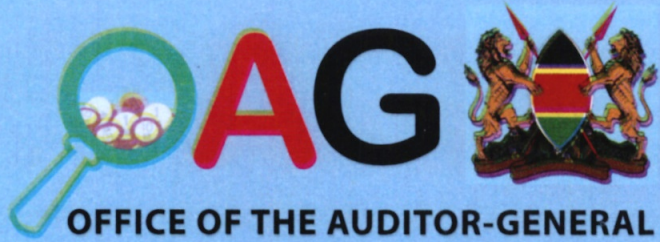


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

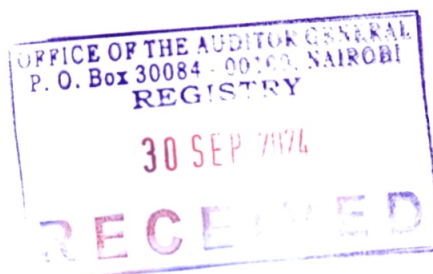
ON

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

**FOR THE YEAR ENDED
30 JUNE, 2024**

MINISTRY OF HEALTH

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 DEC 2024	DAY: Tuesday
TABLED BY:	Hon. Kimani Ichungwah (Leader of the Majority Party)
CLERK AT THE TABLE:	Anastacia



PROJECT NAME: GLOBAL FUND TUBERCULOSIS

**IMPLEMENTING ENTITY: MINISTRY OF HEALTH/STATE DEPARTMENT OF
PUBLIC HEALTH AND PROFESSIONAL STANDARDS – 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 YEAR ENDED

JUNE 30, 2024

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

Table Contents

Page

1. Acronyms and Definition of Terms	ii
2. Project Information and Overall Performance	iii
3. Statement of Performance against Project's Predetermined Objectives	xiii
4. Environmental and Sustainability Reporting	xv
5. Statement of Project Management Responsibilities	xix
6. Report of the Independent Auditor on Financial Statements for Global Fund Tuberculosis Grant	xxi
7. Statement of Receipts and Payments for the Year Ended 30th June 2024	1
8. Statement of Financial Assets and Liabilities as at 30 th June 2024	2
9. Statement of Cash flows for the year ended 30 th June 2024	3
10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 th June 24	4
11. Significant Accounting Policies	5
12. Notes to the Financial Statements	12
13. Annexes	22

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

(Projects to include all acronyms and Definition of terms used in the annual report and financial statements)

2. 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 Coordinator:	Dr. Immaculate Kathure
Project Sponsor:	The Global Fund to Fight Aids Tuberculosis and Malaria (GFATM)

2.3 Project Overview

Line Ministry and State/ County Department	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>(i)</i> Reduce TB deaths by 90% compared to 2015 <i>(ii)</i> 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>(i)</i> Diagnose and treat at least 597,000 people with TB by 2023. <i>(ii)</i> 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. The program has attained TB treatment success rate (all forms) of 88% against a target of 90%. 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.
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (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

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2024

	(iv) Health workers
Project duration	Three Years (1st July 2021 to 30 June 2024)

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

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	Head Monitoring and Evaluation
Silas Kamuren	Project Finance Officer	BCom, CPA(K)	Project Finance Officer
Tobias Olambo	Principal Accountant	B.COM, CPA(K)	Accountant in-charge

2.7 Funding summary

The Project is for a duration of 3 years from 2021 to 2024 with an approved grant budget of USD\$ 42,675,832, where US\$ 30,441,910 relates to funds retained at The National Treasury (Principal Recipient), US\$ 4,651,137 relates to funds for the Ministry of Health RSSH (sub recipient) and US\$ 7,582,786 relates to funds for programmatic interventions implemented by the Ministry of Health (Sub-recipient) as highlighted in the table below.

Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2024
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 2024)		Undrawn balance to date	
	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant						
Global Fund TB –C19RM-COVID	\$ 4,098,263	512,282,906	\$ 3,836,120	442,281,826	\$ 262,143	70,001,080
Global Fund TB – KEN-T-TNT-2046	\$ 7,582,786	993,344,914	\$ 7,569,716	951,222,563	\$ 13,069	42,122,351
Interest Earnings				5,350,725		
Total	\$ 11,681,049	1,505,627,819	\$ 11,405,836	1,398,855,114	\$ 275,213	112,123,430

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date (30th June 2024)	
	<i>Donor currency (USD)</i>	<i>Kshs</i>	<i>Donor currency (USD)</i>	<i>Kshs</i>	<i>Donor currency (USD)</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
Global Fund TB – KEN-T-TNT-2046	\$ 11,405,836	1,398,855,114	\$ 10,914,594	1,338,607,305	\$ 491,242	60,247,809
Total	\$ 11,405,836	1,398,855,114	\$ 10,914,594	1,338,607,305	\$ 491,242	60,247,809

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *Budget performance against actual amounts for the current year 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. 562,125,746 and the expenditure incurred and reported of Kshs 395,545,163 represents a fund utilization rate of 70%. Cumulative budget to date is Kshs. 1,505,627,819 and cumulative expenditure of Kshs. 1,338,575,150, representing a utilization rate of 89% whereas the variance is attributed to declared savings reprogrammed and prioritised to procure Anti-TB medicines and laboratory commodities gaps during the period.

