

REPUBLIC OF KENYA



*Paper Ltd*  
*By the leader of*  
*majority party*  
*for Aken Oluoch*  
*or member*  
*14.3.17*  
*[Signature]*

OFFICE OF THE AUDITOR-GENERAL

PARLIAMENT  
OF KENYA  
LIBRARY

TABLE OFFICE  
S/No:.....  
14 MAR 2017  
Sign:.....  
PAPER LAID

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL AIDS CONTROL COUNCIL**

**FOR THE YEAR ENDED  
30 JUNE 2016**

# maiSha!

**National AIDS Control Council**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2016**

---

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



<b>Table of Content</b>	<b>Page</b>
KEY NACC INFORMATION .....	3
THE NACC COUNCIL .....	7
THE MANAGEMENT .....	12
THE CHAIRMAN'S STATEMENT.....	16
REPORT OF THE DIRECTOR .....	18
STATEMENT OF CORPORATE GOVERNANCE .....	28
CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	36
REPORT OF THE NACC COUNCIL.....	38
STATEMENT OF COUNCIL'S RESPONSIBILITIES.....	39
REPORT OF THE INDEPENDENT AUDITORS.....	41
STATEMENT OF FINANCIAL PERFORMANCE .....	43
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2016 .....	44
STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED JUNE 30, 2016 .....	45
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2016 .....	46
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	47
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	49
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2016.....	54

## NATIONAL AIDS CONTROL COUNCIL

### KEY NACC INFORMATION

#### 1.1 BACKGROUND

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.

NACC is a non-commercial organization and is responsible for ensuring delivery of Kenya's HIV results as outlined in the Country's Vision 2030 and the Kenya AIDS Strategic Framework. At cabinet level, the Council is represented by the Cabinet Secretary for Health who is responsible for the general policy and strategic direction of the NACC

##### 1.1.1 Our Vision

To be responsive authority in the multi-sectoral coordination of the Kenya HIV & AIDS response

##### 1.1.1 Our Mission

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

##### 1.1.2 Our Mandate

NACC is a National HIV and AIDS coordinating agency mandated to, *inter alia*:

- a. Policy formulation for HIV prevention and control
- b. Coordination of partners (development and implementing), communities of persons living with HIV, faith, private and public sectors
- c. HIV surveillance and management of the one national monitoring and evaluation framework
- d. Advocacy and communication to ensure education and information
- e. Mobilization and alignment of resources towards the needs and goals of the HIV response

##### 1.1.3 Our Values

NACC has drawn its values from Article 10 of the Constitution. These are:

<b>Integrity</b>	We commit to act with honesty, fairness and transparency in working with all stakeholders and in our internal operations.
<b>Professionalism</b>	We commit to uphold ethics and are committed to high standards of excellence in working with all our stakeholders and in our day to day operations.
<b>Accountability</b>	We commit to be responsive and accountable for the services provided and resources made available to ensure coordinated HIV response.

## NATIONAL AIDS CONTROL COUNCIL

- Diversity** We desire to work with and serve all without discrimination, fear or favour based on race tribe, gender, sexual orientation etc.
- Flexibility** We commit to change and be dynamic based on evidence on disease pattern and attendant response.

### 1.1.4 Our Strategy – What guides us

The NACC's 2015-2019 Strategic plan is the institutional first strategic plan. Previously NACC's strategic objectives were guided by the Kenya National AIDS Strategic plan. The strategic plan takes cognizance of the constitutional provisions on devolution, Bill of Rights including the highest attainable standards of healthcare, national values and importance of citizen participation in the HIV and health sector.

The strategic plan also recognizes the diverse institutional mandates that facilitate the HIV response, governance systems that enhance performance and accountability for resources and results. The plan identifies the following as the strategic goals to be achieved by 2019.

1. **Delivery on NACC's key functions:** This goal is informed by NACC's legal mandate and functional analysis based on Kenya's governance system with regard to devolution of HIV services and requirement for citizen participation.
2. **Oversight of the Delivery of Kenya AIDS Strategic Framework (KASF):** This goal is informed by NACC's responsibility and accountability for results outlined in KASF
3. **Strengthening of NACC's institutional capacity:** The institutional foundation of NACC must be strong enough to deliver on the expectations of the people of Kenya. The NACC must be managed in accordance with the International Standards of Governance and Accountability, and national guidelines for management of public institutions and resources.

## 1.2 FIDUCIARY OVERSIGHT ARRANGEMENTS-

### 1.2.1 Council Committees

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.

The Committees and their responsibilities are described below:

- Executive Committee,
- Finance and Administration Committee,
- Programmes Committee,
- Audit Committee

A detailed description of the roles functions and composition of these committees is found under the section on corporate governance.

## NATIONAL AIDS CONTROL COUNCIL

### 1.3 NACC DETAILS

#### 1.1.5 NACC Registered Office

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

#### 1.1.6 Bankers

- i. Citibank N.A  
Upper hill Branch  
PO Box 30711-00100  
NAIROBI
  
- ii. Barclays Bank of Kenya Ltd  
NIC Branch  
PO Box 18060  
NAIROBI
  
- iii. Standard Chartered Bank Ltd  
Kenyatta Avenue Branch  
PO Box 40310  
NAIROBI  
Kenya
  
- iv. Cfc-Stanbic Bank Ltd  
Kenyatta Avenue Branch  
PO Box 30550-00100  
NAIROBI  
Kenya

## NATIONAL AIDS CONTROL COUNCIL

- v. NIC Bank Ltd  
NIC House Branch  
PO Box 44599-00100  
NAIROBI  
Kenya
  
- vi. Co-operative Bank Ltd  
Upper Hill Branch  
PO Box 30415-00100  
NAIROBI  
Kenya

### 1.1.7 Independent Auditors

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



### 1.1.8 Principal Legal Adviser

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




## NATIONAL AIDS CONTROL COUNCIL

### THE NACC COUNCIL

#### 1.4 COUNCIL MEMBERS PROFILE

 <p><b>Ms Angeline Y. Siparo</b></p>	<p><b>Chairperson</b></p> <p><i>Experience:</i> 20 years' experience as a donor, implementer and policymaker in the HIV and women's rights responses</p> <p><i>Education:</i> Masters of Arts in Counselling Psychology</p> <p><i>Other responsibilities:</i> Senior African Regional Advisor, Population Reference Bureau</p> <p><i>Past governance roles:</i> Board member of Amnesty International - Kenya Board, the HIV and AIDS Tribunal, the National Cohesion and Integration Commission, SONY Sugar Company and the Children's Council</p>
 <p><b>Mrs. Rahab Mwikali Muiu</b></p>	<p><b>Member</b></p> <p>The National Chairperson Maendeleo ya Wanawake Organization (MYWO). She holds a certificate from the Kenya Government Secretarial College. She is a member of UNDP Team of Eminent Person (TEP) renowned Kenyan Entrepreneur who pioneered the weaving and marketing of Kenyan handicrafts especially the 'Kiondo' abroad. She has been instrumental in empowering Kenyan women through trade especially former Kitui and Machakos Districts which are among origins of handicrafts.</p>

## NATIONAL AIDS CONTROL COUNCIL

 <p><b>Ms. Dorothy Obare Onyango</b></p>	<p><b>Member</b></p> <p>The Executive Director WOFAK and the Chairperson Programmes Committee. She holds a Bachelor of Arts in Development Studies and Social Work. She has worked as a Program Director, Ken Wide Media Ltd, served in the Board of NEPHAK for 4 years. She is also a board member of National Council of Children’s Services and current Chair of Pan African Women’s Coalition.</p>
 <p><b>The Rev. Canon Rosemary Mbogo</b></p>	<p><b>Member</b></p> <p><b>Rev. Canon Rosemary Mbogo</b> is the Chairperson of National Council of Churches in Kenya. She holds a Masters of Arts in Theology and Biblical Counseling, and a Bachelor of Arts in Education. She is currently the Provincial Secretary of the Anglican Church of Kenya, and serves on St. Paul’s University Council. Rev. Canon Mbogo has previously served as the Mission Director of ACK, Director Institute of Christian Ministry, International Leadership University, and as high school Principal for 12 years. She has wide experience in administration, human resource and leadership skills</p>
 <p><b>Mr. Daniel Ochola Bolo</b></p>	<p>Alternate member to the Principal Secretary, Ministry of Interior and Coordination of National Government</p> <p>He holds an MSC in Administration and is the Deputy Secretary Ministry of Interior and Coordination of National Government, State Department of Interior and Coordination.</p>

**NATIONAL AIDS CONTROL COUNCIL**

 <p><b>Mrs. Alice Nabukwanga Wanyonyi Gimose</b></p>	<p><b>Member.</b> She holds an Associate degree in general studies, Higher diploma in Pharmaceutical Technology and a certificate in HIV/AIDS</p>
 <p><b>Ms. Jacinta K Mutegi</b></p>	<p>Alternate Member to The Chairman Kenya Conference of Catholic Bishops</p> <p>She is the current Chairperson F&amp;A Committee and holds an MA Project Planning, Exec. Master in Organizational Development and Bachelor of Environmental Studies. She also sits in KCM for the Global Fund, Mission for Essential Drugs and Supplies (MEDS)</p>
 <p><b>Mr. Vincent Matioli</b></p>	<p>Alternate member to the Principal Secretary, Ministry of Devolution and Planning.</p> <p>He holds an Masters in Public Administration and currently the Deputy Secretary, Ministry of Devolution and Planning, State Department of Special Programmes</p>

**NATIONAL AIDS CONTROL COUNCIL**

 <p><b>Dr. Robert Mwadime Ngolo</b></p>	<p><b>Member</b></p> <p>He is the Chief of Party, USAID Community Connector Project, FHI360, Uganda and holds BSc, MPH and PhD</p>
 <p><b>Mr. Latiff N. Shaban</b></p>	<p><b>Member</b></p> <p>Alternate Member to the Chairman, Supreme Council Of Kenya Muslims,</p>
 <p><b>Mr. Linus Gitahi</b></p>	<p>Alternate member to the Chairman, Federation of Kenya Employers.</p>

## NATIONAL AIDS CONTROL COUNCIL



**Dr. Nduku Kilonzo**

### **Secretary**

She is the Director of the Kenya National AIDS Control Council. A Doctor of Philosophy (PhD) holder in Tropical Medicine, Gender and Health from the Liverpool School of Tropical Medicine (LSTM). Nduku has over 22 peer reviewed publications in high impact factor journals and book chapters in the areas of HIV prevention and control for Africa. She is a Commissioner with the Lancet Commission Health in Sub-Saharan Africa and is acknowledged in the Millennium Development Goal (MDG) 6 Report for her contributions in the HIV field.

## NATIONAL AIDS CONTROL COUNCIL

### THE MANAGEMENT

#### DIRECTOR NACC



She is the Director of the Kenya National AIDS Control Council. A Doctor of Philosophy (PhD) holder in Tropical Medicine, Gender and Health from the Liverpool School of Tropical Medicine (LSTM). Nduku has over 22 peer reviewed publications in high impact factor journals and book chapters in the areas of HIV prevention and control for Africa. She is a Commissioner with the Lancet Commission Health in Sub-Saharan Africa and is acknowledged in the Millennium Development Goal (MDG) 6 Report for her contributions in the HIV field.

#### DEPUTY DIRECTORS



**CS, CPA, Kamuren Dennis K.** is the Deputy Director, Finance & Administration. He holds a Masters of Business Administration from University of Nairobi, a Bachelor of Arts from Kenyatta University, Post Graduate Certificate in Corruption Studies Hong Kong University and member of institutes of Certified Public Accountants and Secretaries of Kenya. He has over fifteen years' experience in managerial, operational and financial experience at management levels. He also has huge experience in Systems Implementation, Corporate Governance, World Bank Disbursements and Accountability processes. He is also a qualified ISO Lead Auditor.



