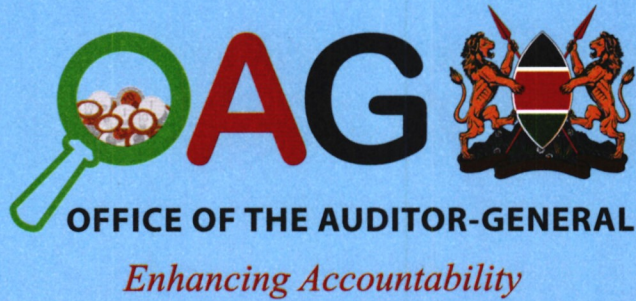



REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY REPORT	
DATE: 22 NOV 2023	DAY: Wednesday
TABLED BY: OF	Hon Owen Baya, MP Deputy majority leader
CLERK-AT-THE-TABLE:	Miriam Mendo

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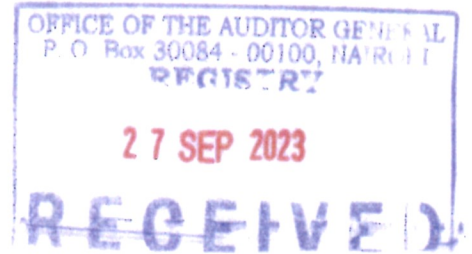
ON

**GLOBAL FUND TUBERCULOSIS GRANT
CREDIT NO. KEN-T-TNT-2067**

**FOR THE YEAR ENDED
30 JUNE, 2023**

MINISTRY OF HEALTH

Revised Template 30th June 2023



PROJECT NAME: GLOBAL FUND TUBERCULOSIS

**IMPLEMENTING ENTITY: MINISTRY OF HEALTH – DIVISION OF NATIONAL
TUBERCULOSIS, LEPROSY AND LUNG HEALTH – PROGRAM**

PROJECT GRANT/CREDIT NUMBER: KEN-T-TNT-2067

ANNUAL REPORT AND FINANCIAL STATEMENTS

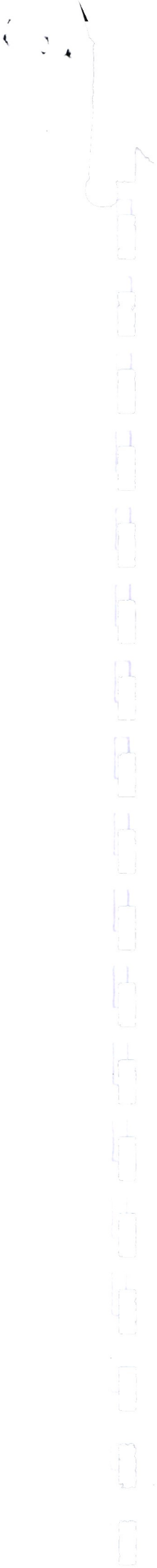
FOR THE FINANCIAL PERIOD ENDED

JUNE 30, 2023

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

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*Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2023*

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Acronyms and Glossary of Terms

GOK	Government of Kenya
NT	National Treasury
MOH	Ministry of Health
DNTLH-P	Division of National Tuberculosis Leprosy and Lung Health Program
NHIF	National Health Insurance Fund
CBK	Central Bank of Kenya
WHO	World Health Organization
GFATM	Global Fund to Fight Aids Tuberculosis and Malaria
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
Comparative FY	Financial Period preceding the current financial Period.
USD	US Dollars
NSP	National Strategic Plan
CSR	Corporate Social Responsibility
TB	Tuberculosis
DRTB	Drug Resistant Tuberculosis
MDRTB	Multi- Drug Resistant Tuberculosis
DST	Drug Susceptibility Testing - Tuberculosis
HIV	Human Immunodeficiency Virus
ART	Antiretroviral Therapy
RR	Rifampicin Resistant
LTBI	Leprosy and Latent Tuberculosis treatment
ACF	Active Case Finding
NFM	New Finding Model
AFR	Annual Financial Report
IES	Income and Expenditure Statement
PUDR	Progress Update and Disbursement Request

Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Global Fund Tuberculosis.

Objective

The key objective of the project is to ensure provision of quality care and prevention services for all people in Kenya with TB and lung diseases.

Address

The project headquarters offices is in Nairobi, Nairobi County, Kenya. The address of its registered office is:

Ministry of Health

P.O. Box 30016 - 00100

Afya house, Cathedral Road,

Nairobi, Kenya.

The address of its registered office is:

Division of National Tuberculosis Leprosy and Lung Health Program (DNTLH-P)

Afya Annex Building, KNH Grounds, Hospital Road

Nairobi, Kenya.

Contacts: The following are the project contacts

P.O. Box: 20781 - 00202

Telephone: (254) 773 977440

E-mail: info@nltp.co.ke

Website: nltp.co.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	01-07-2021
Project End Date:	30-06-2024
Project Manager:	Dr. Immaculate Kathure
Project Sponsor:	The Global Fund to Fight Aids Tuberculosis and Malaria (GFATM)

2.3 Project Overview

Line Ministry/State Department of the project	Ministry of Health /State department of Public Health and Professional Standard.
Project number	KEN-T-TNT-2067
Strategic goals of the project	The strategic goals of the project are as follows: (i) Reduce TB deaths by 90% compared to 2015 (ii) Reduce the TB incidence rate by 80% compared to 2015
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Diagnose and treat at least 597,000 people with TB by 2023. (ii) TB Preventive Therapy provided to at least 900,000 people at risk of TB by 2023
Other important background information of the project	A lower-middle income country with a population estimated at 47.5 million (2019 Census), Kenya has a devolved governance system since adoption of a new constitution in 2010 that consists of National Government and 47 County (sub-national) Governments. Under the new dispensation, health is a devolved

function that is shared across the two levels. The responsibility for health service delivery is assigned to the Counties while policy, quality assurance, capacity building and management of national referral hospitals remain the national's government responsibility.

The TB prevalence survey undertaken in 2016 revealed that the true burden of TB in Kenya was 426 cases per 100,000 population, higher than previously estimated. According to the 2019 WHO Global TB report, an estimated 150,000 persons fell ill with TB in 2018, yet only about 95,000 were notified. Kenya had about 2,300 persons who fell ill from Drug Resistant TB (DRTB) in 2018 out of whom 465 were laboratory confirmed and 470 started on second line treatment.

