<b>22 Receivables from non exchange transactions</b>		
Field Office Advance	14,886,277	18,109,140
Advances to District Technical Committees	19,820,858	19,595,338
Advance to TOWA Financial Management Agency	47,020,210	53,088,338
Direct advances to implementers	2,952,759	2,952,759
Advances to Constituency AIDS Cordinating Committees	8,138,370	4,825,375
Advances - World AIDS Day	2,161,700	2,161,700
AIDS Control Units Advances	3,697,926	3,697,926
Staff Imprest Advances	2,508,712	5,081,218
Other advances	1,093,472	1,944,434
Less Impairment	(81,560,092)	(81,560,092)
	<u>20,720,191</u>	<u>29,896,134</u>

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**23 Property, plant and equipment**

	Motor Vehicles	Computers	Office Equipment	Furniture & fittings	Computer Software	Total
Cost	Ksh	Ksh	Ksh	Ksh		Ksh
<b>At 30 June 2019</b>	274,540,108	143,781,874	85,853,412	88,289,985	-	592,465,379
Additions		1,842,451	5,347,999	955,700	-	8,146,150
Adjustment	(2,139,750)	-	-	-	-	(2,139,750)
<b>At 30 June 2020</b>	<b>272,400,358</b>	<b>145,624,325</b>	<b>91,201,411</b>	<b>89,245,685</b>	-	<b>598,471,779</b>
Additions	-	9,231,829	870,960	125,000	24,009,555	34,237,344
Revaluation	160,135,000	-	1,737,656	3,731,689	39,418,000	205,022,345
<b>At 30 June 2021</b>	<b>432,535,358</b>	<b>154,856,154</b>	<b>93,810,028</b>	<b>93,102,374</b>	<b>63,427,555</b>	<b>632,709,123</b>
<b>Depreciation</b>						
<b>At 30 June 2019</b>	274,540,108	137,854,738	80,353,148	75,753,895	-	568,501,888
Depreciation	-	4,671,685	4,965,880	4,627,679	-	14,265,244
Adjustment	(2,139,750)	-	-	-	-	(2,139,750)
Transfer/adjustments	-	-	-	-	-	-
<b>At 30 June 2020</b>	<b>272,400,358</b>	<b>142,526,423</b>	<b>85,319,028</b>	<b>80,381,574</b>	-	<b>580,627,383</b>
Depreciation	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
<b>At 30 June 2021</b>	<b>272,400,358</b>	<b>142,526,423</b>	<b>85,319,028</b>	<b>80,381,574</b>	-	<b>580,627,383</b>
<b>Net book values</b>						
<b>At 30 June 2021</b>	<b>160,135,000</b>	<b>12,329,731</b>	<b>8,491,000</b>	<b>12,720,800</b>	<b>63,427,555</b>	<b>257,104,086</b>
<b>At 30 June 2020</b>	<b>-</b>	<b>3,097,901</b>	<b>5,882,384</b>	<b>8,864,111</b>	<b>-</b>	<b>17,844,396</b>

	2020/2021	2019/2020
	Ksh	Ksh
<b>24 Capital Work in Progress</b>		
Opening Balance	18,276,874	18,276,874
Additions during the year	5,732,681	-
Transferred to Noncurrent Assets -Computer software	(24,009,555)	-
	<u>-</u>	<u>18,276,874</u>

**NB: Total Additions during the year 2021- (Ksh. 9,231,829+870,960+125,000+5,732,681=Ksh. 15,960,472)**

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	2020/2021	2019/2020
<b>25 Trade and other payables from exchange transactions</b>	<b>Ksh</b>	<b>Ksh</b>
Payable to suppliers of goods and services	4,767,870	17,992,509
Other payables	<u>33,421</u>	<u>1,474,106</u>
	<b><u>4,801,291</u></b>	<b><u>19,466,615</u></b>
<b>26 Provisions</b>		
Audit fees		
Opening balance	7,200,000	3,500,000
Payments during the year	(3,500,000)	-
Provision for the year	<u>3,900,000</u>	<u>3,700,000</u>
Closing balance	<b><u>7,600,000</u></b>	<b><u>7,200,000</u></b>
<b>27 Employee benefit obligation</b>		
Staff gratuity		
Opening balance	81,644,314	69,096,764
Payments during the year	(39,365,482)	(50,341,120)
Provision for the year	<u>73,097,204</u>	<u>62,888,670</u>
Closing balance	<b><u>115,376,037</u></b>	<b><u>81,644,314</u></b>
<b>28 Deferred revenue</b>		
This refers to funds disbursed for capital a project that had not been utilized		
Opening balance	100,000,000	100,000,000
Addition during the year	-	-
Transferred during the year	-	-
	100,000,000	100,000,000
<b>29 Taxation</b>		
Tax payable at beginning of the year	25,498,556	24,765,799
Income tax charge for the year (note 17)	3,517,013	732,757
Income tax paid during the year	<u>(16,868,521)</u>	<u>-</u>
At end of the year	<b><u>12,147,048</u></b>	<b><u>25,498,556</u></b>