**Mr. John Kamigwi Mwangi** is the Deputy Director, Policy, Monitoring and Research at NACC. He holds Masters of Economics and Social Studies (Health Planning & Development) from University of Wales (UK); Bachelor of Philosophy (Economics) and Bachelor of Arts (Economics) from University of Nairobi. As a Senior Health Economist, John has served for over fifteen (15) years at senior level in the public sector in Kenya, both in Coordination of HIV and AIDS Programmes and in general development planning with a focus on Health Development.

## NATIONAL AIDS CONTROL COUNCIL



**Dr. Emmy J. Chesire** is the Deputy Director, Coordination and Support at NACC. She holds a Doctor of Philosophy in Public Health from JKUAT, Master of Public Health in Community Health and Nutrition from Kenyatta University and Master in Education in Primary Health Care from University of Manchester, United Kingdom. Emmy has over 29 years' experience in Public Service having served in various positions including Chief Principal/College Principal at the Kenya Medical Training College, Nairobi Campus and Karen College of Nutrition, Nairobi.



**Ms. Regina A. Ombam** is Deputy Director, HIV Investments at the NACC. She holds a Master's degree in Public Administration, Masters of Arts in Economics from University of Nairobi and Bachelor of Arts in Anthropology, University of Nairobi. She is an Economist by profession with over 20 years of professional work experience majority in Kenya's public sector having served as a lecturer at the University of Nairobi, Economist in the Roads Sector and Policy Analyst at the Anti-Corruption Commission. Regina is currently pursuing PhD program in Economics at the University of Nairobi.

### MANAGERS



**Dr. Bathsheba Osoro** is Head, Stakeholders' Coordination. She holds a Doctor of Philosophy in Counseling from Washington International University, Master of Education in Counseling Psychology from the University of British Columbia and Bachelor of Arts (Education) from University of Nairobi. Dr. Osoro has over 25 years of work experience in the Public Service.



**CPA, Kenneth O. Nyamolo** is the Head Finance. He holds a Master of Business Administration (Finance major) from Nairobi University, Bachelor's degree in Environmental Studies (**Community Development**) and is a Certified Public Accountant of Kenya (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Kenneth has over 10 years' experience in Finance & Accounting having worked both in the Private and Public sectors. He serves in the Legislative Affairs Work Stream of the Public Policy & Governance Committee of the ICPAK.



**Mr. Gregory Weere** is the Head, HR & Administration. He holds a Master of Arts in Organizational Behavior, Bachelor of Arts in Industrial Psychology (Honours) from Panjab University, a Higher Diploma in Human Resource Management and a PG diploma in Guidance and Counseling. Mr. Weere has over 15 years' experience and achievements in Human Resources and Administration having previously served in various capacities at the World Vision (K) microfinance, the Kenya Civil Aviation Authority, the National museums of Kenya and the Market Intelligence Finance & Economic Journal.

## NATIONAL AIDS CONTROL COUNCIL



**Mr. Edwin Chumo Kimutai** is Head, Performance Management at the NACC. He holds a Masters of Public Health and Epidemiology from Kenyatta University, an advanced management and leadership from AMREF Training institute and Diploma in Environmental Health Sciences from Kenya Medical Training College. Edwin Served for close to ten years as Senior Public Health Officer Ministry of Health, National UNV (Programme Officer HIV & AIDS).



**Mr. Clauder N. Musi** is the Head, Procurement Division. He holds a Masters in Commerce from Shivachi University in Kolapur a Bachelor of Commerce from Indore Christian College -DAVV University in India and Advanced Diploma in Purchasing & Supply (CIPS). Mr. Musi has 20 years' experience in public procurement systems having participated in the review of the Public Procurement and Disposal Bill 2003, 2004 and 2005 and the Public Procurement and Disposal Regulations in 2006.



**Dr. Celestine Mugambi** is the Head, Technical Support Division. She holds a Master of Science in Infectious Diseases from the London School of Hygiene and Tropical Medicine (UK) and a Bachelor of Medicine and Surgery from the University of Nairobi. Dr. Mugambi has 10 years work experience in the Medical Field.



**Mr. Gabriel Nkari** is the Head of Internal Audit. He holds an MBA in Finance from Kenya Methodist University and Bachelor of Commerce ( Accounting option ) from the Catholic University of Eastern Africa. Gabriel is a Certified Public Accountant and a member of Institute of Certified Public Accountants of Kenya (ICPAK) and a member of Institute of Internal Auditors. He has over 20 years work experience.



**Ms. Jane Wanjiku Githinji** is the Head, Legal Services. She holds a Master of Laws (LLM) and a Bachelor of Laws both from the University of Nairobi. She is a member of the Institute of Certified Public Secretaries and Chartered Institute of Arbitrators ( Kenyan Branch) and the Law Society of Kenya. She has over 10 yearswork experience.



**Mr. Joshua Gitonga** is the Head, M & E Coordination. He holds a Master's degree in Public Health and Epidemiology from Kenyatta University and Higher Diploma in Public Health Education and Promotion from KMTC. Joshua has over 20 years work experience mainly in the field of monitoring and evaluation.

## NATIONAL AIDS CONTROL COUNCIL



**Ms. Caroline Kinoti** is the Head County Support Division. She holds a Master's Degree in Public Health & Epidemiology and a Bachelor of Education degree both from Kenyatta University. She is pursuing a Doctorate in Public Health at Jomo Kenyatta University of Agriculture and Technology. She has a wide array of experience, spanning over 10 years in the NGO and Public Sectors in various management capacities.



**Dr. Vernon Mochache Oyaro** is an accomplished doctor with a Bachelors in Medicine and Surgery from the University of Nairobi, Masters in Public Health from University of Washington and pursuing the completion of doctoral studies in Health Science. He is the Head, Research at the NACC. Dr. Oyaro has over 9 years work experience as a Project Doctor, a Researcher, a Medical Officer and a Senior Training Fellow in different organizations.



**Mr. John Byron Ohaga** is Head of Communication at the NACC. He holds a Master of Arts degree in Communication from University of Westminster, London, a Bachelor of Arts in Communication and Sociology from University of Nairobi and a Diploma in Journalism and Public Relations from the Kenya Polytechnic. Mr. Ohaga has 10 years' experience in media production, Journalism and communication having served with different reputable firms including British Broadcasting Corporation (BBC), Multimedia University, Sarakasi Trust (International Talent Development Charity), Kenyatta University and Kenya Broadcasting Corporation (KBC).



**Mr. Bryan Okiya** is the acting Head, Policy & Strategy at the NACC. He holds a Master of Arts degree in Project Planning and Management, a Bachelor of Science (Honours) degree in Biological Sciences from University of Nairobi, and has already completed his course work in doctoral studies pursuing Project Management. He also holds a Diploma in Project Management from the Jomo Kenyatta University of Agriculture and Technology. Mr. Okiya is an accomplished Project Management Specialist. He has over 8 years of work experience in Monitoring and Evaluation, Research and Project Management and over 3 years in Policy and Strategy development in the HIV and AIDS response.

## NATIONAL AIDS CONTROL COUNCIL

### THE CHAIRPERSON'S STATEMENT



The overall mandate of the National AIDS Control Council (NACC) is to coordinate a national and multi-sectoral HIV and AIDS response to reach goals articulated in Kenya's Vision 2030 and the Kenya AIDS Strategic Framework.

Key results in the HIV response were observed in the year including a reduction of new infections among adults of 19% compared to the year 2013 and a 49% reduction of mother to child transmission of HIV compared to 2013. However, the stigma index showed stigma at high levels of 45% and the new infections among young people were noted to have increased.

In the financial year, the Global Fund for HIV, TB and Malaria accepted Kenya's concept note whose writing was supported by NACC and a grant worth US\$259,000,000 for the HIV response signed with the National Treasury for 3 years, thus contributing significantly to resources for ARVs, HIV test kits and other commodities.

In the Financial Year 2015/16, governance of the NACC was enhanced. A new Chairman of the Board was appointed and three members whose term ended were replaced by the appointing authorities. All Committees of the Council met as per the approved NACC almanac and executed their mandates within regulation. The year was marked by good financial and management audit reports by 2 donors, the Auditor General, the Kenya Law School.

During the year, the NACC was re-structured in line with Board recommendations and concurrence from the Cabinet Secretary, with an aim to align the NACC with the constitution, promote engagement with Counties and enhance efficiency of its operations. A new Department of HIV investment was created to guide Kenya's sustainable HIV financing efforts, and a Division of County Support was established to strengthen policy implementation and provide technical support to Counties in implementation of the HIV response.

To achieve the results outlined above, the NACC implemented a coordination infrastructure organized through a series of multi-sector and multi-stakeholder working groups aligned to the Strategic Directions of the KASF and responsible for monitoring the outcomes of each Direction in fulfilment of Constitutional requirements. For public sector coordination, the NACC revised

## NATIONAL AIDS CONTROL COUNCIL

the requirements of public sector reporting to introduce and implement the MAISHA Certification System that has increased public sector contribution to the response.

In line the Government big-data initiative, the NACC invested in the use of technology to improve HIV surveillance through the HIV situation room and the Maisha Maarifa Hub in addition to NACC internal systems.

Drawing lessons from successful advocacy and communication campaigns such as Mpango wa Kando that have contributed to reduction of new HIV infections among couples, the NACC initiated the Stop Stigma Sasa Hivi campaign, championed by H.E. the President of Kenya, Uhuru Kenyatta to enhance the HIV response among adolescents and young people.

Kenya's commitments to the Global Community were met on time through our HIV estimates reports to the UNAIDS, and our positions on key matters were adopted during the UN General Assembly high level meeting on HIV and AIDS in June 2016.

The NACC acknowledges the commitment of H.E. the President to address HIV who has graced various events including the UN General Assembly Kenya hosted side event, the India-Kenya-UNAIDS HIV side meeting during the India Africa summit and launched the HIV situation room. In particular, the NACC continued to host the Beyond Zero Secretariat and support the campaign.

I thank the NACC Secretariat and the Board for working round the clock to ensure that planned activities were implemented in a timely and efficient manner during this period and that challenges were promptly acknowledged and addressed.

A handwritten signature in black ink, appearing to read "Angeline Siparo".

**Ms. Angeline Siparo**

**Chairman, National AIDS Control Council**

## NATIONAL AIDS CONTROL COUNCIL

### REPORT OF THE DIRECTOR

#### 1.5 Performance of the Kenya HIV response

In the financial year 2015/2016, Kenya made significant progress in key indicators of the HIV response. These were recorded from the globally accepted HIV Estimates.

Indicator	2014 Estimates	2016 Estimates
Total PLHIV	1,599,451	1,517,705
- # of Children living with HIV	191,836	98,169
- # of adolescent/YP [15 – 24 years) on ART	188,989	91,350
- # of Adults living with HIV	1,407,615	1,419,536
New Infections	101,563	77,648
- # of new infections among Adult	88,622	71,034
- # of new infections [15 – 24 years]	29,352	35,776
MTCT final transmission rate (at 18 months)	14%	8.3%
- # of new infections among children	12,940	6,613
AIDS related deaths	57,000	30,817

Although there was an overall reduction in new infections across the Country compared to 2013, fourteen (14) counties recorded increases in new infections as well as young people aged 15 – 24 years.

#### 1.6 Performance of NACC, the institution

For the 12<sup>th</sup> cycle performance contracting period of 2015/16, the National AIDS Control Council improved institutional performance from a score of 3.0076 with a rating of Good, to a score of 2.82 with a rating of very good as the independent. The NACC continues to aim for a score of 'Excellent'

##### 1.6.1 The National AIDS Control Council Strategic Plan 2015-2019

The National AIDS Control Councils' operations of oversight and implementation of its mandate are outlined in the NACC Strategic Plan 2015-2019. The NACC has 3 key strategic goals:

- Delivery of NACC's Key Functions.
- Oversight for delivery of the Kenya AIDS Strategic Framework (KASF).
- Strengthening NACC's institutional Capacity

## NATIONAL AIDS CONTROL COUNCIL

### 1.7 Goal 1: Delivery of NACC's key functions:

NACC's key functions are drawn from NACC's legal mandate and articulated in key roles of the NACC.