Between 2017 and 2018, TB incidence and mortality declined from 319/100,000 population & 50/100,000 to 292/100,000 population & 38/100,000 population respectively. Of concern however were the continued declining trends in TB case notification rates (all forms) and treatment success rates for RR/MDR-TB and all forms of TB. TB case notification rate (all forms) in 2019 was 181/100,000 population which was a 10.6% drop from what was reported in 2018. TB treatment success rate (all forms) remained stagnant and below the set benchmark of 90% for the past 2 years with 83% of cases reported being successfully treated. Treatment success rate for RR/DR-TB cases has been suboptimal with 74.3% of the reported cases being successfully treated compared to the set benchmark of 77%.

During the 2017-2020 implementation period, there was a successful expansion of diagnostic capacity including the roll-out of new technologies (such as GeneXpert), community involvement, and quality assured medicines which have contributed to sustained increase of bacteriologically confirmed

	<p>cases, and treatment success rate at over 80%. Despite this, low awareness of TB, inadequate TB screening in health facilities, suboptimal TB diagnostic and treatment services coverage, limited community engagement and low private sector engagement are some of the reasons for continued missing cases. This grant builds on lessons learnt of the previous implementation period to respond to the on-going challenges in the fight against Tuberculosis in the country.</p> <p>This Grant is based on and aligned with the National Strategic Plan (NSP) for Tuberculosis, Leprosy and Lung Diseases 2019-2023, which provides a framework for guiding the strategic and technical response to the TB epidemic in Kenya that reflects a patient-centred approach to planning and evidence-based prioritization of resource allocation.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) TB patients (including TB/HIV co-infected patients and MDR-TB patients) (ii) Key populations (including prisoners, migrants, people living in informal settlements and mobile populations) (iii) The general population of Kenya (iv) Health workers
<p>Project duration</p>	<p>Three Years (1st July 2021 to 30 June 2024)</p>

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

(i) Project Account

Account Name:	MOH TUBERCULOSIS GRANT
Bank:	Co-operative Bank of Kenya
Branch:	UpperHill
Bank Address:	P.O Box 48231-00100 Nairobi
Account number:	01141163732900

(ii) Special Account

Bank:	Stanbic Bank - Nairobi
Account Number:	A/C No. 100005345272
Branch:	Waiyaki Way – Westland,
City:	Nairobi

2.5 Independent Auditor

The project is audited by the Office of The Auditor General

2.6 Roles and Responsibilities

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Dr. Immaculate Kathure	Deputy Director of Medical Services	M. Public Health	Head National Tuberculosis Leprosy and Lung Disease Program
Perez Auma	Deputy Director Clinical Services	Clinical Medicine	Global Fund Manager
Abdullahi Omar	Pharmacist	BPharm, MPSK	Head Supply Chain and pharmacovigilance
Aiban Ronoh	GF Manager /M&E Officer	M.Sc Biostatistics	Global Fund Coordinator/ Head Monitoring and Evaluation
Henry Wanje	Principal Accountant	BCom, CPA(K)	Accountant in-charge
Silas Kamuren	Project Finance Officer	B.COM, CPA(K)	Project Finance Officer

2.7 Funding summary

The current grant, Global Fund Tuberculosis grant KEN-T-TNT-2067, was signed in June 2021 with implementation commencing from 1 July 2021 to 30 June 2024. The total approved budget for the grant is USD\$ 42,675,832, where US\$ 20,513,216 relates to funds retained at The National Treasury (Principal Recipient), US\$ 9,920,389 relates to funds for the Ministry of Health RSSH (sub recipient) and US\$ 12,242,227 relates to funds for programmatic interventions implemented by the Ministry of Health (Sub-recipient) as highlighted in the table below.

The total cumulative funds received for as at 30 June 2023 from Global Fund is KES 992,498,953 (Disbursement 850,060,911 and in-country NFM2 balance 142,438,042), while the cumulative interest earnings amount to KES 3,711,280 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2023)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
(i) Grant	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Global Fund TB – KEN-T-INT-2067			7,227,228	850,060,911		
In-country Balance	12,242,227	1,324,592,763	1,311,549	142,438,042	3,703,450	332,093,810
Interest Earnings				3,711,280		
Total	12,242,227	1,324,592,763	8,538,777	996,210,233	3,703,450	332,093,810

*Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date (30 th June 2023)	
	<i>Donor currency</i> (A)	<i>Kshs</i> (A')	<i>Donor currency</i> (B)	<i>Kshs</i> (B')	<i>Donor currency</i> (A)-(B)	<i>Kshs</i> (A')-(B')
(i) Grant						
Global Fund TB – KEN-T- TNT-2046	8,538,777	996,210,233	7,669,672	943,029,987	378,444	53,180,246
Total	8,538,777	996,210,233	7,669,672	943,029,987	378,444	53,180,246

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

i) Budget performance against actual amounts for current Period and for cumulative to-date,

The country signed The Global Fund TB Grant (KEN-T-NT-2067) whose implementation started on 1st July 2021. The Ministry of Health budget for the current financial period being reported is Kshs. 386,816,099 and the expenditure incurred and reported of Kshs 389,210,716 represents a fund utilization rate of 101%. Cumulative budget to date is Kshs. 997,660,104 and cumulative expenditure of Kshs. 943,052,428, representing a utilization rate of 95% where as the variance is attributed to delayed procurements and competing activities during the period.

ii) Physical progress based on outputs, outcomes, and impacts since project commencement,

The project has contributed to the achievements of good results since the start of the implementation in TB control interventions. In the period under review, signs of recovery from covid 19 pandemic were noted with treatment coverage improving from 51% previously to 68%. The country realised an improved achievement of targets on treatment success rate which is currently at 86% against a target of 90%. Death rate remains high at 6% among TB patients which is higher among TB and HIV co infected patients (12%). The main attributable factors are, TB/HIV coinfection, malnutrition among TB patients which stands at 49%, and COVID-19 that resulted in decline of number of patients seeking health care service which was compounded further by the health care workers strike during the financial period.

The Global fund revised the grant rating methods and programmatically the project was rated C which was a satisfactory performance

iii) Indicate the absorption rate for each year since the commencement of the project.

For the current grant that started in 1st July 2021, the fund absorption rate for the last year 2021/2022 – was 91% and the current period 101% respectively.

iv) List the implementation challenges and recommended next steps.

Challenges

The project has experienced delay in approval and long procurement processes that affected the supply chain of TB treatment and diagnostic commodities in the country.

Non-payment of pending bills under The National Treasury Counter Part Finance for Laboratory and TB medicines has seen suppliers declining to supply commodities to the country under other financing sources.

Way forward.

The future grants should address the bureaucratic processes of approval while ensuring that there is effective internal control and oversight measures. Prioritization payment for pending for health commodities.

2.9 Summary of Project Compliance:

The project complied with all applicable laws and regulations, and essential Global Fund financing agreements/covenants.