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

The country now is in a phase of accelerated decline in TB incidence and mortality where incidence has reduced by 38% compared to 2015 baseline while mortality has decline by 65%. This is a demonstration of impact achievement which The Global Fund project has significantly contributed. With this level of performance, if sustained, then the country might achieve its 2030 goal of ending TB. UHC indicators are also on upward performance with the 78% treatment coverage up from 51% in the previous period. Case fatality ration is down to 20% among the estimated incidences. The country realised an improved achievement of targets on treatment success rate which is currently at 89% against a target of 90%. Testing for HIV among TB patients remains high at 98% and the initiation of ART among TB/HIV coinfectd patients is also high at 98%. DR TB surveillance remains a challenge with rifampicin testing among previously treated patients at 73% against a target of 90%. This has hampered the case finding for DR TB patients. The program continues to strengthen efforts for testing to reverse this phenomenon.

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%, 2022/2023 was 101% and the current period 2023/2024 70% respectively.

iv) *List the implementation challenges and recommend the 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 bills 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.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national/county government entity's performance against predetermined objectives at the end of each financial year.

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 the attainment of strategic development objectives

To implement and cascade 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 to track 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	1. Reduction of TB incidence by 90% 2. Reduction of TB mortality by 95% 3. Zero households suffering from catastrophic costs by 2030	1.TB Mortality rate 2. TB incidence rate	During the period under under review the country achieved a mortality rate of 27 per 100,000 against a target of 32 per 100,000-Progress made in reduction of mortality due to TB down from 32 per 100000 Achieved incidence rate of 223per 100,000 against a target of 308; the country is still missing people with TB
			3.Treatment success rate (All forms of TB)	Target=90% Achieved=89% Performance of 98% performance against targets
			Number of notified cases of all forms of TB	Targets=97203 Achieved=80044 Performance of 82%

4. 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.

i. Sustainability strategy and profile

The program launched a national strategic plan (2023/24-2027/18) 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).

ii. 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

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2024

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..

iii. 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,

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2024

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.

iv. Marketplace 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 archived through the following.

- a) Providing technical guidance and supervision of Tuberculosis, Leprosy and Lung Disease to counties

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2024

- 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.

v. 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.

5. Statement of Project Management Responsibilities

The *Principal Secretary* for the Ministry of Health/State Department of Public Health and Professional Standards and the *Project Coordinator 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 the financial year ended on June 30, 2024.

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 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/State Department of Public Health and Professional Standards and the *Project Coordinator* 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/State Department of Public Health and Professional Standards and the *Project Coordinator* are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The *Principal Secretary* for Ministry of Health/State Department of Public Health and Professional Standards and the *Project Coordinator* 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 and the adequacy of the systems of internal financial control.

The *Principal Secretary* for the Ministry of Health/State Department of Public Health and Professional Standards and the *Project Coordinator* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2024

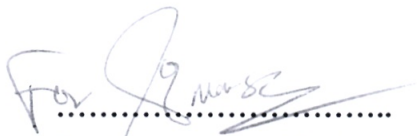
and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the *Principal Secretary* for the *Ministry of Health/State Department of Public Health and Professional Standards* and the *Project Coordinator* on 28/6/ 2024 and signed by:



Mary M. Muriuki, HSC
Principal Secretary



Dr. Immaculate Kathure
Project Coordinator



Tobias Olambo
Project Accountant
ICPAK Member No:14253

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000

Email: info@oagkenya.go.ke

Website: www.oagkenya.go.ke



Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
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, 2024 - 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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, risk management environment and 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, is effective in the use of resources, or that its internal control, 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

Qualified Opinion

I have audited the accompanying financial statements of Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067 - Ministry of Health set out on pages 1 to 27, which comprise

Report of the Auditor-General on Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067 for the year ended 30 June, 2024 - Ministry of Health

of the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, 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.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, 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, 2024 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 Agreement No. KEN-T-TNT-2067 dated 14 June, 2021 between the Global Fund and the Republic of Kenya.

Basis for Qualified Opinion

Unsupported Training Services Expenditure

The statement of receipts and payments reflects training expenses amount of Kshs.110,237,974 as disclosed in Note 4 to the financial statements. However, review of the payment vouchers amounting to Kshs.56,677,070 revealed unsupported transport costs amounting to Kshs.2,817,000.

In the circumstances, the accuracy and completeness of the training expenses amounting to Kshs.110,237,974 could not be confirmed.

The audit was conducted in accordance with the International Standards for 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 the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget receipts and actual amounts on a comparable basis of Kshs.562,125,746 and Kshs.395,545,163 respectively, resulting to under-funding of Kshs.166,580,583 or 30 or 30% of the budget.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

2. Undrawn Balance

Review of source of funds under project information and overall performance at page ix of the financial statements revealed that the project had an approved budget of Kshs.1,505,627,819 being funding for the period of three (3) years from 1 July, 2021 to 30 June, 2024. However, as at 30 June, 2024 and the end of the Project, only Kshs.1,398,855,114 was drawn leaving Kshs.112,123,430 undrawn.

Further, out of the drawn amount of Kshs.1,398,855,114 the cumulative Project expenditure to 30 June, 2024 amounted Kshs.1,338,607,305 resulting to an unexplained underutilization of Kshs.60,247,809.

In the circumstances, the Project may not have achieved its planned objectives.

My Opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

Conclusion

The Management is responsible for the other information set out on page iii to xx which comprise of Project Information and Overall Performance, Statement of Performance Against Projects Predetermined Objectives, Environmental and Sustainability Reporting, Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit of Global Fund Tuberculosis, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for conclusion

The audit was conducted in accordance with the ISSAIs 3000 and 4000. The Standards 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 comply, 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 THE 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 governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Global Fund, I report based on my audit that 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:

- i. Information given in the Management report on pages iii to xx is consistent with the financial statements;
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Global Fund requires that, I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Projects' compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

The 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 controls 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 governance.