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**30 Revaluation reserve**

The NACC carried out a revaluation of all noncurrent asset during the year under review resulting in creation of a Ksh 205,022,345 revaluation reserve as follows:

	2020/2021	2019/2020
	Ksh	Ksh
Motor vehicles	160,135,000	-
Office equipment	1,737,656	-
Furniture	3,731,689	-
Computer software	<u>39,418,000</u>	<u>-</u>
	<u><b>205,022,345</b></u>	<u><b>-</b></u>

**31 Restatement**

During FY 2019-2020 a reconciliation for the NACC main ledger account with Kenya Revenue Authority indicated a tax liability of Ksh 25,498,556 accumulated from previous years transactions on Corporation Tax. The Financial statement have been restated to reflect the accrued Tax Liability.

**32 Provision for doubtful debts**

The outstanding advances listed below were considered doubtful

First World AIDS Day Commemoration Advance	2,161,700	2,161,700
ACU Advances	3,697,926	3,697,926
District Technical Committees	19,613,358	19,613,358
Advances to former employees	2,216,487	2,216,487
Community Based Organizations	782,283	782,283
TOWA PSI Advances	<u>53,088,338</u>	<u>53,088,338</u>
	<u><b>81,560,092</b></u>	<u><b>81,560,092</b></u>

**32 Operating Lease obligation**

Within one year	62,073,038	59,301,920
After one year but not later than five years	<u>195,356,224</u>	<u>245,936,884</u>
Total Commitments	<u><b>257,429,262</b></u>	<u><b>306,984,644</b></u>

The NACC has a six-year term lease for office premises from March 1, 2019. The lease stipulates that rent is payable on quarterly in advance in US Dollars. An exchange rate of Ksh 112 to USD (107 for 2019/20) has been used for the five-year projection.

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33 Related party disclosures	2020/2021	2019/2020
	Ksh	Ksh
a) Rendering of services		
Maisha Certification	-	700,000
b) Government Transfers through parent ministry	988,745,000	1,084,566,350
c) Management remuneration		
Board emoluments	21,356,348	8,384,867
Compensation to the CEO	8,259,522	8,566,652
Compensation to key management	<u>109,375,779</u>	<u>105,214,723</u>
	<u><u>138,991,649</u></u>	<u><u>122,166,242</u></u>

**34. Financial Risk Management**

The NACC activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The corporation's overall risk management program focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks.

The corporation's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total Amount	Fully Performing	Past Due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Receivables from exchange transactions	12,988,513	12,988,513	-	-
Receivables from non-exchange transactions	102,280,282	20,720,190	-	81,560,092
Bank balances	772,004,222	772,004,222	-	-
<b>Total</b>	<u>887,273,017</u>	<u>805,712,925</u>	-	<u>81,560,092</u>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	56,455,669	56,455,669	-	-
Receivables from non-exchange transactions	111,456,226	29,896,134	-	81,560,092
Bank balances	958,431,978	958,431,978	-	-
<b>Total</b>	<u>1,126,343,873</u>	<u>1,044,783,781</u>	-	<u>81,560,092</u>

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The NACC has exposure to credit risk, which is the risk that funds advanced to offices at county and sub-county levels will not be fully accounted for when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. Management reviews the accountability status of each office, taking into account its financial position, past experience and other factors. The amounts presented in the statement of financial position are net of provisions for doubtful receivables, estimated by the corporation's management based on prior experience and their assessment of the current economic environment. The board of directors sets the corporation's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Management of credit risks arising from bank deposits is managed by ensuring that the organizations bank deposits are held in Tier 1 bank accounts while credit risk arising from cash and cash equivalents and trade and other receivables are managed in line with the corporation's credit policies as laid down by the board so as to ensure effective oversight and reduction of credit risk.

**ii) Liquidity risk management**

The NACC manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The institution derives the majority of its income from the government (95% for the financial year 2020/2021). Thus, risks faced by the central government's revenue raising abilities directly impact the NACC. In a bid to cushion Kenyans against adverse economic and financial effects from the pandemic, the government introduced the Tax Laws (Amendment) Act, 2020 that reduced the government's revenue. Though the government later sought to reduce the income gap through the Finance Act, 2020, it remains to be seen what effect this will have on the government's revenue raising abilities and NACC's future revenue from non-exchange transactions.