Statement of Performance against Project's Predetermined Objectives

Introduction

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

The key development objectives of the *Global Fund Tuberculosis Grant agreement* are to:

- a) To sustain gains in the newly devolved health system
- b) To intensify efforts to find "missing" cases
- c) To reduce TB transmission
- d) To prevent active disease and morbidity
- e) To enhance the quality of care for chronic lung disease

Progress on attainment of strategic development objectives

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

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Global Fund Grant-Tuberculosis Component	To accelerate reduction of TB, Leprosy and lung disease burden through provision of people centred, universally accessible, acceptable and affordable quality services in Kenya	<ol style="list-style-type: none"> Reduction of TB incidence by 90% Reduction of TB mortality by 95% Zero households suffering from catastrophic costs by 2030 	<ol style="list-style-type: none"> TB Mortality rate TB incidence rate 	<p>The country achieved a mortality rate of 32 per 100,000 against a target of 32 per 100,000-Progress made in reduction of mortality due to TB</p> <p>Achieved incidence rate of 292 per 100,000 against a target of 308; the country is still missing people with TB</p> <p>Target=90% Achieved=84% Performance of 93%</p>
			<ol style="list-style-type: none"> Treatment success rate (All forms of TB) Number of notified cases of all forms of TB Percentage of registered new and relapse TB patients with documented HIV status Percentage of HIV-positive new and relapse TB patients on ART during TB treatment Percentage of previously treated TB patients receiving DST (bacteriologically positive cases only) 	<p>Target=100% Achieved=96% Performance of 96%</p> <p>Target=100% Achieved=97% Performance of 97%</p> <p>Target=90% Achieved=57% Performance of 63%</p> <p>Target=1,036 Achieved=702 Performance of 68%</p>

Environmental and Sustainability reporting

The purpose of the Division of National tuberculosis Leprosy and Lung Disease Program is to ensure provision of quality care and prevention services for all people affected by Tuberculosis. This is achieved by bringing together stakeholders involved in Tuberculosis control including development partners, Tuberculosis patients and former patients by providing a platform for participation in planning and decision making on matters related to Tuberculosis treatment and prevention in Kenya. The program is mandated to mobilize resources in order to make sure that tuberculosis diagnosis and treatment are accessible to the clients at minimum cost to reduce financial hardship to persons and families affected by the disease. The program also advocates for social support including food security for the most vulnerable including children. Currently through the support of The Global Fund, Drug Resistant Tuberculosis patients are provided with monthly stipend of Kshs 6,000, enrolled on NHIF medical cover for the duration of treatment and are provided with nutrition supplements for the severer and moderately malnourished.

1. Sustainability strategy and profile

The program developed a national strategic plan (2019-2023) which identifies gaps which are fully costed as a guide for resource mobilization. The counties adopted it by developing county TB, Leprosy and lung disease frameworks to enable counties and stakeholders mobilize resources at that level. UHC is a key pillar in achieving accessible quality health services. The program through, GOK and partners is also investing in health systems to ensure sustainability. The government continues to avail domestic resources to support TB commodity procurement including first line medicine and laboratory reagents. However, most of the program activities are still donor dependant including human resources, programmatic management of drug resistant TB, Leprosy and Latent Tuberculosis treatment (LTBI).

2. Environmental performance

Tuberculosis legal environmental assessment: KELIN an arm of legal and human right wing, carried out Tuberculosis: assessment of the legal environment in Kenya in 2018, according to the report launched in February 2018. It is appreciated that in the area of TB prevention and control, legal and policy barriers might not be as obviously problematic to treatment and care as they are in the area of HIV. However, human rights and law issues have emerged and should be addressed through country-level reviews of laws and policies.

These issues have increasingly presented barriers to access to the best standards of care for TB patients, especially the marginalized communities. The legal environment assessment entailed an evaluation of the national legal and policy framework of TB in Kenya. It aimed at identifying and examining all important legal and human rights issues in TB affecting people. An environmental legal assessment led to the development of a TB isolation policy taking into consideration the issues of human rights raised and hence inclusion of human rights intervention in the National Strategic 2019-2023, for TB, Leprosy and Lung Health. The other environmental performance includes the funding landscape.

TB Gender environment assessment: TB affects men and women differently, epidemiologically, biologically and socially. In order to eliminate TB, the TB response must address the gender-related barriers to accessing TB services and include key and vulnerable populations. The TB and HIV Gender Assessment in Kenya aimed at determining gender related barriers to accessing TB services and ways of surmounting these. The assessment was carried out by KELIN and was adopted by National TB program for implementation.

3. Employee welfare

The program implements the Public Service Commission policies, procedures and guideline provided. During hiring the program applies the i) Human Resource Policies and Procedures Manual for the Public Service – May 2016 and ii) Diversity Policy for Public Service - May 2016 to foster, cultivate and preserve a culture of respect for diversity by embracing and encouraging an inclusive workforce in terms of age, colour, minority and marginalized, disability, ethnicity, family or marital status, gender, language, physical and mental ability, race, religion, socio-economic status, and other characteristics that make its human resource unique. These guidelines also ensure efficient, effective and purpose driven management of human resource development in the public service for socio-economic development. Further, it provides for systematic identification and mitigation of performance gaps and creation of an environment that promotes Private Public Partnerships in training and development, innovativeness and creativity in service delivery. In addition, it provides direction in planning and implementation of capacity building programmes and mechanisms for performance improvement, while ensuring continuous and lifelong learning for public servants. The Policy presents a mechanism for

structured training, competency development and assessment; knowledge and talent management; entrenchment of Values and Principles of Public Service, human resource development audit and development of a monitoring, evaluation and reporting framework for human resource development programmes. DNTLH-P is also implementing the Occupational safety and health policy guidelines for the health sector In Kenya as developed by the Ministry of Health.

Market place practices-

a) Responsible Supply chain and supplier relations-

DNTLD-P is a division within the Ministry of Health, being a government entity, the program does not undertake any commercial activities. All the staff are duly trained and guided by the i) Code of Regulation, ii) Bribery Act 47 and framework for the implementation of values and principles in articles 10 and 232 of the constitution in the public service. All procurements for supplies, including supplier relation are guided by the Public Procurement and Disposal Act, 2015.

b) Responsible ethical practices

Ethical anti- corruption practices

The Ministry of Health State Department of Public Health and Professional Standards is governed by the Kenyan constitution 2010 and the act governing government bodies. These Acts, regulations, policies, guidelines and circulars include but is not limited to the following; i) Public Finance Management Act 2012, ii) Public Procurement and Asset Disposal Act 2015, iii) Health Act 2017, iv) Public Health Act v) Fair Administrative Action Act, 2015, vi) Public Service (Values and Principles) Act, 2015 among others.