In preparing the financial statements, Management is responsible for assessing the Project's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 October, 2024

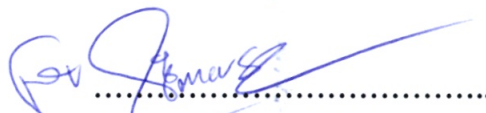
7. Statement of Receipts and Payments for the Year Ended 30th June 2024.

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		FY 2023/2024			FY 2022/2023			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Proceeds from domestic and foreign grants	1	401,005,436	-	401,005,436	300,014,252	-	300,014,252	1,393,504,389
Miscellaneous receipts	2	1,639,445	-	1,639,445	1,825,462	-	1,825,462	5,350,725
Total receipts		402,644,881	-	402,644,881	301,839,714	-	301,839,714	1,398,855,114
Payments								
Compensation to employees	3	106,165,813	-	106,165,813	127,905,757	-	127,905,757	375,067,429
Purchase of goods and services	4	289,379,351	-	289,379,351	261,282,518	-	261,282,518	961,961,170
Acquisition of non-financial assets	5	-	-	-	-	-	-	1,546,552
Total payments		395,545,164	-	395,545,164	389,188,275	-	389,188,275	1,338,575,150
Surplus/ (deficit)		7,099,717	-	7,099,717	(87,348,561)	-	(87,348,561)	60,279,963

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



Mary M. Muriuki, HSC
Principal Secretary



Dr. Immaculate Kathure
Project Coordinator



Tobias Olambo
Project Accountant
ICPAK Member No:14253

Global Fund Tuberculosis

Annual Report and Financial Statements for the financial year ended June 30, 2024

8. Statement of Financial Assets and Liabilities as at 30th June 2024

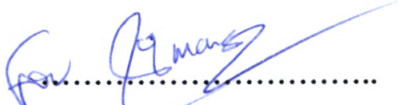
Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents	6	59,950,424	52,921,540
Prepaid Fuel	7	329,540	258,706
Total Financial Assets (A)		60,279,963	53,180,246
Represented By			
Fund Balance B/fwd.	8	53,180,246	140,528,807
Prior Year adjustments	9	-	-
Surplus/(Deficit) for the Year		7,099,717	(87,348,561)
Net Financial Assets		60,279,963	53,180,246

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28/6/ 2024 and signed by:



Mary Muthoni. Muriuki,
CBS

Principal Secretary



Dr. Immaculate Kathure

Project Coordinator



Tobias Olambo

Project Accountant

ICPAK Member No: 14253

Global Fund Tuberculosis**Annual Report and Financial Statements for the financial year ended June 30, 2024****9. Statement of Cash flows for the year ended 30th June 2024**

Description	Note	FY 2023/2024	FY 2022/2023
Cashflow from operating activities		Kshs	Kshs
Receipts			
Proceeds from domestic and foreign grants	2	401,005,436	300,014,252
Miscellaneous receipts	4	1,639,445	1,825,462
Total receipts		402,644,881	301,839,714
Payments			
Compensation of employees	5	(106,165,813)	(127,905,757)
Purchase of goods and services	6	(289,379,351)	(261,282,518)
Total Payments		(395,545,164)	(389,188,275)
Net receipts/(payments)		7,099,717	(87,348,561)
Adjustments during the year			
Prior year adjustments	9	-	-
Decrease/(increase) in accounts receivable	10	(70,833)	312,420
Net cash flow from operating activities		7,028,884	(87,036,141)
Cashflow from investing activities			
Acquisition of non-financial assets	5	-	-
Net cash flows from investing activities		-	-
Net increase in cash and cash equivalents		7,028,884	(87,036,141)
Cash & cash equivalent at beginning of the year	6	52,921,540	139,957,681
Cash and cash equivalent at end of the year	6	59,950,424	52,921,540

10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 24

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Proceeds from domestic and foreign grants	1,000,000,000	437,874,254	562,125,746	401,005,436	161,120,310	71%
Miscellaneous receipts				1,639,445	(1,639,445)	0%
Total Receipts	1,000,000,000	437,874,254	562,125,746	402,644,881	159,480,865	72%
Payments						
Compensation to employees	128,000,000	18,000,000	110,000,000	106,165,813	3,834,187	97%
Purchase of goods and services	872,000,000	419,874,254	452,125,746	289,379,351	162,746,395	64%
Total Payments	1,000,000,000	437,874,254	562,125,746	395,545,164	166,580,582	70%
Surplus or Deficit	-	-	-	7,099,717		

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

11. 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 years presented.

b) Reporting entity

The financial statements are for the Global Fund Tuberculosis Grant KEN-T-TNT-2067 under the *Ministry of Health – State Department of Public Health and Professional Standards*. The financial statements are for the reporting entity Global Fund Tuberculosis Grant as required by Section 81/ Section 164 of the PFM Act, 2012.

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

The Global Fund Tuberculosis project recognizes all receipts from various sources when an event occurs, and the related cash is received.

i) Transfers from the Exchequer

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

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

This includes Appropriation-in-Aid and relates to receipts such as proceeds from the disposal of assets and the sale of tender documents. These are recognized in the financial statements when 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 payment advice is received by the recipient entity or by the beneficiary. In the case of a grant/donation in kind, such grants are recorded upon receipt of the grant item and its value determined. The transaction date 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 year they were received.

vi) Undrawn external assistance

These are loans and grants at the reporting date 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. The funding summary analyzes the Project's undrawn external assistance.