#### 1.7.1 HIV Policy formulation

During the year, additional policies and strategies to support implementation of the KASF were developed and dissemination.

Policy	Rationale	Expected results
Fast-track plan to end adolescent AIDS	-contribute 50% of all new adult infections -AIDS is the leading cause of death Limited access to HIV services	Reduce new HIV infections by 40% by 2017 Reduce HIV mortality by 15% Reduce stigma by hald
Kenya Key populations HIV policy	-Contribute 33% of new infections -Have limited access to HIV services	Reduced infections among key populations
Policy Brief to promote domestic financing for HIV research agenda	-HIV research is primarily donor dependent -Resource needs required to implement the research agenda unknown	Ring-fenced resources for HIV research agenda from the National Commission on Science and Technology

#### 1.7.2 County AIDS Strategic Plans

The Kenya AIDS Strategic Framework (KASF) 2014/15 - 2018/19 has provided policy guidance for Counties in developing their HIV Strategic Plans in line with the Constitution's delineation of functions. During the year, the NACC provided the Technical support to Counties in development of plans. NACC facilitated County multi-stakeholder meetings to review the data for each County and to identify gaps and priorities. The NACC availed a Technical Support Team for each County to review the drafts done by Counties and initial prints of the County AIDS Strategic Plans (CASPS).

Status report of County AIDS Plans

**NATIONAL AIDS CONTROL COUNCIL**

**STATUS OF COUNTY AIDS STRATEGIC PLANS DEVELOPMENT AND LAUNCH**

	COUNTY	PREVALENCE (15-49)	CASP DEVELOPED	CASP VALIDATED	CASP LAUNCHED
1	Kericho	3.5	√	√	√
2	Mombasa	7.5	√	√	√
3	Kajiado	4.7	√	√	√
4	Kwale	5.9	√	√	√
5	Wajir	0.4	√	√	√
6	Machakos	4.5	√	√	√
7	Makueni	5.1	√	√	√
8	Nyandarua	3.0	√	√	√
9	Samburu	2.2	√	√	√
10	Bomet	2.5	√	√	√
11	Kakamega	4.0	√	√	√
12	Kisii	4.7	√	√	√
13	Baringo	1.6	√	√	√
14	Murang'a	4.2	√	√	√
15	Migori	14.3	√	√	√
16	Lai'kipia	3.2	√	√	X
17	Lamu	3.5	√	√	X
18	Tana River	1.9	√	√	X
19	Narok	3.1	√	√	X
20	Garissa	0.9	√	√	X
21	Vihiga	4.7	√	√	X
22	Busia	6.7	√	√	X
23	Kilifi	4.5	√	√	X
24	Taita Taveta	6.3	√	√	X
25	Nairobi	6.1	√	√	X
26	Kiambu	5.6	√	√	X
27	Kitui	4.4	√	√	X
28	Nakuru	4.1	√	√	X
29	Marsabit	1.4	√	√	X
30	Tharaka Nithi	3.9	√	√	X
31	Embu	3.3	√	√	X
32	Nyamira	6.4	√	√	X
33	Homa Bay	26.0	√	√	X
34	Trans Nzoia	5.2	√	√	X
35	Turkana	4.0	√	√	X
36	West Pokot	1.5	√	√	X
37	Uasin Gishu	4.7	√	√	X
38	Nandi	2.4	√	√	X
39	Elgeyo Marakwet	1.9	√	√	X
40	Nyeri	3.4	√	√	X
41	Kirinyaga	3.1	√	√	X
42	Istiole	3.8	√	√	X
43	Siaya	24.8	√	√	X
44	Mandera	0.8	√	√	X
45	Bungoma		√	√	X
46	Kisumu	2.8	√	√	X
47	Meru	19.9	√	√	X
		2.9	√	√	X

## NATIONAL AIDS CONTROL COUNCIL

### 1.7.3 Coordination of the HIV response

Kenya has diverse partners who finance, implement and report on the HIV response and coordination of these partners and resources is a necessity for the common goals to be achieved. In the year, targeted coordination approaches were used. Table below provides the rationale and results achieved.

Stakeholders	Rationale for coordination	Coordination approach used and results achieved in 2015
Ministries and Development Agencies	333 ministries and agencies of Government have roles outlined in the AIDS Strategic Framework Public sector is Kenya's largest employer	Implementation of the Maisha Certification system within the Public Sector Contracting system (organizations provide services to staff and also use their competencies to deliver HIV) Result: reporting rates increased from 38% to 66%
Counties	47 Counties with functions of HIV planning, prioritization, service delivery and monitoring	Establishment of County HIV Plans, HIV Committees Result: 15 County AIDS Strategic Plans developed and launched; 21 Counties with HIV Committees
Development partners	The Development Partners for Health Kenya (DPHK) constitutes over 15 members with investments in the HIV response	The Development Partners HIV Forum meeting quarterly Result: Agreements to support one national commodities pipeline, one national reporting system
Implementing partners	The NGO Coordination Board in 2014, identified 411 11 NGOs working in the HIV response. These reported having received and expended Ksh15 billion	Result: HIPORs reporting system to inform Counties on partners and resources implemented and utilized
Communities of persons living with HIV	Communities are key to successful outcomes in HIV prevention, scale up of ART and advocacy against stigma and discrimination	Establishment of a Meaningful Involvement of Persons Living with HIV (MIPA) desk and support workplan for NEPHAK Results: NEPHAK capacity developed to enhance HIV programming with higher services uptake and adherence
The Faith	Religious institutions have access	-Formation of the Faith Sector Working Group

## NATIONAL AIDS CONTROL COUNCIL

Sector	to large parts of Kenyan public and can be ambassadors	Result: HIV messages infused in theological teachings of mainstream religious institutions and disseminated each week Reduced stigma and discrimination
--------	--	--

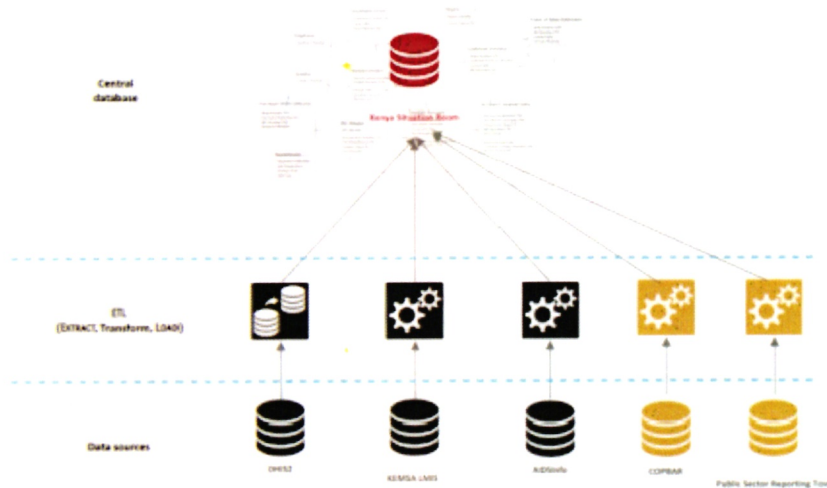
During the year under review, the different partners and sectors were further organized into multi-stakeholder, multi-partner working groups aligned to the Strategic Directions of the KASF each with overarching task and are responsible monitoring the key indicators of each strategic direction and advise on remedial measures and reporting on progress to the KASF Monitoring committee.

<b>SD1: Reducing new infections</b>	<ul style="list-style-type: none"> <li>• HIV Prevention WG</li> <li>• Links with other WGs</li> </ul>
<b>SD2: Improving health outcomes</b>	<ul style="list-style-type: none"> <li>• NASCOP led TWGs</li> <li>• Technical guidance – Treatment, testing guidelines etc</li> </ul>
<b>SD3: Using a human rights</b>	<ul style="list-style-type: none"> <li>• Human Rights Technical WG</li> <li>• KPs policy, and service guidelines + technical support unit</li> </ul>
<b>SD4: Strengthening integration of systems</b>	<ul style="list-style-type: none"> <li>• <b>Community systems strengthening WG</b></li> </ul>
<b>SD5: Strengthening research</b>	<ul style="list-style-type: none"> <li>• KARSCOM</li> <li>• HIV &amp; AIDS Research agenda</li> <li>• Maisha Maarifa hub</li> </ul>
<b>SD6: Promoting utilization of SI and M &amp; E</b>	<ul style="list-style-type: none"> <li>• SI working group</li> <li>• National M &amp; E framework</li> <li>• Kenya HIV Situation Room</li> </ul>
<b>SD7: Increasing domestic financing</b>	<ul style="list-style-type: none"> <li>• HIV financing committee</li> <li>• Development partners forum</li> </ul>
<b>SD8: Promoting Accountable leadership</b>	<ul style="list-style-type: none"> <li>• <b>Public Sector Working group</b></li> <li>• <b>County HIV Committees</b></li> </ul>

## NATIONAL AIDS CONTROL COUNCIL

### 1.7.4 HIV Surveillance:

*Kenya HIV Situation Room:* The NACC developed the Kenya HIV Situation Room which brings together data from 4 different sub-systems, run by different Government agencies in easy to read and interpret graphical formats. Situation rooms have been deployed in the offices of the President, the Cabinet and Principal Secretary and in 14 Counties by end of the year. The situation room will increase numbers of people tested and treated for HIV at points where they are most needed and improve surveillance for detection of early warning signs



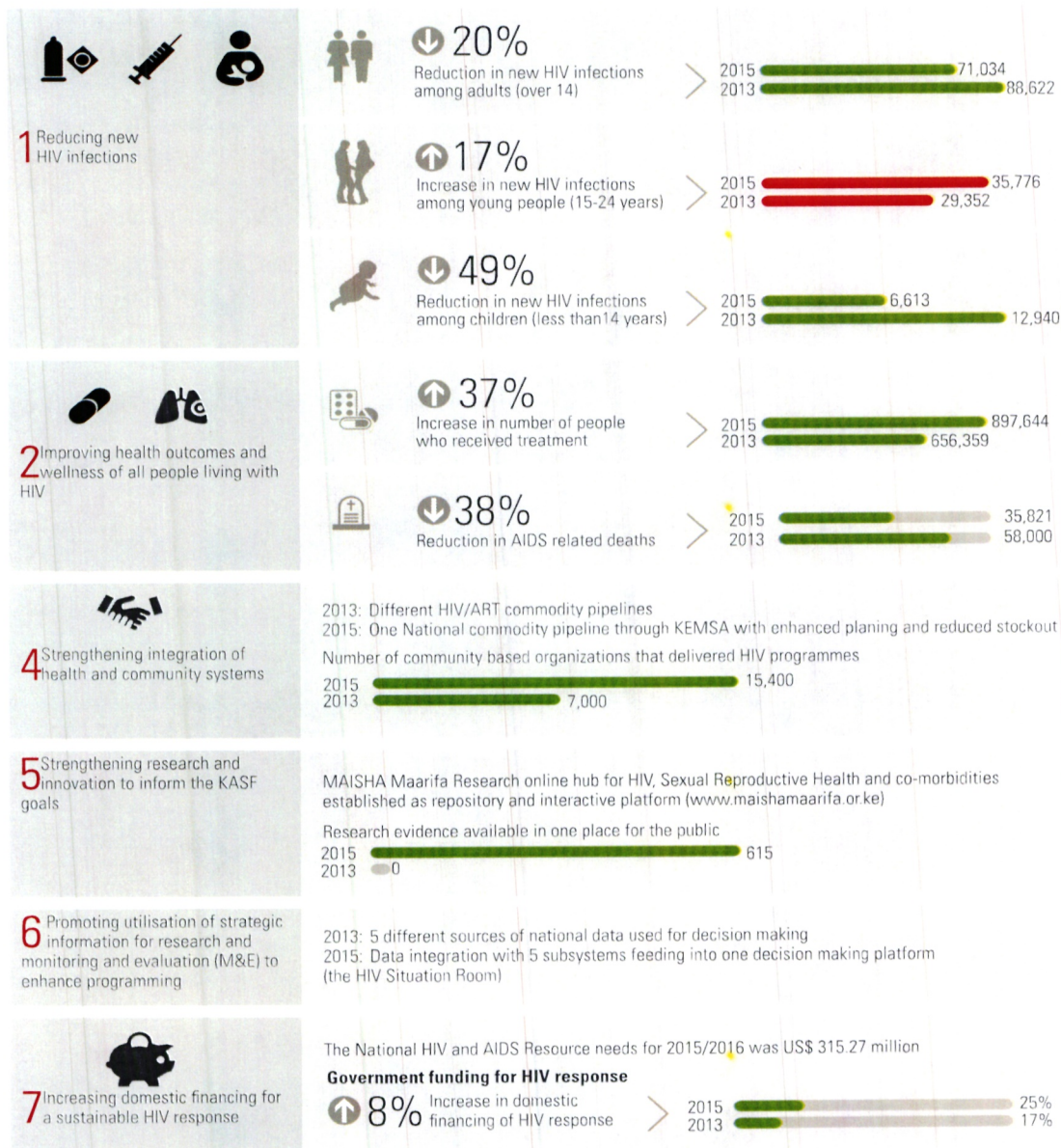
*The Kenya HIV Estimates:* were developed from data collated from different systems and reporting to the UNAIDS as part of annual global requirements delivered on time in March 2016. County HIV estimates to facilitate planning, prioritization and resource allocation by Counties were undertaken.