Responsible political involvement

The Ministry of Health State Department of Public Health and Professional Standards is a government body and is required to be impartial and non-bipartisan on matters politics.

c) Regulatory impact assessment

As per the Kenya Constitution, all citizens have a right to access to affordable healthcare services. In line with this, the Ministry of Health State Department of Public Health and Professional Standards through the Division of National Tuberculosis Leprosy and Lung Health program is mandated to Provide equity of access to cost-effective, quality-assured

TB, Leprosy, and Lung health services as close to the family as possible. This is achieved through the following.

- a) Providing technical guidance and supervision of Tuberculosis, Leprosy and Lung Disease to counties
- b) Providing Tuberculosis, Leprosy and Lung Disease diagnostic and treatment services within the healthcare system
- c) Conducting health promotion, disease monitoring and surveillance, evaluation of control programs, and research.

4. Community Engagements

The role of communities and community-based organizations in TB work is limited and even if they played a role, it is mainly limited to a few tasks in service delivery. Lessons learnt from other public health responses, highlight the importance of community engagement and participation in all aspects of communication, advocacy, planning, implementation and monitoring of programs. In line with the call for paradigm shift articulated in the Global Plan for ending TB 2016- 2020, the Stop TB Partnership, Kenya started a work stream that focuses on communities and the related issues of rights and gender. Involvement of former TB patients and those affected has been very visible during national events like the world TB day planning meetings and implementations which has been most of time been on voluntary basis. Community health volunteers (CHVs) continues to provide essential services on contact tracing, tracing those who interrupt treatment and public health education at the community level particularly during this era of COVID 19 pandemic. During the Global Fund grant application, the TB champions among other community-based actors played a key in grant application process. Noted here are the valuable man hours given by this group of community players. In this regard, the contribution of this community actors is part of their contribution to the society as part of CSR.

Statement of Project Management responsibilities

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for Global Fund Tuberculosis Grant are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023.

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

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

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* Global Fund Tuberculosis Grant are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The *Principal Secretary* for Ministry of Health and the *Project Coordinator* for Global Fund Tuberculosis Grant further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

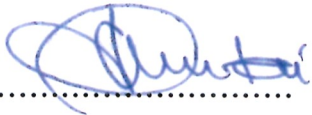
The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for Global Fund Tuberculosis Grant confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial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

Approval of the Project Financial Statements

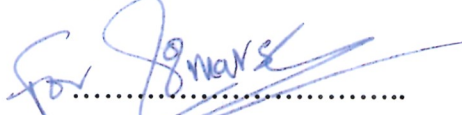
Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2023

The Project financial statements were approved by the *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for Global Fund Tuberculosis Grant on 26/9/ 2023 and signed by:



.....
Harry Kimtai, CBS
Principal Secretary



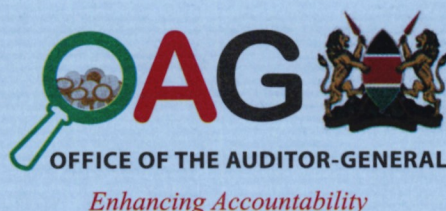
.....
Dr. Immaculate Kathure
Project Coordinator



.....
Henry Wanje
Project Accountant
ICPAK Member No: 10873

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HEADQUARTERS
Anniversary Towers
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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON GLOBAL FUND TUBERCULOSIS GRANT CREDIT NO. KEN-T-TNT-2067 FOR THE YEAR ENDED 30 JUNE, 2023 – MINISTRY OF HEALTH

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067 set out on pages 1 to 24, which comprise the statement

Report of the Auditor-General on Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067 for the year ended 30 June, 2023 – Ministry of Health

financial assets as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067 as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and Grant Agreements No. KEN-T-TNT-2067 dated 14 June, 2021 between Global Fund and the Republic of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067 Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.386,816,099 and actual on comparable basis of Kshs.301,839,714, resulting to underfunding of Kshs.84,976,385 or 21% of the budget.

The underfunding may have affected the planned activities of reducing TB deaths by 90% and reducing TB incidence rate by 80% compared to year 2015.

2. Pending Bills

The financial statements disclose pending accounts payables of Kshs.5,519,439 due to suppliers of goods and services. Failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Suboptimal Use of GeneXpert Machines and Patient Kits stock outs

Review of records indicated that a total of one hundred and eight six (186) GeneXpert machines were spread across various health facilities in the Country. However, physical verification in six (6) counties in the month of September, 2023 revealed inadequate supply of cartridges which caused the machines to produce 238,187 tests against optimal capacity of 714,240, resulting to underperformance by 476,053 tests or 67%. In addition, there was shortage of Community Health Volunteers (CHVs) to perform contact tracing and minimal referrals which led to inefficient use of GeneXpert machines. Further, there was shortage of Tuberculosis (TB) patient Kits for all registered patients in the six (6) counties sampled and patients were forced to share the kits as opposed to each patient having his or her own kit.

In the circumstances, the effectiveness in use of GeneXpert machines and controlling and treating TB could not be confirmed due to patient Kits stock outs.

2. Low Performance Results for Latent Tuberculosis Infection

Note 4 to the financial statements reflects purchase of goods and services of Kshs.261,282,518. Included in this amount are training payments of Kshs.63,401,530 out of which Kshs.8,935,000 was incurred to train two hundred and twenty (220) healthcare workers on Latent Tuberculosis Infection (LTBI). The LTBI policy aims at identifying, testing, diagnosing and initiating treatment to 900,000 patients with latent TB infection by the end of 2023. However, as at 30 June, 2023, six (6) months to the set timeline only a total of 459,794 people or 51.1% were reported to have been initiated on treatment.

In the circumstances, the program may not achieve its target of 900,000 patients by the end of the year 2023.

3. Lack of Statistics on Health Facility Based Case Finding

Note 4 to the financial statements reflects purchase of goods and services of Kshs.261,282,518 which includes training payments of Kshs.63,401,530 out of which Kshs.6,376,720 was incurred to train various staff on health facility-based case finding. This policy entails finding missing people with Tuberculosis (TB) through screening all healthcare workers and all patients presenting themselves to a health facility. However, reports on the number of patients who presented themselves in various health facilities,

number of trained healthcare workers in each facility and evidence that they were screened for TB was not provided for audit verification.

In the circumstances, it has not been possible to confirm the value for money and the effectiveness of case finding despite staffs having been trained in these approaches.