Significant Accounting Policies (continued)

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, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments when the goods/services are consumed and paid for. If not paid for when 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)

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

v) Acquisition of fixed assets

The payment on the 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 a receipt and as a payment. A fixed asset register is maintained by each public entity, and a summary is provided for consolidation purposes. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations 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 year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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 year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

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
- 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 year.

k) Contingent Assets

Ministry of Health – State Department of Public Health and Professional Standards 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 *Ministry of Health – State Department of Public Health and Professional Standards* 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 year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are 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 year 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 Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

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 year/period are converted into 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

p) Comparative figures

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

Significant Accounting Policies (Continued)

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior period adjustments

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

12. Notes to the Financial Statements

Notes to the Financial Statements (Continued)

1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

Name of Donor	FY 2023/2024						FY 2022/2023	Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
		USD	Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Multilateral Donors	13/10/2023	1,486,701	203,888,545			203,888,545		
Global Fund to Fight Aids Malaria and Tuberculosis KEN-T-TNT-2087	05/04/2024	1,380,358	197,116,891			197,116,891	300,014,252	1,393,504,389
Total		2,867,059	401,005,436			401,005,436	300,014,252	1,393,504,389

Notes to the Financial Statements (Continued)

2. Miscellaneous receipts

Description	FY 2023/2024			FY 2022/2023	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Other receipts not classified elsewhere*	1,639,445	-	1,639,445	1,825,462	5,350,725
Total	1,639,445	-	1,639,445	1,825,462	5,350,725

3. Compensation to Employees

Description	FY 2023/2024			FY 2022/2023	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	103,441,853	-	103,441,853	124,610,917	366,577,029
Compulsory national social security schemes	1,643,760	-	1,643,760	1,195,040	3,368,000
Compulsory national health insurance schemes	1,080,200	-	1,080,200	2,099,800	5,122,400
Total	106,165,813	-	106,165,813	127,905,757	375,067,429

4. Purchase of Goods and Services

Description	FY 2023/2024			FY 2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	343,819	-	343,819	106,450	544,745
Communication, supplies and services	4,063,656	-	4,063,656	2,890,189	9,597,226
Domestic travel and subsistence	113,674,135	-	113,674,135	116,140,287	342,867,764
Foreign travel and subsistence	1,638,110	-	1,638,110	-	2,924,746
Printing, advertising, and information supplies	27,194,276	-	27,194,276	36,066,249	109,540,515
Training payments	110,237,974	-	110,237,974	63,401,530	319,349,107
Hospitality supplies and services	23,512,524	-	23,512,524	35,288,062	151,455,282
Specialized materials and services	1,331,000	-	1,331,000	-	6,722,000
Other operating payments	4,322,232	-	4,322,232	3,478,620	11,051,226
Routine maintenance – vehicles and other transport equipment	2,652,400	-	2,652,400	3,911,131	7,499,335
Routine maintenance- other assets	409,224	-	409,224	-	409,224
Total	<u>289,379,351</u>	<u>=</u>	<u>289,379,351</u>	<u>261,282,518</u>	<u>961,961,170</u>

Notes to the Financial Statements (Continued)

5. Acquisition of Non-Financial Assets

	<i>FY 2023/2024</i>			<i>FY 2022/2023</i>	Cumulative to-date
Description	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	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>

6. Cash And Cash equivalents

Description	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
	Kshs	Kshs
Bank accounts (Note 6A)	59,950,424	52,869,140
Total	<u>59,950,424</u>	<u>52,869,140</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:

Notes to the Financial Statements (Continued)

6. A Bank Accounts

Project Bank Accounts

Details	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
	Kshs	Kshs
<u>Local Currency Accounts</u>		
Co-operative Bank of Kenya [A/c No. 01141163732900]	59,950,424	52,921,480
Others MPESA – KEN-T-TNT -NLTP - [467926]	-	60
Total local currency balances	<u>59,950,424</u>	<u>52,921,540</u>
Total bank account balances	<u>59,950,424</u>	<u>52,921,540</u>

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2024 are not included in the Statement of Financial Assets since the line items 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 voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
	Kshs	Kshs
(i) A/C Name [A/c No.....]		
Opening balance	10,359,892	237,637
Total amount deposited in the account	8,098,578	15,732,239
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>7,038,654</u>	<u>5,609,985</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>11,419,816</u>	<u>10,359,892</u>

(The Special Deposit Account(s) reconciliation statement(s) has been attached as Appendix iv supporting these closing balance.)