# NATIONAL AIDS CONTROL COUNCIL

## 1.8 Goal 2: Oversight of implementation of the Kenya AIDS Strategic Framework

### 1.8.1 Performance of Kenya as per the AIDS Strategic Framework

With the coordination of the NACC, guidance on planning, prioritization and implementation of HIV interventions, resource mobilization and alignment and with support of partners, Kenya has performed well on key indicators set out in the KASF. The Strategic Directions continuously evaluated and reported. The table below provides the performance at a glance.



Sources: Kenya HIV Estimates 2013 and Kenya HIV Estimates 2015. Source: NAI/SCDP Programme Data

## NATIONAL AIDS CONTROL COUNCIL

Additional actions that NACC has undertaken to provide oversight to delivery of the HIV response:

### 1.8.1.1 Ending HIV and AIDS among Adolescents and Young People

In the year under report, a multi-stakeholder national steering committee convened by NACC, reported to H.E. the President on key results achieved by partners on the fast track plan to End HIV and AIDS among Adolescents and Young People.

### 1.8.1.2 The National HIV and AIDS Stigma and Discrimination Index

Stigma remains one a primary challenge to uptake of testing and counselling, ARVs and other HIV services. During the year, the NACC published a report on Kenya's stigma index and rolled out the anti-stigma mass media campaigns through Radio, T.V and Print media.

### 1.8.1.3 Utilizing technological innovation to promote public access to HIV information and knowledge



Kenya's research has been globally published and used to inform global policy direction, but often unavailable in one place and to the Kenyan public. The NACC engaged NACOSTI as a regulator, was supported to require routine reports from local ethical review boards. The Kenya HIV, SRH and co-morbidities Research Hub, dubbed, Maisha Maarifa ([www.maishamaarifa.or.ke](http://www.maishamaarifa.or.ke)) was commissioned and serves as a repository and interactive hub in April 2016. In 3 months it recorded 615 studies have been uploaded, registered 132 users and held one webinar.

### 1.8.1.4 Leveraging multi-sector competencies to deliver HIV

The Public Sector is responsible for preventing new infections, improving quality of life and mitigating impact among their staff and customers. Key sectors were identified for utilization of their core competencies to deliver HIV results including Education, Social Services and Justice, Order, Law. Sector HIV plans were developed with key indicators and investments made to review education curriculum and teacher training with an aim to increase knowledge and

## NATIONAL AIDS CONTROL COUNCIL

services uptake. The Maisha Digital Platform was availed at the Kenya National Library Services that has a throughput of approximate five million (5,000,000) students annually.

### 1.8.2 Beyond Zero Campaign

The NACC hosts the Beyond Zero Secretariat. During the year, the NACC facilitate delivery of 28 fully kitted mobile clinics by Her Excellency, the First Lady of Kenya, Margaret Kenyatta, delivery of 17 logbooks to Counties for their tracks, 100% clinics were issued with master-facility-list numbers for identification and commodity access. A key result that Beyond Zero contributed was a 49% reduction in child transmission.



*First Lady of Kenya, Margaret Kenyatta handing over a Beyond Zero Mobile Clinic to Kitui Governor Dr. Julius Malombe*

### 1.9 Goal 3: NACC Institutional Strengthening

**Staff development:** During the year, the NACC re-constituted the Training committee and recorded a 90% increase in uptake of training and continuous professional development by staff as compared to the previous year. 98% performance based employee appraisals were undertaken. A work environment survey identified areas of improvement and were resolved and a comprehensive medical cover given to staff and their family. NACC staff were harmonized to 3 years.

**Management systems:** NACC invested in automation and was scored 72.3% against a target of 72% by the ICT Authority. A Data Centre has significantly enhanced NACC data processing capabilities with automation of Finance Processes and payments to initiate online payments and internal audit processing and reporting.

The NACC contract management system was strengthened reducing contract turnaround times to within 14 days post award. NACC recorded 86% adherence to the audit workplan with 100% implementation of Board resolutions.

## NATIONAL AIDS CONTROL COUNCIL

**Procurement:** the NACC adhered to regulations and adjusted with the shifts in the Public Procurement and Disposal Act of 2016, attained 90% adherence to the procurement plan and 104% of the target of procurement preference for youth and women. There were no appeals for the highest value tenders.

A handwritten signature in blue ink, appearing to read "Nduku Kilonzo".

**Dr. Nduku Kilonzo**  
**DIRECTOR NACC**

## NATIONAL AIDS CONTROL COUNCIL

### STATEMENT OF CORPORATE GOVERNANCE

Corporate Governance comprises the rules, practices and processes by which the NACC is governed. It provides framework for attaining the NACC’s objectives and it is inherent in every sphere of management from strategic plan to performance measurement and corporate disclosure. It involves balancing the interests of stakeholders who include People Living with HIV and AIDS (PLWHA), suppliers, development partners, National and County governments and the community.

#### 1.10 THE NACC COUNCIL

The NACC Board, also referred to as the Council, is responsible for policy formulation and strategic oversight of the NACC. The board is also is accountable to stakeholders for ensuring that the NACC complies with the law and the highest standards of best practices in corporate governance and quality service delivery. The Board is committed to integrity in accordance with the generally accepted corporate practices and endorse the developed principles of good corporate governance.

The Council is made up of 15<sup>1</sup> members representing various stakeholders. The membership is on the basis of constituent representation covering the key sectors. The Full Council meets at least four times in a year. The Council has delegated authority for conduct of day-to-day business to the Director. The Council, nonetheless, retains responsibility for establishing and maintaining overall policy direction, internal controls, operational and compliance issues as well as implementing strategies for the long term success in the fight against HIV and AIDS.

During the period under review, the Board held 5 meetings which were attended as follows:

Name	Meetings attended
Rev Conon Rosemary Mbogo	5
Eng. Erastus Mwongera	2 (Served up to October 13, 2015)
Peter Kubebea	3 (Served up to November 5, 2015)
Peter ole Musei	Served up to September 14, 2015
Daniel Bolo	5
Walder Mukunga	5
Rahab Mwikali	4
Jacinta Mutegi	3

<sup>1</sup> The representation of Board is being reviewed to comply with Mwongozo.

## NATIONAL AIDS CONTROL COUNCIL

Dorothy Onyango	4
Vincent Matioli	4
Latiff Shaban	4
Wachira Kariuki	3
Dr. Nduku Kilonzo	5
Franklin Maganju	4
Wilson Kipkazi	4 (Replaced Ole Musei from September 15, 2015)
Linus Gitahi	2 (Replaced Eng. Mwogera from October 14, 2015)
Alice Gimose	1 (Appointed on September 9, 2015)
Abdi Ibrahim	1 (Appointed on September 9, 2015)

### 1.11 Committees Of The Council

The Council has four standing committees, which meet regularly under the terms of reference set by the Council. They are:

- (i) Executive Committee
- (ii) Finance and Administration Committee
- (iii) Programmes Committee
- (iv) Audit Committee

#### 1.11.1 Executive Committee

The Executive Committee is made up of the Chairs of the various board committees and is chaired by the Council Chairman. For emerging and urgent issues that require Council decision, the Executive Committee makes such decisions on behalf of the Council. The executive Committee held 4 meetings which were attended as follows:

Name	Meetings attended
Rev Canon Rosemary Mbogo	2
Jacinta Mutegi	2
Dorothy Onyango	3
Latiff Shaban	1
Dr. Nduku Kilonzo	3
Franklin Maganju	4
Linus Gitahi	3

## NATIONAL AIDS CONTROL COUNCIL

### 1.11.2 Finance And Administration Committee

The Finance and Administration Committee of the Council ensures effective financial and personnel oversight of NACC. They review and monitor the budget, human resource and administration compliment. The committee also reviews the procurement plan as per Government and Donor regulations. On a quarterly basis, the NACC Secretariat presents a management report to the Committee. The committee met 5 times during the year under review. The meetings attendance was as follows:

Name	Meetings attended
Peter Kubebea	2
Daniel Bolo	5
Walder Mukunga	4
Jacinta Mutegi	4
Wachira Kariuki	2
Dr. Nduku Kilonzo	3
Franklin Maganju	5

### 1.11.3 Programmes Committee

The Programmes Committee is responsible for formulating and recommending to the Council policies that support HIV programs and reviewing implementation for consistency. The Committee is also responsible for conducting systematic program reviews at the request of the Council and making recommendations with respect to all proposals by management for new programs, or major changes to programs. This is the Committee that review all the programmatic issues of HIV and AIDS for the Council. The Programs Committee held 4 meetings which were attended as follows:

Name	Meetings attended
Peter ole Musei	1
Rahab Mwikali	3
Dorothy Onyango	4
Latiff Shaban	4
Dr. Nduku Kilonzo	2
Franklin Maganju	4
Wilson Kipkazi	3
Alice Gimose	1

## NATIONAL AIDS CONTROL COUNCIL

### 1.11.4 Audit Committee

The Council has constituted an Audit Committee which meets four times a year or as necessary. Its responsibilities include review internal systems and programs, risk environment and mitigation measures put in place by management. The NACC Head of Internal Audit is the Secretary to the committee.

Name	Meetings attended
Eng. Erastus Mwongera	1
Daniel Bolo	4
Rahab Mwikali	4
Latiff Shaban	3
Wachira Kariuki	1
Dr. Nduku Kilonzo	2
Franklin Maganju	4
Linus Gitahi	3

### 1.12 Internal Controls And Internal Audit Function

The NACC has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for transactions and for ensuring compliance with laws and regulations that have significant implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the NACC remains structured to ensure appropriate segregation of duties. In reviewing the effectiveness of the systems of internal control, the Council takes into account the results of all the work carried out to audit and review the activities of the institution. Monthly meetings for management and quarterly meetings by Council to review financial status of the institution are held to monitor performance and to agree on measures for improvement. The Council also has in place Risk Management infrastructures that proactively identifies strategic and operational risks and prescribe appropriately mitigation measures in line with the requirements of the Mwongozo code of governance.

In reviewing the systems of internal control, risk management and Governance processes the Council through its Internal Audit function undertakes the review of the activities of the institution based on their risk ranking and provide assurance on the efficiency and effectiveness of the processes.

## NATIONAL AIDS CONTROL COUNCIL

### 1.13 Whistle Blowers' Policy

NACC has developed a Whistle-Blowers Protection Policy for its Board, Staff and anyone who acting in good faith, disclose information of unethical behavior. This policy has been developed in line with Witness Protection (Amendment) Act 2010, the Mwongozo (The Code of Governance for State Corporations) and NACC's Anti-Corruption Policy. This policy is designed to support NACC's values of integrity, professionalism, accountability, diversity and flexibility as articulated in NACC Strategic Plan 2015 to 2019 and NACC Code of Conduct and Ethics.