4. Failure to Operationalise Use of Insurance Cover for Drug Resistance Tuberculosis (DRTB) Patients

The annual work plan for financial year 2022/2023 was approved on 18 August, 2022 and provided for a budget of Kshs.10,675,200. This was to enrol all Drug Resistance Tuberculosis (DRTB) patients on National Health Insurance Fund (NHIF) for the eighteen (18) months period they are on treatment. However, no records were provided to support enrolment of DRTB patients to NHIF. In addition, no explanations were provided for failure to enrol the patients.

In the circumstances, DRTB patients did not benefit from the approved insurance cover.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067 dated 14 June, 2021 respectively, I report based on my audit, that:

- i. 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;

- ii. In my opinion, adequate accounting records have been kept by Project, so far as appears from the examination of those records; and,
- iii. The Project financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

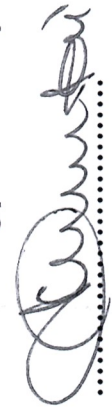
13 October, 2023

Annual Report and Financial Statements for the financial year ended June 30, 2023

Statement of Receipts and Payments for the period ended 30th June 2023.

Note	FY 2022-2023		FY 2021-2022		Cumulative to-date (From inception)
	Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts					
Proceeds from domestic and foreign grants	300,014,252	-	692,484,701	-	992,498,953
Miscellaneous receipts	1,825,462	-	1,885,818	-	3,711,280
Total receipts	301,839,714	-	694,370,519	-	996,210,233
Payments					
Compensation to employees	127,905,757	-	140,995,859	-	268,901,616
Purchase of goods and services	261,282,518	-	411,299,301	-	672,581,819
Acquisition of non-financial assets	-	-	1,546,552	-	1,546,552
Total payments	389,188,275	-	553,841,711	-	943,029,987
Surplus/ (deficit)	(87,348,561)	-	140,528,807	-	53,180,246

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



Harry Kimtai, CBS
 Principal Secretary



Dr. Immaculate Kathure
 Project Coordinator



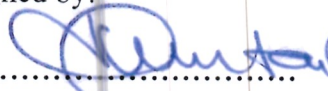
Henry Wanje
 Project Accountant

ICPAK Member No: 10 873

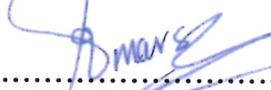
Statement of Financial Assets as at 30th June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	6.A	52,921,540	139,957,681
Total Cash and Cash equivalents		52,921,540	139,957,681
Prepaid Fuel	7	258,706	571,126
Total Financial Assets		53,180,246	140,528,807
Represented By			
Fund Balance B/fwd.	8	140,528,807	-
Prior Period adjustments	9	-	-
Surplus/(Deficit) for the Period		(87,348,561)	140,528,807
Net Financial Position		53,180,246	140,528,807


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 26/9/2023 and signed by:



Harry Kimtai, CBS
Principal Secretary



Dr. Immaculate Kathure
Project Coordinator

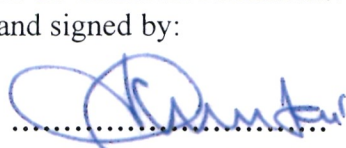


Henry Wanje
Project Accountant
ICPAK Member No: 10878

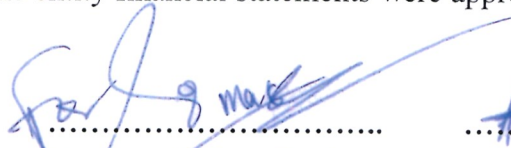
Statement of Cashflow for the period ended 30th June 2023

Description	Notes	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Proceeds from domestic and foreign grants	1	300,014,252	692,484,701
Miscellaneous receipts	2	1,825,462	1,885,818
Total receipts		301,839,714	694,370,519
Payments			
Compensation of employees	3	(127,905,757)	(140,995,859)
Purchase of goods and services	4	(261,282,518)	(411,299,301)
Total Payments		(389,188,275)	(552,295,160)
Net receipts/(payments)		(87,348,561)	142,075,359
Adjustments during the period			
Prior period adjustments	9	-	-
Decrease/(increase) in accounts receivable	10	312,420	(571,126)
Net cash flow from operating activities		(87,036,141)	141,504,233
Cashflow from investing activities			
Acquisition of non-financial assets	5	-	(1,546,552)
Net cash flows from investing activities		-	(1,546,552)
Net increase in cash and cash equivalents		(87,036,141)	139,957,681
Cash and cash equivalent at beginning of the period	6	139,957,681	-
Cash and cash equivalent at end of the period	6	52,921,540	139,957,681

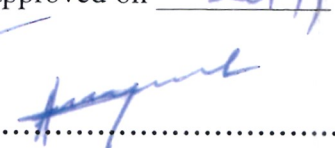
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 26/9/2023 and signed by:



Harry Kimtai, CBS
Principal Secretary



Dr. Immaculate Kathure
Project Coordinator



Henry Wanje
Project Accountant
ICPAK Member No: 10873

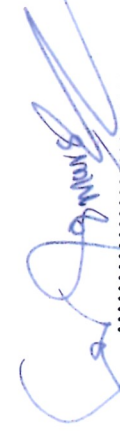
Statement of Comparison of Budget and Actual amounts for period ended 30th June 2023

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Date d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Proceeds from domestic and foreign grants	386,816,099		386,816,099	300,014,252	86,801,847	78%
Miscellaneous receipts				1,825,462	1,825,462	0%
Total Receipts	386,816,099	-	386,816,099	301,839,714	84,976,385	78%
Payments						
Compensation to employees	128,000,000		128,000,000	127,905,757	94,243	100%
Purchase of goods and services	258,816,099		258,816,099	261,282,518	(2,466,419)	101%
Total Payments	386,816,099	-	386,816,099	389,188,275	(2,372,176)	101%
Surplus or Deficit	-	-	-	(87,348,561)	87,348,561	

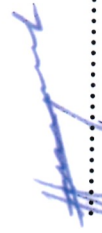
Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.



Harry Kimtai, CBS
 Principal Secretary



Dr. Immaculate Kathure
 Project Coordinator



Henry Wanje
 Project Accountant
 ICPAK Member No: **10813**

Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the periods presented.

b) Reporting entity

The financial statements are for the Global Fund Tuberculosis Grant under the State Department of Public Health and Professional Standards. The financial statements are for the reporting entity the Global Fund Tuberculosis Grant as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

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

d) Recognition of receipts

The Global Fund Tuberculosis Grant recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

Significant Accounting Policies (continued)

ii) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

iii) Other receipts

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

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

v) Proceeds from borrowing.

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the period they were received.

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

Significant Accounting Policies (continued)

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

Significant Accounting Policies (continued)

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial period.