7. Imprests and Advances

Description	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
	Kshs	Kshs
Prepayment fuel	329,540	258,706
Total	329,540	258,706

Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

8. Fund Balance Brought Forward

Description	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
	Kshs	Kshs
Bank accounts	59,950,424	52,921,540
Prepayment fuel	329,540	258,706
Total	60,279,963	53,180,246

9. Prior Year Adjustment

	Balance b/f Previous FY 2022/2023 (audited financial statements)	Adjustments	Adjusted balance b/f Previous FY 2023/2024
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Total	-	-	-

10. Changes in Accounts Receivables (Prepayment fuel)

Description	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
	Kshs	Kshs
Opening Receivables as at 1 st July 2023	258,706	571,126
Closing account receivables as at 30 th June 2024	329,540	258,706
Change in Prepayment fuel	(70,833)	312,420

Other Important Disclosures

11. Pending Accounts Payable (See Annex 4a)

	Balance b/f from Comparative FY 2022/2023	Additions for the year	Paid during the year	Balance c/f For Current FY 2023/2024
Description	Kshs	Kshs	Kshs	Kshs
Supply of services	5,519,460	8,834,739	5,519,460	8,834,739
Total	5,519,460	8,834,739	5,519,460	8,834,739

12. External Assistance

	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
Description	Kshs	Kshs
External assistance received as grants	401,005,436	300,014,252
Total	401,005,436	300,014,252

a). External assistance relating to loans and grants

	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
Description	Kshs	Kshs
External assistance received as grants	401,005,436	300,014,252
Total	401,005,436	300,014,252

Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Important Disclosures (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
Description		Kshs	Kshs
Undrawn external assistance - grants	Repurposed COVID-19 funds totalling 70 million being implemented by HSSD upto December 2025 Efficiency savings and VAT withheld as at end of grant	112,123,430	328,382,530
Total		112,123,430	328,382,530

c) Classes of providers of external assistance

	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
Description	Kshs	Kshs
Multilateral donors	401,005,436	300,014,252
Total	401,005,436	300,014,252

The external assistance received was for implementing Tuberculosis control activities in the country.

e) Purpose and use of external assistance

Payments made by third parties	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
Description	Kshs	Kshs
Compensation to employees	106,165,813	127,905,757
Use of goods and services	289,379,351	261,282,518
Total	395,545,164	389,188,275

Other Important Disclosures (Continued)

13. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. These comprise of related parties to the Project.

- i) Key management personnel, including the program director/manager
- ii) The implementing entity/ministry/ County department
- iii) Other Ministries and Departments.
- iv) The National /County Treasury

Related party transactions:

	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
	Kshs	Kshs
Transfers from related parties		
Transfers from the Ministry of Health-SDPHPS	401,005,436	300,014,252
Total Transfers from related parties	401,005,436	300,014,252

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
531	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 in an underfunding of Kshs.84,976,385 or 21% of the budget. The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.	The management acknowledges the audit report on the budgetary control and performance for the year ended 30 June 2023. The Ministry did not receive Kshs.84,976,385 disbursement from Global Fund, this is attributed to in-country cash balance from the prior-period FY 2021/2022 of Kshs. 139,957,681 as per Note 8. Fund Balance Brought Forward to the financial statements.		
532	Pending Bills Note 1 on Other Important Disclosures reflects pending accounts payables amount of Kshs.5,519,439 due to suppliers of goods and services. Management did not explained why the bills were not settled during the year under review. Failure to settle bills during the year in which they relate to	The management acknowledges the audit observation on the pending bills amounting to Kshs 5,519,439. These pending bills relates to invoices received without complete supporting documentation to support their payment at the end of the financial year. The management has been in constant communication with the affected suppliers to provide the required supporting documents		

	distorts the financial statements and adversely affects the budgetary provisions for the subsequent year	to facilitate timely payment where Kshs 4,068,779 Has been paid while Kshs 1,450,660 remains unsupported.		
533	Inefficient Supply of Cartridges for GeneXpert Machines and Patient Kits Review of records indicated that a total of one hundred and eight six (186) GeneXpert machines were issued across various health facilities in the country. However, physical verification in six (6) counties in 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%. Further, 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. 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	The Management acknowledges the audit observation on underutilization of the genexpert equipment due to stock outs of cartridges. The management wishes to clarify that the quantification for genexpert cartridges in the current grant was projected to cover 38,000 tests per month, however, there has been unprecedented increase in the number of tests being done to 62,000 per month reported as at July-Sept 2023. This has resulted in the country experiencing stock outs of cartridges during the period. The increment in cartridge consumption was as a result of intensified efforts in the Active Case Finding activities in the counties and increased number of community outreaches leading to high demand for genexpert testing. From the End Term Review conducted in April 2022, a number of counties have as well improved on their referral mechanisms for samples from the spokes-hubs to the genexpert testing hubs. Due to the limited funds available, the management is resource mobilizing		

	kit. In the circumstances, the effective use of GeneXpert machines and patients Kits could not be confirmed.	to get additional funds to meet the increased demand for GeneXpert cartridges as well as exploring other efficient and cost effective for TB diagnosis. From the above the root cause of under utilization are a result of excess demand for genexpert testing against supply due to community referral and community outreaches as well as improve sample transport system.		
534	Low Performance Results for Latent Tuberculosis Infection (LTBI) Records provided for audit indicated that two hundred and twenty (220) healthcare workers were trained on 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 patients or 51% were reported to have been initiated on treatment. In the circumstances, the program may not achieve its target of identifying, testing, diagnosing and initiating treatment to 900,000 patients by the end of the	The management acknowledges the audit observation on the performance for enrolment of people at risk of Tuberculosis on TB preventive Therapy treatment (TPT) The management here by clarifies that the target of 900,000 is based on the NSP (2019-2023) targets that focuses on PLHIV and high-risk populations for the provision of TPT. As of the start of the NSP 2019-2023, the baseline for PLHIV that had received TPT was about 632,736, which was about 59% of the 1.08M (NSP page 12). The mop up of those who had not received TPT has increased the numbers by 414,537 in the period 2018 – June 2023. The new HIV infections have also increased to 1.4M PLHIV. Cumulatively 1,128,934 have been		