The policy ensures that NACC stakeholders and employees have an opportunity to raise genuine concerns without fear of suffering retaliatory action, discrimination, harassment or victimization, Provide a transparent and confidential process for dealing with Concerns regarding malpractice or any unethical behavior as spelt out in the NACC Code of Conduct and Ethics, Leadership and Integrity Act (LIA), Public Officers Ethics Act and any other relevant policies that guide NACC operations.

### 1.14 Code Of Conduct And Ethics

NACC has developed the Code of Conduct and Ethics for its board members and staff. This code is aligned to the Leadership and Integrity Act of 2012, Public Officer Ethics Act 2003, the Constitution of Kenya and the Code of Governance for Public Corporations (Mwongozo).

This Code of Conduct is intended to establish standards of integrity and ethical conduct in the NACC by ensuring that the board members and employees respect the values, principles and requirements of Chapter 6 of the constitution in discharging of their duties..

## **NATIONAL AIDS CONTROL COUNCIL**

### **1.15 Trends affecting HIV and AIDS response**

#### **Macro-economic and environmental impact of HIV and AIDS**

The impact of HIV and AIDS on the macro-economic environment takes two dimensions, namely the direct and indirect costs. The former refers to the cost of treatment associated with HIV related illness, which has serious implications for health care budgets around the region. Those segments of the population that are poverty-stricken stand to lose the most as pressures on the health budgets increases resulting in higher medical costs. Indirect costs are more difficult to measure as they refer to loss of value of production, the loss of current wages, the loss of the present value of future earnings, training cost of new staff, high staff turn-over, cost of absenteeism, higher recruitment costs, the drainage of savings, amongst others.

HIV and AIDS has a major adverse impact on Gross Domestic Product (GDP) of various countries especially in the sub-sahara Africa including Kenya. It has been documented that HIV and AIDS shrinks economies depending on the countries' HIV burden. The impact of HIV and AIDS at the household level also negatively impacts on the macro-economic context. The repercussions of HIV and AIDS is felt most acutely at the household level, with the burden weighing most heavily on the poorest households, those with the fewest resources with which to cushion the economic impact.

HIV and AIDS nets more people into poverty as resources are diverted from investment towards caring for the infected and affected as well as increasing the number of OVCs as parents/ bread winners succumb to AIDS.

#### **Political will, leadership and commitment**

The national and county governments have demonstrated commitment towards the HIV response. His Excellency the President of the Republic of Kenya has made commitments on sustainable financing for Health and HIV. The Council of Governors commitment to supporting implementation of the KASF, in particular they have supported development, implementation and monitoring of the county HIV plans. Meanwhile, the Senate and National Assembly have facilitated legislation towards HIV. Key issues to be implemented include: Strengthened country and county ownership of the HIV response; Entrench good governance and strengthen multi-sector and multi-partner; Accountability to delivery of KASF results and Establish and strengthen functional and competent HIV co-ordination mechanism at the national and county levels.

#### **Sustainability financing of HIV response**

Kenya has the fourth largest HIV epidemic globally and envisages rapid scale-up of high-impact HIV investments under the KASF. The changing HIV funding landscape requires innovative ways

## NATIONAL AIDS CONTROL COUNCIL

of resourcing for the HIV response. Recent data on AIDS Spending suggests that the cost of the country's HIV and AIDS response amounted to over 2% of GDP annually in 2009/10 to 2011/12; and that approximately 68% of the country's AIDS response is externally funded (KNASA, 2014). Current government contribution is estimated at 25% (to be confirmed by the on-going KNASA 2016). The government allocation towards the HIV and AIDS response has more than doubled, rising from USD 57.49 million in 2006/07 to USD 153 million in 2012/13 (NACC, 2014).

There is a challenge of sustainability financing of the response, this is compounded by rebasing of the economy in September 2014. Traditional donors (development partners) are scaling down their support. The dwindling resources available for HIV programming call for both innovative ways of financing the HIV response; as well as smarter ways of investing every shilling, where it will have the greatest impact and in the most efficient way. It is estimated that Kenya could achieve twice as much output with the same amount of resources. In this respect, NACC has partnered with stakeholders to conduct a survey on Efficiency savings that could be realized if the country optimizes on programme implementation. It is expected that the fiscal space for HIV could be expanded by improving the efficiency of HIV programmes implementation and contribute towards financial sustainability.

### **Impact of rebasing of economy on HIV and AIDS response**

The rebasing (re-calculation) of Kenya's Gross Domestic Product (GDP) in September 2014 resulted in a substantial increase in the estimated size of the country's economy. Kenya's Gross National Income (GNI) per capita jumped by 25% from \$930 to \$1,160, pushing it over the World Bank's Lower-Middle Income Country (LMIC) threshold of \$1,045. Effects of the rebasing of the Kenyan economy to Lower Middle Income Country (LMIC) are that:

- Kenya will no longer procure ARVs & related commodities at pre-negotiated prices meant for poor countries but instead procure at market prices;
- The country's co-financing share of Global Alliance for Vaccines & Immunization (GAVI) vaccines will increase from 5% to 15% in 2017;
- Future GF applications will be targeted to specific vulnerable groups i.e Key populations (i.e. MSMs...) it's assumed that the government can finance the on-going HIV services for the general population.
- The country is expected to significantly increase resources for HIV and AIDS from domestic sources (KASF projections are that Kenya will increase domestic financing to 50% by 2019 – SD No. 7).



## NATIONAL AIDS CONTROL COUNCIL

As part of Vision 2030, the Government of Kenya (GoK) is committed to the achievement of the Universal Health Coverage (UHC) as a way of ensuring that all Kenyans have access to affordable and quality healthcare including HIV and AIDS.

## NATIONAL AIDS CONTROL COUNCIL

### CORPORATE SOCIAL RESPONSIBILITY STATEMENT

#### 1.16 Overall Goal of NACC Corporate Social Responsibility

The NACC continues to make a positive contribution within the communities in which we operate as we strive towards an HIV free Society in Kenya. Guided by the NACC Corporate social Responsibility Policy the Council engaged in the community through various Social Responsibility activities and events. These were implemented through financial and technical support as well as through active staff participation and engagement.

During the year under review, the Council took part in the following CSR Activities.

#### 1.17 First Lady Half Marathon

The National AIDS Control Council has been supporting the Campaign by H.E. First Lady Margaret Kenyatta through her Beyond Zero initiative aimed at addressing Maternal Health challenges and the fight against HIV and AIDS. Apart from hosting the Beyond Zero Secretariat, the Council supported the 2016 Edition of the First Lady Half Marathon which is a fundraising platform for the Beyond Zero Campaign. In the Edition, the Council supported the airing of the Beyond Zero Campaign documentary in two national TV stations. The Council further supported 150 Members who took part in the Half Marathon, the team comprised of Board Members, NACC Staff and Partners. Additionally, the Council exhibited during the marathon and disseminated HIV and AIDS Information to different publics.

#### 1.18 The National Secondary Schools Drama Festivals

The upsurge of new infections among adolescents and young people prompted NACC to devise ways of engaging this cohort in the HIV response. The National Secondary School Drama Festivals had proven to be a powerful avenue of reaching and relaying information to students. The NACC therefore exploited this opportunity and partnered with the Secretariat that runs the schools drama festivals. The NACC sponsored all the categories on HIV and AIDS. Under this banner, students produced tailored skits around HIV and AIDS among young people and sexual reproductive health. The best schools in this category during National Drama festivals were feted by H.E President Uhuru Kenyatta at Sagana State Lodge.

#### KIM Leadership Summit

The Annual Leadership summit is a premier gathering that brings together key corporate players and policy makers. As one of the key sponsors, the Summit presented NACC with an opportunity to make a case for domestic financing of the HIV response as well as Public Private Partnerships towards the same goal. In addition the NACC through its exhibition stand reached the masses with HIV and information.

## **NATIONAL AIDS CONTROL COUNCIL**

### **1.19 COYA Awards**

Company of the Year Awards- COYA is a Premium annual event Organized by the Kenya Institute of Management (KIM) with elaborate media coverage drawing-in over 40 corporates in the entire East African Region. COYA is meant to recognize outstanding companies in six critical areas therein referred to as determinants and they include among others; Human resources management, Corporate Social responsibility and environment and Finance. The Award presented the NACC with a unique opportunity for visibility and demonstration of the Organizational commitment to its corporate Social Responsibility. It was also meant to lay ground for the inclusion of the HIV and AIDS indicators into the COYA assessment processes which was successfully executed.

### **1.20 Kenya Media Network on Population and Development –KEMEP Awards**

The Kenya Media Network on Population and Development (KEMEP) Awards is an annual ceremony where reporters in the print and electronic media are awarded prizes for their exemplary reportage on stories that center on Population, Gender, Sexual reproductive health, Female Genital mutilation, Family Planning and Disaster and Crisis Management. As a key stakeholder in the development of a healthy Kenyan population, the NACC sponsored two categories on HIV and AIDS at the 7th annual KEMEP awards as part of the Council's CSR activities.



## NATIONAL AIDS CONTROL COUNCIL

### REPORT OF THE NACC COUNCIL

The Council Members submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the NACC affairs.

#### 1.21 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
- a) Care and support for those infected and affected by HIV and AIDS

#### 1.22 Results

The results of the entity for the year ended June 30, 2016 are set out on page 45 of this document

#### 1.23 Council

The members of the NACC Council who served during the year are shown on page 7-11.

#### Auditors

The Auditor General is responsible for the statutory audit of the NACC in accordance with the Public Finance Management (PFM) Act, 2012.

By Order of the Board

Ms. Angeline Siparo  
Chairman, National AIDS Control Council

Date.....22/2/2017.....

## NATIONAL AIDS CONTROL COUNCIL

### STATEMENT OF COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 446 of the State Corporations Act, require the NACC Council to prepare financial statements which give a true and fair view of the state of affairs of the NACC at the end of the financial year and the operating results of the NACC for the year. The NACC Council is also required to ensure that the NACC keeps proper accounting records which disclose with reasonable accuracy the financial position of the NACC. The Council is also responsible for safeguarding the assets of the entity.

The Council Members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2016. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the entity;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The NACC Council accept responsibility for the entity'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 and in the manner required by the PFM Act 2012 and the State Corporations Act. The Council Members are of the opinion that the NACC's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2016, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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



## NATIONAL AIDS CONTROL COUNCIL

### Approval of the financial statements

The NACC's financial statements were approved by the Board on and signed on its behalf by:

A handwritten signature in black ink, appearing to read "Angeline Siparo". The signature is fluid and cursive.

**Ms. Angeline Siparo**  
**Chairman, National AIDS Control Council**

# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL AIDS CONTROL COUNCIL FOR THE YEAR ENDED 30 JUNE 2016

---

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Aids Control Council set out on pages 43 to 65, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The 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.

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

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

---

*Report of the Auditor-General on the Financial Statements of National Aids Control Council for the year ended 30 June 2016*

depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

#### **1.0 Receivables from Non-exchange transactions**

##### **1.1 Advances to various committees**

As previously reported and as disclosed in note 19 to the financial statements, the receivables from non-exchange transactions balance of Kshs.89,408,840 as at 30 June 2016 comprises advances to various committee organizations. This item includes advances to District Technical Committee (DTC) Kshs.19,613,358, Constituency Aids Control Committees' (CACC'S) Kshs.8,335,532, World Aids Day Kshs.2,161,700, and Aids Control Unit (ACU) Kshs.3,697,926 which have been outstanding for considerably long period of time.

##### **1.2 Direct Advances to Implementers**

Similarly, included in direct advances to implementers of Kshs.4,143,508 in note 19 to the financial statements are advances to District Medical Officer of Health – Turkana Kshs.310,378 and Kenya Consortium to Fight Aids, Tuberculosis and Malaria (KECOFATUMA) Kshs.84,350 which had not been accounted for or surrendered as at 30 June 2016.