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

Significant Accounting Policies (continued)

- ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity 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. **Annex 6** of this financial statement is a register of the contingent liabilities in the period.

k) Contingent Assets

The Global Fund Tuberculosis Grant 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 Global Fund Tuberculosis Grant* 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.

l) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial period arising from contracted goods or services during the period or in past periods. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the period in which the payments are made.

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury

Significant Accounting Policies (continued)

Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the period. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial period under review has been *included in an annex to this financial statement.*

Significant Accounting Policies (Continued)

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments.

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial period end with a significant impact on the financial statements for the period ended June 30, 2023.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous period(s). Explanations and details of these prior period adjustments are presented in *note 9 of these financial statements*.

Notes to the Financial Statements

1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2023, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	FY 2022-2023				Total amount	FY 2021-2022	Cumulative to date
			Grants received in cash Kshs	Grants received as direct payment* Kshs	Grants received in kind Kshs	Total amount Kshs			
Grants Received from Multilateral Donors - The Global Fund to Fight Aids Tuberculosis and Malaria	23/Jan/23	2,436,169	300,014,252	-	-	300,014,252	692,484,701	992,498,953	
Total		2,436,169	300,014,252	-	-	300,014,252	692,484,701	992,498,953	

Notes to the Financial Statements (Continued)

2. Miscellaneous receipts

Description	FY 2022-2023		FY 2021-2022	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	
	Kshs	Kshs	Kshs	Kshs
Other receipts not classified elsewhere*	1,825,462	-	1,825,462	3,711,280
Total	1,825,462	-	1,825,462	3,711,280

3. Compensation to Employees

Description	FY 2022-2023			FY 2021-2022	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
-					
Basic wages of temporary employees	124,610,917	-	124,610,917	138,524,259	263,135,176
Compulsory national social security schemes	1,195,040	-	1,195,040	529,200	1,724,240
Compulsory national health insurance schemes	2,099,800	-	2,099,800	1,942,400	4,042,200
Total	127,905,757	-	127,905,757	140,995,859	268,901,616

Notes to the Financial Statements (Continued)

4. Purchase of Goods and Services

Description	FY 2022-2023			FY 2021-2022 Total payments	Cumulative to- date Kshs
	Payments made in Cash Kshs	Payments made by third parties Kshs	Total payments Kshs		
Utilities, supplies and services	106,450	-	106,450	94,476	200,926
Communication, supplies and services	2,890,189	-	2,890,189	2,643,381	5,533,570
Domestic travel and subsistence	116,140,287	-	116,140,287	113,053,342	229,193,629
Foreign travel and subsistence	-	-	-	1,286,636	1,286,636
Printing, advertising, and information supplies	36,066,249	-	36,066,249	46,279,990	82,346,239
Training payments	63,401,530	-	63,401,530	145,709,603	209,111,133
Hospitality supplies and services	35,288,062	-	35,288,062	92,654,696	127,942,758
Specialized materials and services	-	-	-	5,391,000	5,391,000
Other operating payments	3,478,620	-	3,478,620	3,250,374	6,728,994
Routine maintenance – vehicles and other transport equipment	3,911,131	-	3,911,131	935,804	4,846,935
Total	<u>261,282,518</u>	<u>=</u>	<u>261,282,518</u>	<u>411,299,301</u>	<u>672,581,819</u>

Notes to the Financial Statements (Continued)

5. Acquisition of Non-Financial Assets

Description	FY 2022-2023			FY 2021-2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	
Purchase of office furniture & general equipment	-	-	-	1,546,552	1,546,552
Total	=	=	=	<u>1,546,552</u>	<u>1,546,552</u>

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements (Continued)

6. Cash And Cash equivalents

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Bank accounts (Note 6A)	52,869,140	139,957,681
Total	<u>52,869,140</u>	<u>139,957,681</u>

The Global Fund Tuberculosis grant has One (1) number of project accounts spread within the project implementation area and Nil number of foreign currency designated accounts managed by the National Treasury as listed below:

6. A Bank Accounts

Project Bank Accounts

Details	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Local Currency Accounts		
Co-operative Bank of Kenya [A/c No. 01141163732900]	52,921,480	139,953,028
Others MPESA – KEN-T-TNT -NLTP - [467926]	60	4,653
Total local currency balances	<u>52,921,540</u>	<u>139,957,681</u>
Total bank account balances	<u>52,921,540</u>	<u>139,957,681</u>

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2023 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the period. These funds have been reported as loans/grants received in the period under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	FY 2022-2023	FY 2021-2022
	USD	USD
(i) A/C Name: TB GRANT KEN-T-TNT GA 1548 MAIN [A/c No1000375124]		
Opening balance	237,637	120,737
Total amount deposited in the account	15,732,239	11,974,242
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>5,609,985</u>	<u>11,857,342</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>10,359,892</u>	<u>237,637</u>

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix IV support these closing balance.

7. Imprests and Advances

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Prepayment fuel	258,706	571,126
Total	258,706	571,126

8. Fund Balance Brought Forward

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Bank accounts	52,869,140	139,957,681
Outstanding imprests and advances	-	-
Total	52,869,140	139,957,681

Notes to the Financial Statements (Continued)

9. Prior Period adjustment

	Balance b/f Fy 2021-2023 (audited financial statements)	Adjustments	Adjusted balance b/f Fy 2021-2023
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Imprests and advances	-	-	-
Total	-	-	-

10. Changes in Imprests and Advances

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Opening Receivables as at 1 st July 2023	571,126	-
Closing account receivables as at 30 th June 2023	258,706	571,126
Change in Imprests and advances	312,420	(571,126)

*Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

	Balance b/f from Comparative FY 2021-2022	Additions for the Period	Paid during the Period	Balance c/f For Current FY 2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Supply of goods	14,064,765	-	14,064,765	-
Supply of services	16,902,468	4,445,260	15,828,289	5,519,439
Total	30,967,233	4,445,260	29,893,054	5,519,439

2. External Assistance

	FY 2022-2023	FY 2021-2022
Description	Kshs	Kshs
External assistance received as grants	300,014,252	692,484,701
Total	300,014,252	692,484,701

a). External assistance relating loans and grants

	FY 2022-2023	FY 2021-2022
Description	Kshs	Kshs
External assistance received as grants	300,014,252	692,484,701
Total	300,014,252	692,484,701

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2022-2023	FY 2021-2022
Description		Kshs	Kshs
Undrawn external assistance - grants	FY 2023/24 compensation of employees and purchase of goods and services	328,382,530	442,137,380
Total		328,382,530	442,137,380