	year 2023.	put on TPT among PLHIV giving an achievement of 81%. Cumulatively, the Ministry has enrolled 1,248,696 persons on TPT. In addition, the Ministry has rolled out TPT among the risk populations. This population includes contacts of Bacteriologically confirmed TB patients (all ages), Prisoners, and HCWs. In the period of NSP (2019-2023), 79,084 of HIV negative persons have been put on TPT cumulatively achieving 119,762 for the period. For clarification purposes, the performance achievement of 459,794 provided earlier relates to the period July 2021-June 2023 and excludes PLHIV numbers.		
535	Lack of Statistics on Health Facility Based Case Finding During the year under review, Kshs.6,376,720 was spent on training 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	The management acknowledges the audit observation on the ACF interventions and wishes to provide the active case finding summary report for the period under review. For the year 2022/23 the total number of patients visiting health facilities screened for TB was 753,310 out of which 451,442 cases were identified as presumptive TB resulting in 39,898 people confirmed to have TB and initiated on		

	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. 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.	treatment.		
536	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 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	The Management acknowledged the audit observations on the enrolment of DRTB patients to the NHIF cover. For the period under review the Ministry had previously enrolled the DRTB patients on enrolled treatment in 2021 and paid for there cover for 24 months ending in June 2023. During this period, due to changes in NHIF policy on submission of NHIF by-products, the system could not accept multiple byproducts for the same months as previously submitted. However, this has been resolved and the State Department of Public health and professional Standards has been able to submit monthly payments to NHIF during the FY 2023/24 amounting to Kshs		

Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2024

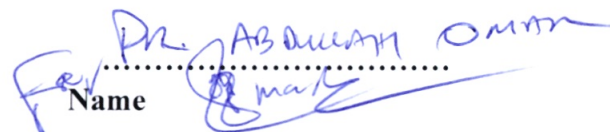
	insurance cover and the value for money realised from the cover could not be confirmed.	1,331,000 and therefore the DRTB patients have been enrolled on NHIF.		
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Guidance Notes:

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

PP. 

Name
Principal Secretary/
Chief Officer

Fev. Pr.  ABAYAH OMN

Name
Project Coordinator

Annex 2: Variance explanations - Comparative Budget and Actual Amounts for Current FY 2023/2024

	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	562,125,746	401,005,436	161,120,310	71%	The program had a balance of Kshs 52,921,540, while the balance of Kshs 108,198,770 was not disbursed due to foreign exchange fluctuations during the financial year
Miscellaneous receipts		1,639,445	(1,639,445)	0%	
Total Receipts	562,125,746	402,644,881	159,480,865	72%	
Payments					
Compensation of employees	110,000,000	106,165,813	3,834,187	97%	
Purchase of goods and services	452,125,746	289,379,351	162,746,395	64%	The country reprogrammed the grant budget in the current financial year towards procurement of commodities in the country, this was further compounded by foreign exchange fluctuation during the year.
Total payments	562,125,746	395,545,164	166,580,582	70%	

Annex 3: Reconciliation of inter-entity transfers

	Project Name:			
	Break down of transfers from the State Department of Public Health and Professional Standards			
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	FY 2023/24
			Nil	
		Total	NIL	
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	FY 2023/24
			Nil	
		Total	NIL	
C.	Others			
		Bank Statement Date	Amount (Kshs)	FY 2023/24
		13/10/2023	203,888,545	
		05/04/2024	197,116,891	
		Total	401,005,436	
		Total (A+B+C)	401,005,436	

The above amounts have been communicated to and reconciled with the Ministry of Health/ State Department of Public Health and professional Standards

Project Coordinator
DNTLHP

Sign

Head of Accounting Unit
State Department of Public Health and professional Standards

Sign-----

Annex 4a: Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
		a	b	c = a-b		
Supply of services						
1. Eastern Africa ESRI	30th June 2023	592,760.00		592,760.00		
2. Prideinn Hotel	13th- 16Tth Dec 2022	120,000.00		120,000.00		
3. Jacaranda Hotel	6th September 2022	650,000.00		650,000.00		
4. Mbita Tourist	5th December 2022	87,900.00		87,900.00		
5. Hylise Hotel	27th-31st May, 3rd -7th June 2024	560,000.00		560,000.00		
6. Hylise Hotel	3rd to 7th June 2024	650,000.00		650,000.00		
7. G-Ruff Media	28th June 2024	1,475,000.00		1,475,000.00		
8. Motion Pictures	28th June 2024	1,419,000.00		1,419,000.00		
9. Mavuno K Automasters	31st May 2024	1,551,500.00		1,551,500.00		
10. Mavuno K Automasters	14th June 2024	705,600.00		705,600.00		
11. Weston Hotel	14th April 2024	60,000.00		60,000.00		
12. BPAL CHMT sensitization Kajiado	June 2024	427,749.00		427,749.00		
13. BPAL Facilities sensitization Kajiado	June 2024	512,958.00		512,958.00		
14. CRM Narok	June 2024	22,272.00		22,272.00		
Sub-Total		8,834,739.00		8,834,739.00	5,519,460.00	
Grand Total		8,834,739.00		8,834,739.00	5,519,460.00	

Annex 4b: Analysis of Pending: Staff Bills

There were no pending staff bills

Annex 4c: Analysis of Other Pending Payables

There were no any other pending payables

Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023/24	Donations in form of assets (KShs) 2023/24	*Purchases/ Additions in the Year (KShs) 2023/24	** Disposals in the Year (KShs) 2023/24	Transfers in/(out) Kshs 2023/24	Closing Cost (KShs) 2024
	(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 6: Contingent Liabilities Register

