

REPUBLIC OF KENYA



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| THE NATIONAL ASSEMBLY | |
| REPORT | |
| DATE: | 02 MAR 2022 |
| | DAY: WEDNESDAY |
| TABLED BY: OF | DEPUTY MAJORITY WHIP HON. MADKA MADRE |
| CLERK AT THE TABLE: | SAMUEL KALANA |

THE AUDITOR-GENERAL

ON

**UNITED NATIONS POPULATION FUND
(UNFPA) 9TH COUNTRY PROGRAMME
FOR KENYA**

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

MINISTRY OF HEALTH





PROJECT NAME: MOH-UNFPA

IMPLEMENTING ENTITY: MINISTRY OF HEALTH

UNFPA 9TH COUNTRY PROGRAMME FOR KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

MINISTRY OF HEALTH
MOH- UNFPA PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is **MOH- UNFPA 9th Country Programme**,

Objective: The key objective of the project is to empower families and communities to serve as informed, effective consumers of maternal and reproductive health care and to serve as advocates on their own behalf in securing enabling environment for the provision of essential maternal reproductive health services.

Address: The project headquarters offices are Nairobi, Nairobi County, Kenya.

The address of its registered office is:

P.O Box 43319-00100 Old Mbagathi Road

The project also has offices/branches as follows:

- Department of Family Health

Contacts: The following are the project contacts

Telephone: (254) 2717077

E-mail: dfh.or.ke

Website: www.go.ke

1.2 Project Information

| | |
|---------------------|---|
| Project Start Date: | The project start date is 01.07.2018 |
| Project End Date: | The project end date is 30.06.2022 |
| Project Manager: | The project manager is Dr. Stephen Kaliti |
| Project Sponsor: | The project sponsor is UNFPA |

1.3 Project Overview

| | |
|---|--|
| Line Ministry/State Department of the project | The project is under the supervision of the Health Ministry. |
| Strategic goals of the project | The strategic goals of the project are as follows: (i) Increased access to improved reproductive health services. (ii) Integrated Reproductive Health and HIV access |
| Achievement of | The project management aims to achieve the goals through the following |

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| | |
|--|---|
| strategic goals | means: (i) Capacity Building (ii) Family Planning Commodity Supplies |
| Other important background information of the project | The project is implemented in the ministry of health by both NASCOP and Unit of Reproductive and Maternal Services together with 47 counties in the entire country. |
| Current situation that the project was formed to intervene | The project was formed to intervene in the following areas: (i) Improved Access to Family Planning Services (ii) HIV/ AIDS Prevention |
| Project duration | The project started on 1st July 2018 and is expected to run until 30 th June 2022. |

1.4 Bankers

The following are the bankers for the current year:

- (i) Standard Chartered Bank – Kenyatta Avenue

1.5 Auditors

The project is audited by the Auditor General- Anniversary Towers
 P.o Box 30084-00100 Loita Street Nairobi

1.6 Roles and Responsibilities

The project managers are the key stakeholders who are involved with the project.

| Names | Title designation | Key qualification | Responsibilities |
|--------------------|--------------------------|--------------------------|-------------------------------|
| Dr. Stephen Kaliti | Head RHMS Unit | DDMS | Overall Implementation |
| Benson Gatimu | Project Accountant | Accountant | Financial Accounting |
| Dr. Rose Wafula | Training coordinator | DDMS | Overall Training |
| Mary Magubo | Training Coordinator | CNO | Adolescent and Youth Strategy |

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1.7 Funding summary

The Project is for duration of 5 years from June 2018 to July 2022 with an approved budget of US\$ 227,723 (use donor currency) equivalent to KES 22,925,530 as highlighted in the table below:

Below is the funding summary:

| Source of funds | Donor Commitment- | | Amount received to date – (30/6/2021) | | Undrawn balance to date (30/6/2021) | |
|------------------|-------------------|-------------------|---------------------------------------|-------------------|-------------------------------------|-------------|
| | <i>USD</i> | <i>KShs</i> | <i>USD</i> | <i>KShs</i> | <i>USD</i> | <i>KShs</i> |
| | (A) | (A') | (B) | (B') | (A)-(B) | (A')-(B') |
| (i) Grant | | | | | | |
| UNFPA | 227,723 | 22,925,530 | 227,723 | 22,925,530 | - | - |
| Total | 227,723 | 22,925,530 | 227,723 | 22,925,530 | - | - |

1.7 Summary of Overall Project Performance:

1. Increased availability and use of integrated sexual and reproductive health services (including family planning, maternal health and HIV) that are gender-responsive and meet human rights standards for quality of care and equity in access.
2. **By 2022** morbidity and mortality in Kenya are sustainably reduced, with improved maternal, neonatal and child survival, reduced malnutrition & incidence of major endemic diseases (malaria, tuberculosis) and stabilized population growth underpinned by a universally accessible, quality and responsive health system.