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2023

Other Important Disclosures (Continued)

c) Classes of providers of external assistance

	FY 2022-2023	FY 2021-2022
Description	Kshs	Kshs
Multilateral donors - Health financing	300,014,252	692,484,701
Total	300,014,252	692,484,701

e Purpose and use of external assistance

Payments made by third parties	FY 2022-2023	FY 2021-2022
Description	Kshs	Kshs
Compensation to employees	127,905,757	140,995,859
Use of goods and services	261,282,518	411,299,301
Acquisition of assets	-	1,546,552
Total	389,188,275	553,841,711

13. Annexes

Annex 1: Prior Period Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
FY 2021/2022	<p>Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.775,488,451 and Kshs.694,370,519 respectively, resulting to underfunding of Kshs.81,117,932 or 10% of the budget. Similarly, the Project spent an amount of Kshs.553,841,711 against the approved expenditure budget of Kshs.775,488,451 resulting to an under expenditure of Kshs.221,646,740 or 29% of the budget. The underfunding and underperformance may have affected negatively the planned activities of reducing tuberculosis deaths by 90% and tuberculosis incidence rate by 80%</p>	<p>It is true that for the Period ended 30 June 2022 there was 10% underfunding of Kshs.81,117,932. It is true the Ministry did not receive the anticipated funding during the Period under review, this was attributed to the Global fund cash monitoring of financial absorption of programs to reduce high cash balance at the end of the reporting periods. Thus, resulting in non-disbursement of Kshs 81,117,933.</p> <p>It is true that for the Period ended 30 June 2022 there was underutilization of budget of 29% of Kshs.221,646,740. Being the first year of the grant implementation, the Ministry of health implemented programmatic interventions and archived an absorption rate of 71% during the financial year under audit. The variance of 29% is mainly attributed to delays in initiation of activities for the new grant, delays in disbursement by the Global Fund and lengthy procurement process that require a no objection from the Global Fund. The Ministry has developed mitigation measures to ensure the postponed activities are accelerated and incorporated in year two</p>	Resolved	

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2023

		implementation of the grant. Despite the underutilization, the country archived treatment success rate of 84% as reported.		
FY 2021/2022	<p>Unsupported Pending Bills Annex 3(a) to the financial statements reflects analysis of pending bills of Kshs.30,555,233 out of which Kshs.20,839,853 relates to commitments of goods and services from various suppliers. However, the amounts were not supported with invoices, purchase orders and details on how the suppliers were engaged. In the circumstances, the accuracy and completeness of pending bills of Kshs.30,555,233 could not be confirmed.</p>	It is true that during FY 2021/2022 there were pending bills amounting to Kshs. 30,555,233 for goods and services supplied but not paid. The Ministry of Health hereby submits copies of the payment vouchers and supporting documents for review by the Office of the Auditor General and further clearance of the audit query.	Resolved	
FY 2021/2022	<p>Suboptimal Use of GeneXpert Machines Records provided for audit indicated that one hundred and eighty six (186) GeneXpert machines were issued across various health facilities in the country. However, physical verification in six (6) counties in September 2022 revealed inadequate supply of cartridges which caused the machines to produce 238,187 tests against optimal capacity of 714,240 tests resulting to underperformance of 476,053 tests (or 67%). In addition, there was shortage of Community Health Volunteers (CHVs) to perform contact tracing and there were minimal referrals which led to inefficient use of GeneXpert machines. In the circumstances, the effective use of GeneXpert machines could not be confirmed.</p>	It is true that, during the FY 2021/2022 there was inadequate supply of GeneXpert cartridges that led to suboptimal use of the GeneXpert machines in the country. During this time, there were challenges of procuring the GeneXpert cartridges due to delay signing of SLA that was signed in August 2022 and lack of sufficient funding. However, the Ministry of Health managed to secure additional resources to acquire 10 Months of Stock through the UHC funding. There has been improved networking of both patients and samples to be able to optimize the use of the platforms. Equally, the introduction of active case finding (ACF) strategies as well as Program Quality Efficiency (PQE) at facility level have narrowed the gap of underutilization. The average monthly cartridge	Resolved	

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2023

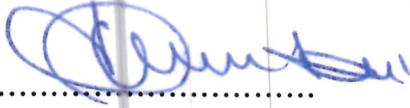
		consumption ranged from 37,500 to 62,500. Ministry of Health has just concluded a diagnostic network optimization (DNO) involving the HIV and Cancer programs with an aim to optimize the systems and serve the patients better with reduced turnaround time (TAT) to initiation to treatment. The engagement of CHV is under County Governments and there has been minimal resources allocated towards engaging and maintaining an adequate pool of CHVs in the counties.		
FY 2021/2022	<p>Unsupported Selection of Drug Resistance Tuberculosis (DRTB) Patients</p> <p>Note 4 to the financial statements reflects specialized materials and services of Kshs.5,391,000 out of which Kshs.539,000 relates to insurance cover for seventy-seven (77) DRTB patients. However, there are a total of one thousand five hundred and two (1,502) DRTB patients in various health facilities in the country and Management did not explain and provide details of the criteria used to identify and include the seventy-seven (77) patients in the National Hospital Insurance Fund cover. In addition, these patients did not receive services for nine (9) months from July, 2021 to March, 2022.</p>	<p>It is true that, during the FY 2021/2022 698 number of Multi drug resistant Tuberculosis patients were diagnosed and enrolled on second line treatment. However, the cumulative number of MDR-TB patients on active treatment were 1,152. The audit reported numbers of 1,502 erroneously double counted 350 patients of reported between July-December 2021. During the year 77 MDR-TB patients diagnosed and put on treatment in the month of July/August 2021 were enrolled to the NHIF cover and monthly premiums paid for 24months. The Ministry of Health through the Division of National Leprosy Tuberculosis and Lung Health Program was not able to continue submitting to NHIF patient details for enrolment through the NHIF portal as NHIF had disabled the organizations account.</p>	Not Resolved	31/12/2023

Global Fund Tuberculosis

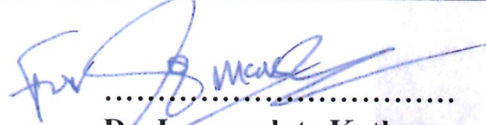
Annual Report and Financial Statements for the financial year ended June 30, 2023

NHIF similarly, did not activate the cover for the paid-up patients during the period for the patients to access health services through the cover.

The non-payment and lack of access of MDR-TB patients to the NHIF cover has been escalated to parliaments health committee and the Ministry of Health is in discussions with NHIF management on finding an amicable solution to the remittance of returns, payment and access to services for MDRTB patients.