There were no know contingent liabilities

Annex 7: Reporting of Climate Relevant Expenditures

The project did not receive and expenses funds towards climate related activities

Annex 8: Reporting Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A

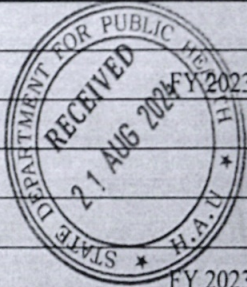
Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2024
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. US Dollars Donor Financial Statements cash basis and commitments reconciliation, 30 June 2024

*Global Fund Tuberculosis
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 3: Reconciliation of inter-entity transfers

Project Name:		GLOBAL FUND TUBERCULOSIS GRANT	
Break down of transfers from the State Department of Public Health and Professional Standards			
a.	Government Counterpart funding		
	Bank Statement Date	Amount (Kshs)	
		Nil	
	Total	NIL	
B.	Direct payments		
	Bank Statement Date	Amount (Kshs)	
		Nil	
	Total	NIL	
C.	Others		
	Bank Statement Date	Amount (Kshs)	
	13/10/2023	203,888,545	
	05/04/2024	197,116,891	
	Total	401,005,436	
	Total (A+B+C)	401,005,436	



The above amounts have been communicated to and reconciled with the Ministry of Health/ State Department of Public Health and professional Standards

Project Coordinator
DNTLHP

Sign 

Head of Accounting Unit
State Department of Public Health and professional Standards

Sign 

Annex 9 (II): Bank Reconciliations statement as at 30th June 2024

National TB, Leprosy and Lung Diseases Unit- Global Fund TB Grant				
BANK : MOH TB GRANT a/c 01141163732900				
BANK RECONCILIATION				
AS AT 30 June 2024				
				(KSHS)
Cash Book Balance as at 1st June 2024				191,419,367.68
Total Receipt for June 2024				597,190.15
Total Payments for June 2024				132,066,134.18
Cash Book Balance as at 30 June 2024				59,950,423.65
RECONCILIATION				
Balance as per Bank Statement at 30 June 2024	Vch No.	Chq No.		111,977,337.65
Less:				
1) Payments in Cash Book not Recorded in Bank Statement				
NHIF-June				155,000.00
NHIF June 2024	Payroll			10,200.00
PPM Supervision				116,915.00
PQE Sensitization				278,052.00
ACF Sensitization				47,696.00
DRS Supervision				368,082.00
BPAL Sensitizations				2,517,922.00
BPAL Sensitizations				1,481,507.00
BPAL Sensitizations				1,810,297.00
BPAL Sensitizations				1,128,458.00
BPAL Sensitizations				3,189,195.00
DRTB CRM				159,440.00
Spot Check GF - Machakos				86,137.00
Pediatric Mentorship				112,598.00
Palisades Ltd				77,586.21
Report writing				1,431,812.00
BPALM Trainings				1,830,874.00
BPALM Trainings				982,470.00
BPALM Trainings				1,522,482.00
Eagle Palace Hotel				112,068.97
Eagle Palace Hotel				81,896.55
Mastra logistics company				524,000.00
Piga Works Enterprises				409,224.14
Palisades Ltd				77,586.21
Palisades Ltd				77,586.21
Palisades Ltd				25,862.07
Palisades Ltd				25,862.07
Palisades Ltd				25,862.07
Palisades Ltd				34,482.76
Palisades Ltd				25,862.07
Palisades Ltd				77,586.21
Elabby General Supplies				30,000.00
City Gate Enterprises				25,932.27
Santana Tours and Travel				445,000.00
Hylise Hotel				324,152.54
Eagle Palace Hotel				125,000.00
Eagle Palace Hotel				45,258.62
Lysak Haven Hotel				200,431.03
Meru Slopes Hotel				75,431.03
Lysak Haven Hotel				206,896.55
Welma Agencies Ltd				548,700.00
Mavuno Automasters				258,000.00
ICPAK				59,000.00

[illegible]

Annex 9 (IV): Special Account Statement

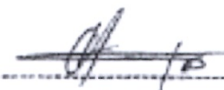
SPECIAL ACCOUNT STATEMENT

For period ending	30TH JUNE, 2024
Account No.	0100005345272
Depository Bank	STANBIC BANK-NAIROBI
Address	WAIYAKI WAY, WESTLANDS, NAIROBI.
Related Loan	TB GRANT KEN-T-TNT GA 1548-MAIN
Credit Agreement	NO. 4568-KE
Currency	USD

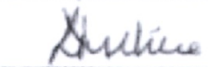
Account Activity

Beginning balance of 1ST July, 2023 as per C.B.K. Ledger Account	10,359,891.75
Add:	
Total Amount deposited by ADB <i>GLOBAL FORTIS</i>	8,098,578.26
Total Interest earnings if deposited in account	-
Total amount refunded to cover ineligible expenditure	-
Deduct:	
Total amount withdrawn	7,038,653.74
Total service charges if not included above in amount withdrawn	-
Ending balance on 30th June, 2024	11,419,816.27

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: DATE: *13/08/2024*

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: DATE: *14-08-2024*

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.