**iii) Market risk**

The NACC Board has put in place mechanism to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the NACC's expenses.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Overall responsibility for managing market risk rests with the Audit, Risk and Compliance Committee. The NACC's Finance Division is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

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**a) Foreign currency risk**

The NACC has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are converted at the time of payment is done using the prevailing spot exchange rate.

The main foreign currency risk faced by the NACC is in regard to the payment of lease obligations for the corporations Head Office occupancy (further details can be found in the lease obligations footnote). These payments are made in US dollars and an adverse effect in US dollars would mean higher lease rentals. The Kenya shilling depreciated on an average 2% to the US Dollar making the rent payments in Kenya Shillings appreciate by the same percentage rate. A further weakening of the shilling would make future lease obligations more expensive.

As at the end of the reporting period, the NACC did not have foreign currency denominated monetary assets and monetary liabilities to recognize.

**b) Interest rate risk**

Interest rate risk is the risk that the NACC's financial condition may be adversely affected as a result of changes in interest rate levels. The NACC's interest rate risk arises from bank deposits. This exposes the NACC to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

**Management of interest rate risk.**

To manage the interest rate risk, management has endeavoured to bank with tier 1 banking institutions that offer favourable and stable interest rates on the NACC institutions deposits. While this offers some level of mitigation against unfavourable movements in interest rates, it does not completely eliminate this risk.

Interest income has however represented only 1% of our total income over the last two financial years and thus any move by the banks to reduce the interest payable on deposits should not have a materially adverse effect on the NACC institution's capabilities to perform its core functions.

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**35 Contingent Liability**

S/No	No. Case Number	Parties	2020/21	2019/20
1	CMCC NO 61 OF 2013	Huzzan Printers and Stationery Limited VS NACC	5,000,000	5,000,000
2	CMCC NO. 1184 OF 2015	Patrick Mbiyu Kagiri vs NACC	3,000,000	3,000,000
3	Petition no. 50 of 2017	Willis Ochar vs NACC	-	2,000,000
	<b>Total</b>		<b>8,000,000</b>	<b>10,000,000</b>

**36 Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**37 Ultimate and Holding Entity**

The NACC is a State Corporation under the Ministry of Health. Its ultimate parent is the Government of Kenya.

**38 Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**39 Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The NACC did not make any surplus during the year and hence no remittance to the Consolidated Fund.

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**APPENDIX**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The NACC is yet to receive the audit report for the FY 2019/20. In the FY 2018/19 NACC received an unqualified report.

**Dr. Ruth Laibon-Masha**



**Chief Executive Officer**

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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

<b>Project title</b>	<b>Project Number</b>	<b>Donor</b>	<b>Period/ duration</b>	<b>Donor commitment</b>	<b>Separate donor reporting required as per the donor agreement (Yes/No)</b>	<b>Consolidated in these financial statements (Yes/No)</b>
1 Report For The Global Fund HIV/AIDS Project	Grant Number Ken-H-Tnt-1547	The Global Fund	January 2018 to June 2021	Ksh 752,926,227	Yes	Yes

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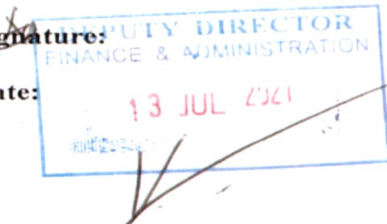
**APPENDIX III INTER –ENTITY TRANSFERS**


<b>ENTITY NAME:</b>		National AIDS Control Council		27 SEP 2021
<b>Break down of Transfers from the Ministry of Health</b>				
<b>FY 2020/2021</b>				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		04/09/2020	218,067,500	2020/2021
		03/12/2020	218,067,500	2020/2021
		27/04/2021	218,067,500	2020/2021
		01/07/2021	68,067,500	2020/2021
		<b>Total</b>	<b>722,270,000</b>	2020/2021
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		28/10/2020	66,475,000	2020/2021
		<b>Total</b>	<b>66,475,000</b>	2020/2021
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		<b>Total</b>	<b>XXX</b>	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Global Fund	19/02/2021	200,000,000	2020/2021
		<b>Total</b>	<b>200,000,000</b>	2020/2021

The above amounts have been communicated to and reconciled with the parent Ministry

CPA, Kenneth Nyamolo  
 Ag. Deputy Director Finance & Administration  
 NACC

Head office Accounting Unit  
 Ministry of Health

Signature:   
 Date: 13 JUL 2021

Signature:   
 Date: 27/9/2021