##### **1.3 Advances to Field Officers**

Further, the receivables from non exchange transactions balance of Kshs.89,408,841 includes advances to field officers of Kshs.16,831,195 and staff imprests and staff advances of Kshs.2,721,876 out of which Kshs.2,366,978.30 is owing from former staff of the Council and which has been outstanding for a considerably long period of time. Also, included in the receivables from non exchange transactions balance are advances of Kshs.53,088,338 to Financial Management Agency (FMA) whose breakdown/analysis has not been availed for audit review.

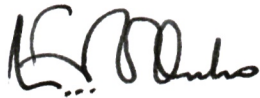
#### **1.4 Other Advances**

Balance of receivables from non-exchange transactions of Kshs.89,408,841 as at 30 June 2016 includes other advances amounting to Kshs.7,036,475. According to information available, these were expenses incurred by the two projects but whose payments were made from GOK development account. As at 30 June 2016, these expenditures had not been reimbursed by the two projects. The management has, however, indicated that efforts are under way to have all the outstanding advances and imprests recovered.

Consequently, the accuracy and the recoverability of the receivables from non exchange transactions balance of Kshs.89,408,841 as at 30 June 2016 could not be determined.

#### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Aids Control Council as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with National Aids Control Council Order, 1999.



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

**Nairobi**

**24 February 2017**

## NATIONAL AIDS CONTROL COUNCIL

### 11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2016

	Note	2015/2016 Ksh	2014/2015 Ksh
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	3	53,828,738	37,744,206
Transfers from other governments	4	794,140,285	962,749,431
Deffered revenue	5	63,957,952	68,098,489
		<b>911,926,975</b>	<b>1,068,592,126</b>
<b>Revenue from exchange transactions</b>			
Other income	6	24,928,258	18,250,479
		<b>936,855,233</b>	<b>1,086,842,605</b>
<b>Expenses</b>			
Employee costs	7	299,728,408	226,133,742
Depreciation and amortization expense	8	81,201,357	75,151,198
Repairs and maintenance	9	15,922,311	19,617,326
Program management expense	10	505,990,409	381,177,743
Community initiative expense	11	9,020,125	45,335,017
General expenses	12	165,254,248	135,977,446
Council Expenses	13	6,175,702	8,001,503
Finance costs	14	4,641,634	3,562,484
		<b>1,087,934,194</b>	<b>894,956,458</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets	15	7,201,044	-
		<b>(143,877,917)</b>	<b>191,886,147</b>

The notes set out on pages 54 to 65 form an integral part of the Financial Statements

## NATIONAL AIDS CONTROL COUNCIL

### STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2016

Assets	Note	2015/2016 Ksh	2014/2015 Ksh
<b>Current assets</b>			
Cash and cash equivalents	16	966,189,871	1,041,602,193
Inventories	17	10,279,046	12,443,275
Receivables from exchange transactions	18	30,797,143	26,204,850
Receivables from non exchange transactions	19	89,408,840	185,518,005
		<b>1,096,674,900</b>	<b>1,265,768,323</b>
<b>Non-current assets</b>			
Property, plant and equipment	20	81,543,290	133,718,423
<b>Total assets</b>		<b>1,178,218,190</b>	<b>1,399,486,746</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	39,295,333	44,345,464
Provisions	22	820,800	820,800
Employee benefit obligation	23	39,754,712	48,137,268
Deferred revenue	5	63,082,539	127,040,491
		<b>(142,953,384)</b>	<b>(220,344,023)</b>
		<b>1,035,264,806</b>	<b>1,179,142,723</b>
<b>Funds and reserves</b>			
Accumulated surplus		1,035,264,806	1,179,142,723
<b>Total funds and liabilities</b>		<b>1,035,264,806</b>	<b>1,179,142,723</b>

The Financial Statements set out on pages 43 to 65 were signed on behalf of the Board by:

Dr Nduku Kilonzo .....  
 Director /Secretary to Council

Date... 20/2/2017

Ms. Angeline Siparo .....  
 Chairman, National AIDS Control Council

Date... 22/2/2017

## NATIONAL AIDS CONTROL COUNCIL

### STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED JUNE 30, 2016

	ACCUMULATED SURPLUS	TOTAL
Balance as at July 1, 2014	1,012,256,576	1,012,256,576
Restatement *	(25,000,000)	(25,000,000)
Restated balance as at July 1, 2014	987,256,576	987,256,576
Surplus for the year	191,886,147	191,886,147
Balance as at June 30, 2015	<b>1,179,142,723</b>	<b>1,179,142,723</b>
Balance as at July 1, 2015	1,179,142,723	1,179,142,723
Deficit for the year	(143,877,917)	(143,877,917)
Balance as at 30/06/2016	<b>1,035,264,806</b>	<b>1,035,264,806</b>

**See note 26 for restatement**

## NATIONAL AIDS CONTROL COUNCIL

### STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2016

	Note	2016 Ksh.	2015 Ksh.
<b>SURPLUS/(DEFICIT)FOR THE YEAR</b>		(143,877,917)	191,886,147
Adjustments for:			
Depreciation	8	81,201,357	75,151,198
Deferred Revenue	5	(63,957,952)	(68,098,489)
Interest income	6	(24,928,258)	(18,250,479)
Gain on asset disposal	14	(7,201,044)	-
(Deficit)/Surplus before Working Capital Changes		<b>(158,763,814)</b>	<b>180,688,377</b>
<b>WORKING CAPITAL CHANGES</b>			
Decrease in Trade and other Payables	20	(13,432,689)	(39,794,424)
Decrease in Inventories	16	2,164,229	807,369
Decrease in Trade and other Receivables	19	91,516,870	21,158,761
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>80,248,410</b>	<b>(17,828,295)</b>
<b>INVESTING ACTIVITIES</b>			
Interest earned	6	24,928,258	18,250,479
Proceeds from Disposal of assets	14	7,201,044	-
Purchase of Fixed Assets		(29,026,220)	(6,903,184)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>3,103,082</b>	<b>11,347,295</b>
<b>INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(75,412,322)</b>	<b>174,207,377</b>
Cash and Cash Equivalent at the beginning	15	1,041,602,193	867,394,815
<b>Cash and Cash Equivalent at the End</b>		<b><u>966,189,871</u></b>	<b><u>1,041,602,193</u></b>

## NATIONAL AIDS CONTROL COUNCIL

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Performance difference (%)
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016	
	Ksh	Ksh	Ksh	Ksh	Ksh	
<b>Revenue</b>						
Property taxes	-	-	-	-	-	
Public contributions and donations				53,828,738	(53,828,738)	
Fines, penalties and levies						
Licenses and permits						
Government grants and subsidies	679,000,000	-	679,000,000	542,500,000	136,500,000	20%
Development partner	251,640,285		251,640,285	251,640,285	-	0%
Sale of goods	-	-	-	-	-	
Finance Income	-	-	-	24,928,258	(24,928,258)	
Gains on disposal, rental income and agency	-	-	-	7,201,044	(7,201,044)	
Others (Sale of Tenders, Bank Interest)	-	-	-			
<b>Total income</b>	<b>930,640,285</b>	<b>-</b>	<b>930,640,285</b>	<b>880,098,326</b>	<b>50,541,959</b>	<b>5%</b>
<b>Expenses</b>						
Compensation of employees	351,072,716	(8,529,086)	342,543,630	299,728,408	42,815,222	12%
Goods and services						
Finance cost	4,000,000	-		4,641,634		
Rent paid	60,000,000	-	60,000,000	54,780,642	5,219,358	9%
Taxation paid						
Other payments (program and admin costs)	515,567,569	-	515,567,569	728,783,510	(213,215,941)	-41%
Grants and subsidies paid	-	-	-	-	-	
<b>Total expenditure</b>	<b>930,640,285</b>	<b>(8,529,086)</b>	<b>930,640,285</b>	<b>1,087,934,194</b>	<b>(157,293,909)</b>	<b>-17%</b>
<b>Deficit for the period</b>	<b>-</b>	<b>(8,529,086)</b>	<b>-</b>	<b>207,835,868</b>	<b>(207,835,868)</b>	<b>-24%</b>

## NATIONAL AIDS CONTROL COUNCIL

### Reported Deficit reconciliation

Deficit as per Statement of Performance	(143,877,917)
Add back Deferred revenue	63,957,952
Deficit as per statement of budget	<u>(207,835,868)</u>

### Explanation for budget variance

#### 1. Government grants and subsidies-Performance difference (20%)

The variance in the budget and the actual was due to the timing difference between the allocated funds and the actual remittance. In the FY 2014/15, NACC received an extra disbursement of Ksh 136,500,000. The same was recovered from NACC's allocation for 2015/16 thereby reducing the disbursement for FYF 2015/16 by 20%

#### 2. Employee Compensation 12%

The NACC had expected to fill up all the approved positions during the financial year. However not all the vacant positions were filled leading to a 12% under spending in this vote.

#### 3. Other payments (program and admin costs)-Performance different (41%)

The 41% variance in other payments is attributable to:

- Mobilization of additional resources that were initially included in the budget
- Inclusion of a doubtful debt provision in reported expenditure. This however did not involve cash movement.

## **NATIONAL AIDS CONTROL COUNCIL**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The NACC's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

#### **2 Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

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

###### **Transfers from other government entities**

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.

###### **(ii) Revenue from exchange transactions (Interest income)**

This is mainly interest earned from funds held in interest earning operating bank accounts. Interest income is recognized when received in the organizations bank account.

##### **b) Budget information**

The annual budget is prepared on the cash basis, for period covering July 1<sup>st</sup> to June 30 of the following year. For purposes of budget comparison, any variance that is below 10% is considered immaterial.

## NATIONAL AIDS CONTROL COUNCIL

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### c) 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. All repair and maintenance costs are recognized in surplus or deficit as incurred.

A full year's depreciation is charged on the year of acquisition and nil on the year of disposal. The *straight line method* is used to calculate the annual depreciation charge. The following rates are used for the different classes of property plant and equipment:

Motor vehicles	25%
Office equipment	25%
Computer equipment	33%
Furniture and fittings	20%

Items of property plant and equipment are derecognised at disposal.

#### d) 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.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the NACC.

#### e) 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.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursements.

#### ***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.

## NATIONAL AIDS CONTROL COUNCIL

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *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 NACC in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

#### **f) 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. NACC is preparing Financial Statements using accrual based IPSAS as done in the recent past.

#### **g) Employee benefits (Gratuity)**

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 recognised 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.

#### **h) 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 NACC, or vice versa. Members of key management are regarded as related parties and comprises of the Senior Officers and the NACC Council.

## NATIONAL AIDS CONTROL COUNCIL

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances comprise of amounts held 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 imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### j) Comparative figures

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

#### k) 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.

##### (i) *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

## NATIONAL AIDS CONTROL COUNCIL

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *(ii) Provisions*

Provisions were raised and management determined an estimate based on the information available. 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.

#### **l) 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, 2016.

#### **m) Segment / Branch reporting**

The NACC does not have any branches/reporting segments. All the operations of the NACC are managed from the registered office. The core business of the NACC continues to be coordination of national response to HIV and AIDS in Kenya as stipulated in the legal notice no 170 of 1999.