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Harry Kimtai, CBS
Principal Secretary



.....
Dr. Immaculate Kathure
Project Coordinator

Global Fund Tuberculosis Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY 2022-2023

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from domestic and foreign grants	386,816,099	300,014,252	86,801,847	78%	The cash and equivalent brought forward from FY 2021/2 was Kshs 139,957,681.
Miscellaneous receipts		1,825,462	(1,825,462)	0	
Total Receipts	386,816,099	301,839,714	84,976,385	78%	
Payments					
Compensation of employees	128,000,000	127,905,757	94,243	100%	
Purchase of goods and services	258,816,099	261,282,518	(2,466,419)	101%	The expenditure relates to pending bills payment from prior financial period
Acquisition of non-financial assets	-	-	-	-	
Total payments	386,816,099	389,188,275	(2,372,176)	101%	

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 3: Reconciliation of inter-entity transfers

Project Name:		Global Fund Tuberculosis Grant	
Break down of transfers from the Ministry of Health			
a. Government Counterpart funding	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Nil	
	Total	Nil	
B. Direct payments	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Nil	
	Total	Nil	
C. Others	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	23/01/2023	300,014,252	FY 2022/2023
	Total	300,014,252	
	Total (A+B+C)	300,014,252	

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

Project Coordinator
Global Fund Tuberculosis Grant



Sign -----

Head of Accounting Unit
Ministry of Health



Sign -----

*Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY 2022-2023

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from domestic and foreign grants	386,816,099	300,014,252	86,801,847	78%	The cash and equivalent brought forward from FY 2021/2 was Kshs 139,957,681.
Miscellaneous receipts		1,825,462	(1,825,462)	0	
Total Receipts	386,816,099	301,839,714	84,976,385	78%	
Payments					
Compensation of employees	128,000,000	127,905,757	94,243	100%	
Purchase of goods and services	258,816,099	261,282,518	(2,466,419)	101%	The expenditure relates to pending bills payment from prior financial period
Acquisition of non-financial assets	-	-	-	-	
Total payments	386,816,099	389,188,275	(2,372,176)	101%	

*Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Grand Total		5,519,460.00		5,519,460.00	29,893,054	

Global Fund Tuberculosis Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 4b: Analysis of Pending: Staff Bills

There were no pending staff bills

Annex 4c: Analysis of other Pending Payables

Name	Brief Transaction	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Amounts due to National Govt Entities							
1. Malaria Control Program	Helb payment paid from MCP GF bank account		10,748.00	-	10,748.00	-	Payment to be processed in 2023-2024
2. HELB	HELB deduction for September 2022		6,909.71	-	6,909.71	-	Payment to be processed in 2023-2024
Sub-Total			17,657.71	-	17,657.71	-	
Grand Total			17,657.71	-	17,657.71	-	

Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2022/23	Donations in form of assets (KShs) 2022/23	*Purchases/ Additions in the Period (KShs) 2022/23	** Disposals in the Period (KShs) 2022/23	Transfers in/(out) Kshs 2022/23	Closing Cost (KShs) 2023
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)-(d) +(-)d
Office equipment, furniture and fittings	1,546,552	-	-	-	-	1,546,552
Total	1,546,552	-	-	-	-	1,546,552

Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2023
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. Trial Balance
- vi. Annual Report And Financial Statements - Donor Currency (USD)

ANNUAL REPORT AND FINANCIAL STATEMENTS - DONOR CURRENCY(USD)

GLOBAL FUND TUBERCULOSIS GRANT

Implementing Entity:

MINISTRY OF HEALTH – DIVISION OF
NATIONAL TUBERCULOSIS, LEPROSY
AND LUNG HEALTH PROGRAM

DONOR ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED

*Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the financial statements

All amounts are in US\$

Note 1: Basis of accounting

The Financial Statements are prepared on a cash receipts and disbursements basis. A column on commitments or outstanding payables has been added as required by the Auditing guidelines.

Note 2: Disbursements/Receipts

Receipts comprises amounts advanced and reimbursed by the Global Fund under the grant agreement during the period [January 1, 2019 to December 31, 2019] to the Principal Recipient and to third parties. Receipts from Global Fund were in United States Dollars.

Note 3:

Expenditure represents amounts disbursed and costs incurred denominated in Ficticia Francs (FHF).

Note 4:

Transactions in Ficticia Francs are translated to US dollars at the exchange rate applicable at the time funds received from Global Fund were converted to local currency. For the purpose of this report, balances denominated in Ficticia Francs have been translated to US dollars based on the average exchange rate applied by the Ministry of Health during the period which stood at FHF xx to the US dollar.

Note 5: Receipts from Global Fund

Description	Current period US\$	Prior period US\$	Cumulative US\$
23/01/2023	2,185,662	6,119,386	\$8,305,048
Net Interest	14,361	16,779	31,140
	2,200,024	6,136,165	8,336,188
	=====	=====	=====

Note 6: Human Resources

This represents salaries and other staff related costs for the principal recipients and various SRs.

Description	Current period US\$	Prior period US\$	Cumulative US\$
Salaries and Allowance	<u>1,000,296</u>	<u>1,243,391</u>	<u>2,243,687</u>
	1,000,296	1,243,391	2,243,687
	=====	=====	=====

Note 7: Travel Related Costs

	Amount
Conference Hire and Air Travel	273,906
Daily subsistence allowance	1,408,097
Fuel	<u>27,001</u>
	1,709,005
	=====

Note 8: Cash balances

	Amount US\$
Bank balance held at Co-operative Bank	449,125
Bank balance held at Safaricom PLC (MPESA)	0.51
Total Kenya Plc – Fuel prepayment	2,196
Reconciling adjustment (to be explained in the note)	0
Net Grant cash balance	451,321
	=====

Note 9: Sub-recipient advances

	SR 1
Unliquidated advances (prior year)	1,192,616
Add advances from PR (current year)	2,200,024
Less SR justified advances	3,020,881
Adjust; Exchange Gain/Loss	79,563
	<hr/>
	451,321
	=====

Note 11: Expenditure reconciliation between IES and PUDR

	Year 2
AFR expenses	3,020,881
Reconciling items	
IES's expenditures	3,020,881
	=====

	Cumulative
AFR expenses	7,856,300
Reconciling items	
IES's expenditures	7,856,300
	=====

Note 12: Schedule of fixed assets

Categories	Opening balances (cost)	Additions (cost)	Disposals through sale (cost)	Closing balance (cost)
Intangible assets	-	-	-	-
Constructions	-	-	-	-
Rehabilitation/ Renovation	-	-	-	-
Health Equipment	-	-	-	-
Other non-Health Equipment	13,289.62	-	-	13,289.62
Vehicles/ Motorcycles	-	-	-	-
IT Equipment (Hardware)	-	-	-	-
Total	13,289.62	-	-	13,289.62