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

JUNE 30, 2024

NAIROBI, KENYA

Figure 1: Income and Expenditures Statement

Gant Number	KEN-T-TNT-2067
Accounting Methodology	Cash
Grant's Currency	US Dollars
Implementation Period Start Date	01/07/2021
Implementation Period End Date	30/06/2024

Period of Financial Reporting	Beginning Date:	01-July-23	End Date:	30-June-24
Cumulative Period of Financial Reporting	Beginning Date:	01-July-21	End Date:	30-June-24

Financial Statements (all figures are in US\$ unless otherwise stated)

	Current Period				Cumulative Period			
	Budget	Actual	Variance	Commitments	Budget	Actual	Variance	Notes
Sources of Grant funds								
Opening grant cash balance		378,444						
Receipts from Global fund	3,548,186	2,867,059	681,127	-	16,029,104	11,430,196	4,204,466	5
Interest Earnings – July 23- June 24		11,541	(11,541)			42,681	(42,681)	5
Total sources of Grant Funds	3,548,186	3,257,044	872,399	-	16,029,104	11,472,877	4,161,785	
	=====	=====	=====	=====	=====	=====	=====	
Uses of Grant Funds								
1.0 Human Resources (HR)	748,225	733,289	14,936		3,315,375	2,976,976	338,399	6
2.0 Travel related costs (TRC)	2,307,659	1,820,616	487,043	31,929	10,211,595	6,560,390	3,651,205	7
3.0 External Professional services	29,514	0	29,514	10,955	88,542	24,000	64,542	
4.0 Health Products (HPPP)	0	0	0		0	-	0	
5.0 Health Products (HPNP)	0	0	0		0	-	0	
6.0 Health Products (HPE)	0	0	0		0	-	0	
7.0 Procurement and Supply-Chain	0	0	0		0	-	0	
8.0 Infrastructure (INF)	0	0	0		16,636	13,290	3,346	
9.0 Non-health equipment (NHP)	40,204	23,029	17,175	11,978	120,611	60,227	60,385	
10.0 Communication Material	281,334	205,917	75,418		1,846,028	936,939	909,089	
11.0 Program Administration	39,393	26,166	13,227		137,877	87,303	50,574	
12.0 Living support (LSCTP)	101,857	9,430	92,427		292,440	15,621	276,819	
13.0 Payment for Results	0	0	0		0	-	0	
Total uses of Grant Funds	3,548,186	2,818,447	729,739		16,029,104	10,674,746	5,354,358	
Total commitments at 30.06.2024				54,862				
Net exchange gain/loss		26,788				(332,746)		
Net grant cash balance	-	465,385			-	465,385		8

Previous year		
Budget	Actual	variance
	1,192,616	
5,093,977	2,460,530	2,163,176
	14,361	(14,361)
5,093,977	3,667,507	2,148,815
=====	=====	=====
1,270,287	1,000,296	269,991
2,926,509	1,709,004	1,217,505
29,514	0	29,514
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
40,204	29,076	11,128
689,407	246,393	443,014
39,393	36,112	3,281
98,663	0	98,663
0	0	0
5,093,977	3,020,881	2,073,096
	(268,182)	
-	378,444	

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 [July 1, 2023 to June 30, 2024] 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 Kenya Shillings (KES).

Note 4:

Transactions in Kenya Shillings 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 Kenya Shillings have been translated to US dollars based on the quarterly average exchange rate applied by the Ministry of Health during the period which stood at KES 144.0459, KES 151.7673, KES 149.9838 and KES 130.9140 to the US dollar for July-Sept 2023, Oct-Dec 2023, Jan-Mar 2024 and April-June 2024 respectively.

Note 5: Receipts from Global Fund

Description	Current period US\$	Prior period US\$	Cumulative US\$
Disbursement 2023/24	2,867,059	2,460,530	11,430,196
Net Interest	11,541	14,361	42,681
	<u>2,878,600</u>	<u>2,474,891</u>	<u>11,472,877</u>
	=====	=====	=====

Note 6: Human Resources

This represents salaries and other staff related costs for the Sub-recipients MOH-DNTLH-Program.

Description	Current period US\$	Prior period US\$	Cumulative US\$
Salaries and Allowance	733,289	1,000,296	2,976,976
	<u>733,289</u>	<u>1,000,296</u>	<u>2,976,976</u>
	=====	=====	=====
		=	

Note 7: Travel Related Costs

	Amount
Conference Hire and Air Travel	165,017
Daily subsistence allowance	1,626,280
Fuel	<u>29,320</u>
	<u>1,820,616</u>
	=====

Note 8: Cash balances**Amount US\$**

Bank balance held at Co-operative Bank	462,841
Bank balance held at Safaricom PLC (MPESA)	0.00
Total Kenya Plc – Fuel pre-payment	2,544
Reconciling adjustment (to be explained in the note)	0
Net Grant cash balance	465,385

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Note 9: Sub-recipient advances

	SR 1
Unliquidated advances (prior year)	378,444
Add advances from PR (current year)	2,878,600
Less SR justified advances	2,818,447
Adjust; Exchange Gain/Loss	26,788

465,385

=====

Note 11: Expenditure reconciliation between IES and PUDR

	Year 3
AFR expenses	\$2,818,447
Reconciling items (to be explained in the note)	
IES' s expenditures	\$2,818,447
	=====

	Cumulative
AFR expenses	\$10,674,746
Reconciling items (to be explained in the note)	
IES' s expenditures	\$10,674,746
	=====

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

As the above financial statements are illustrative, the Principal Recipient should provide any other relevant information or notes to the statements.