## NATIONAL AIDS CONTROL COUNCIL

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2015/2016	2014/2015
	Ksh	Ksh
<b>3 Public contributions and donations</b>		
This consisted of financial support to NACC during the year.		
From FORD foundation in support of Beyond Zero	14,892,518	14,437,500
UNDP /UNFPA *	16,726,860	18,694,739
WHO support for KASF development	8,786,450	1,090,000
AVENIR HEALTH INC	3,651,580	-
Australian High Commission	2,244,432	-
INTERNATIONAL LABOUR ORG.	1,018,500	-
AMREF support for KASF development	-	1,003,667
World Vission support for KASF development	-	1,000,000
Other miscelenious donations and support	6,508,398	1,518,300
	<b>53,828,738</b>	<b>37,744,206</b>
<b>4 Transfers from government-appropriations and grants</b>		
GOK-Recurrent	409,500,000	679,410,535
GOK-Development	133,000,000	150,000,000
Global Fund Grants	251,640,285	121,659,332
IGAD Grant	-	11,679,564
	<b>794,140,285</b>	<b>962,749,431</b>
<b>5 Deferred revenue</b>		
This refers to the value of assets donated to the organization in kind during the year		
Opening balance	127,040,491	190,256,975
Addition during the year From TOWA project	-	4,882,005
Transferred during the year	(63,957,952)	(68,098,489)
	<b>63,082,539</b>	<b>127,040,491</b>
<b>6 Other Income</b>		
This represents interest earned from bank balances during the period.		
Interest Earned	24,928,258	18,250,479

\* See note 26 on restatement

## NATIONAL AIDS CONTROL COUNCIL

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2015/2016	2014/2015
<b>7 Employee costs</b>	Ksh	Ksh
Basic Salary	118,084,929	88,816,370
House Allowance	52,664,784	33,204,222
Remuneration Allowances	26,590,363	20,622,538
Staff Gratuity	30,429,076	36,370,185
Staff Medical Insurance	27,196,223	14,278,357
Other Allowances	11,802,128	5,398,200
Non Practicing allowance	480,000	571,613
Acting/Special duty Allowance	317,840	839,478
Leave allowance	1,733,618	1,412,204
Employer NSSF Contribution	321,200	223,800
CACC responsibility allowances	30,108,247	24,396,774
	<b>299,728,408</b>	<b>226,133,742</b>
<b>8 Depreciation and amortization expense</b>		
Motor Vehicles Depreciation	64,283,283	64,033,282
Computer equipment depreciation	14,624,898	7,389,685
Office Equipment Depreciation	657,820	908,421
Furniture & Fittings Depreciation	1,635,356	2,819,809
	<b>81,201,357</b>	<b>75,151,198</b>
<b>9 Repairs and maintenance</b>		
Repairs and Maintenance General	6,942,174	13,847,722
Motor Vehicles Repairs & Maintenance	3,956,115	4,338,665
Office Equipment Repairs	5,024,022	1,383,039
Furniture & Fittings Repairs	-	47,900
	<b>15,922,311</b>	<b>19,617,326</b>
<b>10 Program management expenses</b>		
These were expenses incurred by NACC in executing its mandate.		
Travel expense	277,497,841	191,544,759
Design printing and publishing	16,556,586	15,319,248
Hire charges	36,555,348	37,521,822
Advertising	90,554,414	17,826,686
Conferences and Workshops	70,847,044	53,396,743
Consulting fees	13,979,176	65,568,485
	<b>505,990,409</b>	<b>381,177,743</b>

The significant increase in travel expense and advertising was occasioned by the process of development of HIV strategic plans in all the 47 counties and an anti-stigma campaign funded by Global Fund

## NATIONAL AIDS CONTROL COUNCIL

	2015/2016	2014/2015
	Ksh	Ksh
<b>11 Community Initiative expenses</b>		
These were expenses reported by funded Project Sub Implementers during the period.		
Advocacy	-	9,189,862
BCC	-	8,218,360
Community Empowerment	-	2,803,585
Counselling and Testing	-	13,834,765
Male Circumcision	-	513,163
Public Sector Mainstreaming	-	9,090,006
Targetted Mitigation Programmes	9,020,125	1,685,276
	<b>9,020,125</b>	<b>45,335,017</b>
<b>12 The following are included in general expenses:</b>		
Audit fees	2,940,600	2,656,678
Consumables	6,905,782	8,073,903
Utilities	4,527,654	7,122,331
Fuel and oil	5,614,202	5,367,395
Insurance	8,674,179	11,201,996
Legal expenses	625,500	-
Licenses and permits	4,250,895	1,447,092
Postage	470,105	570,164
Stationery	16,363,048	25,412,779
Rental	54,780,642	46,189,511
Security costs	946,907	1,002,240
Telecommunication	15,868,586	14,097,619
Training	7,378,058	3,479,069
Membership and subscriptions	1,980,495	1,365,080
Provision for bad debts	28,220,468	-
Other	5,707,127	7,991,589
	<b>165,254,248</b>	<b>135,977,446</b>
<b>13 Council Expenses</b>		
Sitting Allowance	5,306,000	6,360,000
Honoraria (NACC Chairman)	-	1,044,000
Other council expenses	869,702	597,503
	<b>6,175,702</b>	<b>8,001,503</b>
<b>14 Finance Costs</b>		
These were charges levied by banks to NACC during the year.		
Bank charges	4,641,634	3,562,484

## NATIONAL AIDS CONTROL COUNCIL

### NOTES TO THE ACCOUNTS FOR YEAR ENDED JUNE 30, 2016

	2015/2016	2014/2015
	Ksh	Ksh
<b>15 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	7,201,044	-
Less Cost of items disposed	(42,535,022)	-
Add Accumulated depreciation	42,535,022	-
	<b>7,201,044</b>	<b>-</b>
<b>16 Cash and cash equivalents</b>		
Barclays Bank -Recurrent vote account	269,468,781	315,962,485
Citibank -Development vote account	267,438,149	351,054,640
Stanchart -UNDP project account	2,521,226	2,529,996
NIC Bank -UNFPA Operating project account	960,718	6,881,809
NIC Bank -Global Fund project account	153,212,102	96,259,105
CFC Stanbic -Global Fund Round 2 project account	-	1,125,028
Citibank -TOWA Project Account	226,216,529	222,403,014
Coop Bank - IRAPP Project Account	1,212,020	995,461
Stanchart - Gratuity Fund Account	119,155	124,935
NIC Bank- Gratuity Fund Account	45,041,191	44,265,721
	<b>966,189,871</b>	<b>1,041,602,193</b>
<b>17 Inventories</b>		
Office consumables	10,279,046	12,443,275
<b>18 Receivables from exchange transactions</b>		
Deposits	10,009,348	10,385,188
Prepayments	20,787,795	15,819,661
	<b>30,797,143</b>	<b>26,204,850</b>
<b>19 Receivables from non exchange transactions</b>		
F.O Advance	16,831,195	21,947,595
Advances to DTC	19,613,358	19,613,358
Advance to FMA	53,088,338	68,057,873
Direct advances to implementers	4,143,508	12,559,476
Advances to CACCs	8,335,532	31,133,444
Advances - World AIDS Day	2,161,700	2,161,700
ACU Advances	3,697,926	3,697,926
Staff Imprest Advances	2,721,276	9,304,361
Other advances -Balance before restatement		49,285,625
Restatement (see note 26 a)		(25,000,000)
Restatement (see note 26 b)		(7,243,353)
	7,036,475	17,042,272
Less Impairment	(28,220,468)	-
	<b>89,408,840</b>	<b>185,518,005</b>

## NATIONAL AIDS CONTROL COUNCIL

### 20. Property, plant and equipment

	Motor Vehicles	Computers	Office Equipment	Furniture & fittings	Total
Cost	Ksh	Ksh	Ksh	Ksh	Ksh
<b>At 30 June 2014</b>	348,573,349	94,824,413	73,482,853	59,046,943	575,927,559
Additions	-	5,734,506	731,300	5,365,740	11,831,546
Transfer/adjustments	-	-	(19,298)	-	(19,298)
<b>At 30 June 2015</b>	<b>348,573,349</b>	<b>100,558,919</b>	<b>74,194,855</b>	<b>64,412,683</b>	<b>587,739,807</b>
Additions	-	28,002,320	943,400	80,500	29,026,220
Disposals	(35,008,515)	(3,577,744)	(3,861,801)	(86,961)	(42,535,022)
Transfer/adjustments	-	-	-	-	-
<b>At 30 June 2016</b>	<b>313,564,834</b>	<b>124,983,495</b>	<b>71,276,454</b>	<b>64,406,222</b>	<b>574,231,005</b>
<b>Depreciation</b>					
<b>At 30 June 2014</b>	166,691,524	85,966,938	72,328,363	53,883,360	378,870,185
Depreciation	64,033,282	7,389,685	908,421	2,819,809	75,151,198
Transfer/adjustments	-	-	-	-	-
<b>At 30 June 2015</b>	<b>230,724,806</b>	<b>93,356,624</b>	<b>73,236,784</b>	<b>56,703,169</b>	<b>454,021,383</b>
Depreciation	64,283,283	14,624,898	657,820	1,635,356	81,201,357
Disposals	(35,008,515)	(3,577,744)	(3,861,801)	(86,961)	(42,535,022)
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
<b>At 30 June 2016</b>	<b>259,999,575</b>	<b>104,403,778</b>	<b>70,032,803</b>	<b>58,251,563</b>	<b>492,687,719</b>
Net book values					
<b>At 30 June 2016</b>	<b>53,565,259</b>	<b>20,579,717</b>	<b>1,243,651</b>	<b>6,154,658</b>	<b>81,543,287</b>
<b>At 30 June 2015</b>	<b>117,848,543</b>	<b>7,202,295</b>	<b>958,071</b>	<b>7,709,514</b>	<b>133,718,423</b>

## NATIONAL AIDS CONTROL COUNCIL

	2015/2016	2014/2015
<b>21 Trade and other payables from exchange transaction</b>	<b>Ksh</b>	<b>Ksh</b>
Payable to suppliers of goods and services	20,770,163	28,457,877
<b>Other payables</b> Balance before restatement		23,130,940
Restatement		(7,243,353)
Balance after restatement	8,299,507	15,887,587
Accrued expenses	10,225,663	
	<b>39,295,333</b>	<b>44,345,464</b>
<b>22 Provisions</b>		
Audit fees		
Opening balance	820,800	1,378,142
Payments during the year	(2,940,600)	(3,214,020)
Provision for the year	2,940,600	2,656,678
Closing balance	<b>820,800</b>	<b>820,800</b>
<b>23 Employee benefit obligation</b>		
Staff gratuity		
Opening balance	48,137,268	24,908,006
Payments during the year	(38,811,632)	(13,140,923)
Provision for the year	30,429,076	36,370,185
Closing balance	<b>39,754,712</b>	<b>48,137,268</b>
<b>24 Provision for doubtful debts</b>		
The outstanding advances listed below were considered doubtful		
First World AIDS Day Commemoratio	2,161,700	-
ACU Advances	3,697,926	-
District Technical Committees	19,613,358	-
Advances to former employees	1,965,201	-
Community Based Organizations	782,283	-
	<b>28,220,468</b>	<b>-</b>
<b>25 Funds from GLOBAL FUND</b>		
Fund Balance at the beginning of the Year	97,234,571	5,439,065
Receipts from GF during the year	251,640,285	121,659,332
Interest earned on deposits	2,982,530	858,229
	<b>351,857,386</b>	<b>127,956,626</b>
Payments made during the year	(191,704,669)	(26,764,206)
Refunded treasury (Un-utilized round 2 balance)	(1,122,476)	-
Un-paid bills as at end of FY	(9,781,543)	(3,957,851)
<b>Fund balance at the end of the year</b>	<b>149,248,698</b>	<b>97,234,569</b>
<b>Represented by</b> Cash at bank	153,212,102	97,384,133
Add out standing advances	5,818,139	3,353,645
Less payables	(9,781,543)	(3,503,209)
	<b>149,248,698</b>	<b>97,234,569</b>

## NATIONAL AIDS CONTROL COUNCIL

### NOTES TO THE ACCOUNTS FOR YEAR ENDED JUNE 30, 2016

#### 26 Restatement

In 2013/14, NACC transferred Ksh 25,000,000 from the development vote bank account to the recurrent vote bank account to facilitate urgent payments at a time when there was a delay in accessing funds from the parent ministry. Later during the same period when the same amount was refunded to the development vote bank account, it was erroneously receipted as revenue and receivables. The same has now been reversed reducing both the opening balance of accumulated and receivables.

#### 27 Operating Lease Commitments

The future rental payments under operating leases are as shown below:

	2015/2016	2014/2015
	Ksh	Ksh
Within one year	55,284,518	54,161,318
After 1 year but not later than 5 years	91,811,977	147,096,495
Total Commitments	<b>147,096,495</b>	<b>201,257,813</b>

The NACC has entered into commercial lease on premises. This lease has a life of five years and expires on February 28, 2019. Lease payments are denominated in US Dollars and are payable in advance on quarter basis.

#### 28 Contingent Liability

##### a) Aggrieved NACC Ex-Staff

The Ex-Staff was charged in the Court of Law for charges of corruption arising from his duties thus his Contract was not renewed and was later acquitted of the corruption charges. He has sued NACC but the Judge disqualified himself on the grounds that he had once conducted investigations on behalf of NACC in 2009. The matter will be mentioned on 17<sup>th</sup> October 2016 for Directions. The plaintiff has sued NACC, and claims to be paid one year salary ksh.2,160,000- 3months salary ksh.540,000 and unspecified cost of the suit. Total Contingent Liability ksh.7,560,000

The Ex-Staff claimed that termination of employment was unjust and unfair and demanded immediate reinstatement, compensation of 12 month salary ksh.3,435,720- , Annual Gratuity (31%of basic salary) ksh.2,128,323-, compensation for the remaining contract term factoring in annual increment 10% for 2years and 5months amounting to ksh9,745,990-. The submissions were filed but the hearing postponed to a later unspecified date. Total Contingent Liability Ksh 15,310,033

## NATIONAL AIDS CONTROL COUNCIL

### **b) Recruitment**

An interviewee claimed not to have been appointed to one of the senior management position and thus considered this as discrimination due to his HIV status. The matter is listed in Court of Law awaiting mentioning.

### **c) Accidents and Compensation**

A NACC vehicle was involved in an accident injuring two plaintiffs who are now claiming for damages. This vehicle is insured and claim should be settled by insurance.

### **d) Procurement**

An audit firm was awarded a tender to audit our regional offices. The firm has claimed a variance in cost of the quotation and has filed a suit for the difference of ksh.1, 242,051.70. NACC has written to the Attorney General for settlement out of Court. Total Contingent Liability Ksh 1,242,051.70

This is a case where companies with similar name were transposed and the unlisted supplier erroneously listed as pre-qualified supplier. The defendant presented his papers late when the plaintiff had closed this case. The pre-qualified supplier has claimed ksh.3,889,250- from NACC but NACC advocates have been advised to object to this case. Total Contingent Liability ksh 3,889,250

## **29 Risk Management Framework**

The NACC overall risk management programme focuses on the unpredictability of changes in the environment and seeks to mitigate potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks. The Council has put in place an internal audit function to assist it in assessing the risk faced by the organisation on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

The following have been identified as key risks;

1. Foreign exchange risk
2. Liquidity risk
3. Default risk
4. Macro economic risk

### **1. Foreign Exchange risk**

The NACC's premises lease contract is denominated in US Dollar currency. Fluctuations in exchange rate between USD and Kenya shilling exposes NACC the risk of significant increase in rent expense whenever the Kenya shilling loses value compared to the USD. To mitigate this risk, the NACC is pursuing to acquire its office building.

## NATIONAL AIDS CONTROL COUNCIL

### 2. Liquidity risk

The funding for NACC funds for both recurrent and development expenditure mobilised from local and foreign sources are budgeted and allocated on an annual basis. Disbursement of the funds is channeled from the National Treasury, through the Ministry of Health. Whereas the allocated amount is published by the National Treasury at the beginning of the year, the actual disbursement of the funds usually delays with most of the funds being received in the last quarter of the financial year. There has also been significant reduction in financial support towards HIV and AIDS programming at the global level.

To mitigate this risk, the NACC continuously proactively pursues the Ministry for timely disbursement of funds. NACC has also established a Department of HIV investments to develop strategies that will ensure sustainability of resources to finance not just NACC operations but also the National response to HIV and AIDS.

### 3. Default risk

The NACC is exposed to the risk that amounts advanced to its devolved structures may not be fully accounted for when due. To mitigate against this risk, the NACC is strengthening the accounts receivable unit through staffing and regular monitoring of these advances to ensure timely accountability and proper utilization of the advanced amounts.

### 30 Related parties transactions

Parties are considered to be related to NACC if the party has the ability to control or exercise significant influence over the NACC in making financial or operational decisions. During the year the following transactions were carried out with related parties:

	2015/2016	2014/2015
	Ksh	Ksh
Allowances paid to board members	6,016,800	8,001,503
Remuneration to Director and key management	113,933,112	97,389,412

### 31 Disclosure of Opportunities and Participation in Public Procurement by Special Groups and Local Contractors

The NACC policy on procurement is guided by realization of the following principles of economy, efficiency, value for money, transparency and fairness and participation of the enterprises owned by women, youth and persons with disabilities and other disadvantaged groups in compliance with the Public Procurement and Asset Disposal Act, 2015

The NACC adheres to the principles guiding public procurement as provided under Section 3 of the Public Procurement and Asset Disposal Act, 2015, namely: equality and freedom from discrimination provided under Article 27, affirmative action programmes provided for under Article 55 and 56, the principle of public finance under Article 201, maximization of value for

## NATIONAL AIDS CONTROL COUNCIL

money, promotion of local industry, sustainable development and protection of the environment, promotion of citizen contractors,

During the financial year 2015/2016, the NACC met and exceeded its targets for contracts reserved for the youth, women and person with disabilities. The NACC also disclosed the reserve prices of the idle assets identified for disposal to the public and exceeded its set target for awarded to enterprises owned by women, youth and persons with disabilities and other disadvantaged groups.

To ensure transparency, accountability and participation of the public in public procurement, The NACC carried out sensitization of the public on the procurement opportunities during the KASF Roll out meetings in 23 Counties. Further, thirteen (13) open tenders were advertised during the year under review. All the successful bidders were notified simultaneously with the unsuccessful bidders who participated in the NACC tenders with the reasons why they were not successful. There were no appeals lodged against the tenders transacted in 2015/2016. The NACC also published all tenders and contract awards on the NACC website, NACC notice boards and the Government IFMIS system for public information and participation.

The top ten highest value contracts were awarded as follows;

1. **GA Insurance Ltd**- In and Out Patient Medical Insurance for Board Members and Staff, Contract value: Kshs. 16,953,066.00
2. **Johari Cliff**- Production and development of messages for the National Anti-Stigma and Discrimination Campaign among Adolescents and Young People living with HIV in Kenya Contract value: Kshs 12,830,462.00
3. **Skycorp Technologies Limited** - Bulk Filer for storage of granting records in the Regional Offices. Contract value: Kshs 11,362,600.00
4. **Dr. Julius Korir** - Kenya National AIDS Spending Assessment (KNASA 2016). Contract value: Kshs **5,760,000.00**
5. **Kenbright Insurance Brokers Ltd**- Motor Vehicle Insurance. Contract value: Kshs 5,701,444.00
6. **Maanzoni Lodge**- Accommodation during Staff Team Building. Contract value: Kshs 5,145,000.00
7. **Kenbright Financial Services Ltd** - Actuarial study on integrating HIV treatment packages into the NHIF Kenya's Population of PLHIV. Contract value: Kshs 5,000,000.00
8. **Prof. Germano Mwabu**- Study on efficiency of HIV and AIDS Spending in Kenya. Contract value: Kshs 3,960,395.00
9. **Sopa Lodges** - Kenya Women Judges Association meeting. Contract value: Kshs 3,099,000.00
10. **Gyto Success Co. Ltd** - Provision of Security Services. Contract value: Kshs 2,160,000.00

## NATIONAL AIDS CONTROL COUNCIL

The biggest challenge faced in under taking procurement was the freeze on printing of publicity material (*NACC advocacy strategy by use of IEC materials*) and holding of workshops and retreats as per Treasury Circular No. 20/2015 of November 4, 2015 on Commitment Control and Expenditure Measures. This impacted on the implementation of programmes with only 75% of the annual procurement plan being implemented.

The other major challenge was delays in accessing allocated funds which resulted in approximately 50% of the procurement being carried out in the last quarter of the FY. This exposed NACC to the risk of the not meeting its Performance Contracting targets and limitation of lead times for processing the procurements.

### 32 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>1. Receivables from Non-exchange transactions</p> <p>1.1. Receivables balance of Ksh 217,761,358 includes advances to DTCs, CACCs, ACUs and World AIDS Day that have been outstanding for considerably long time.</p> <p>1.2. Also includes</p>	<p>The NACC has been following up on these old balances and up to date Ksh 3,400,152.85 has been Accounted for. A total of Ksh 3,242,408.15 is targeted for continuous follow up out of which Ksh 327,749.50 is current leaving a balance of Ksh 2,914,658.65 that represents historical disbursements</p>	Director	Not resolved	June 2017

NATIONAL AIDS CONTROL COUNCIL



Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>advance to CBOs of Ksh 12,559,476, DMOH Turkana Ksh 310,378 and KECOFATUMA 84,350 that had not been accounted for.</p>	<p>The Ministry of Health recovered these amounts and are yet to remit to the NACC Ksh 310,378 recovered from the then DMOH Turkana. The management has also written to the PS Ministry of Foreign Affairs seeking the Ministry's assistance in tracing Prof Karanja the then coordinator for KECOFATUMA. Available information indicates that KECOFATUMA closed office and Prof Karanja moved to USA.</p>			

**TOURISM FUND**

**Progress on follow up of auditor recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor for the Financial Year 2014/2015	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Date for resolving issue)
<b>5. Cash and Cash Equivalents – Use of Defunct Name</b>					
	The Fund maintains 7 accounts at National Bank of Kenya with a closing total balances of Kshs. 17,478,857 all of which reflect the name of Catering and Tourism Development Levy Trustees. With the operationalization of the Tourism Act 2011, the organization's name has since changed to Tourism Fund. It is not clear why it has taken too long to change the name of the accounts or have them closed and new ones opened and the funds transferred.	Following the changeover, the public was informed of the change. The Fund also wrote to National Bank to have the accounts changed. Two of the operational accounts from head office were changed but there was a delay in changing the accounts operated by the branch offices. The Branch bank accounts have since been changed.	The Chief Executive Officer	Resolved	
<b>6. Other Matters</b>					
<b>i) Recruitment of New Staff</b>					
	During the year under review, twenty (20) new employees were appointed for positions that were not advertised nor interviews conducted thus casting doubts on transparency and competitiveness of the process as per provisions of Article 232 of the Constitution. Failure to follow the laid down procedures results to irregular appointments and consequently irregular payments in form of basic salaries as well as other allowances	Tourism Fund has been growing over the years. With the increase in registered hotels and establishments, management resolved to increase the capacity at the regional offices in order to boost the levy collection. New staff members were recruited at lower levels to fill in the gaps These applications were derived from the pool of applications that the Fund has been receiving over time. At the same time, more new vehicles were procured in order to match the demand and therefore, new drivers were employed. Senior position of head of finance was advertised and recruitment done .The process of filling vacant senior positions is now underway.	The Chief Executive Officer	Resolved	
<b>ii) Profile of Board Trustees</b>					
	Vital information on the board of trustees has not been disclosed including profile pictures, age and period served since appointment as required.	The information has since been availed in the financial statements for 2015/2016.	The Chief Executive Officer	Resolved	
<b>iii) Investments</b>					
	Included in the statement of financial position and as disclosed in note 19 are investments of shares in institutions under liquidation of Kshs. 62,600,000 for which full provision has been made in the financial statements. However, vital information had not been availed on the basis of this provision and whether there is any likelihood of ever receiving dividends from these institutions.	The investments relate to period before 2000. The institutions involved are: Thabiti Finance Kshs. 55.2M Trade Bank Kshs. 5.9M Cosmopolitan Kshs. 1.5M There is no dividend expected from these investments hence the full provision in the financial statements.	The Chief Executive Officer	Resolved	