1.8 Summary of Project Compliance:

- 1: National and county institutions have capacity to deliver comprehensive integrated maternal and new-born health and HIV prevention services, including in humanitarian settings.
- 2: National and county institutions have capacity to create demand and provide family planning services.
- 3: National and county institutions have capacity to coordinate and implement compliance of obligations on gender-based violence, reproductive health rights and harmful cultural practices.

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2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED 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 *project's 2018-2022* plan are to:

- a) Develop National Health Policies.
- b) Capacity Building.
- c) Providing Technical Assistance.
- d) Being in charge of Regulatory services

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 |
|--------------------|---|---|--|--------------------|
| MOH - UNFPA | Empower families and communities to serve as informed, effective consumers of maternal and reproductive health care and to serve as advocates on their own behalf in securing enabling environment for the provision of essential maternal reproductive health services | Increased equitable access to quality health services. Individuals and communities to have reduced exposure to risks and are more resilient to disasters and emergencies. | Increased National capacity to implement FGM laws and policies | 90% |
| MOH - UNFPA | To disseminate Covid 19 RMNH Guidelines to all 47 counties | RMNH Dissemination: National Technical support for dissemination of the RMNH Guidelines | Increased access to MNH services during Covid 19 pandemic | 100% |

3.CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

MOH UNFPA PROJECT exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

Results-based financing (RBF) is emerging as a new alternative to finance health systems supported by MOH-UNFPA Project. Sustainability has been examined through its different determinants, phases, levels and contexts. These were explored using qualitative interviews to discern, via critical events, stakeholders' ideas regarding the project's sustainability.

2. Environmental performance

The MOH -UNFPA Project ensures that environmental policies that include a pledge to continually measure and improve environmental performance, and many include a promise to seek ways to reduce energy, limit fuel consumption, lessen emissions, prevent pollution, reduce greenhouse gases, and reduce potable water consumption, or an infinite number of other.

Employee welfare

Employee welfare entails everything from **services, facilities and benefits** that are provided or done by an employer for the advantage or comfort of an employee. ... Other forms of employee welfare include housing, health insurance, stipends, transportation and provision of food. The MOH UNFPA Project subscribes to the above ideals.

3. Market place practices-

The MOH UNFPA Project ensures that:

- a) Responsible competition practice.
The project Management Unit ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

4. Community Engagements-

The MOH UNFPA Project is actively involved in community activities and Health awareness. Key activities include condom programming activities, procurement of FP commodities which are distributed to the society freely

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4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for **MOH- UNFPA 9th Country Programme** 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, 2021. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

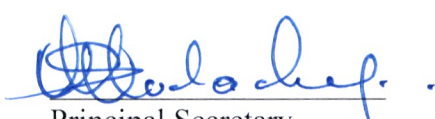
The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for **MOH- UNFPA project** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with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

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for **MOH- UNFPA project** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2021, and of the Project's financial position as at that date. The *Principal Secretary* for Health and the *Project Coordinator* for **MOH- UNFPA project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for **MOH-UNFPA project** on and signed by them.

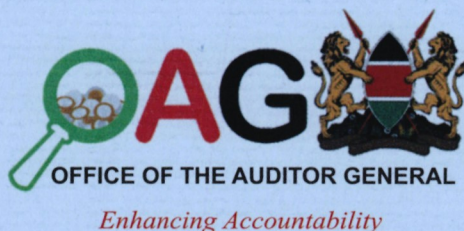

Principal Secretary
Susan N. Mochache, CBS
30/11/2021


Project Coordinator
Dr. Stephen Kaliti


Project Accountant:
Benson Gatimu

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON UNITED NATIONS POPULATION FUND (UNFPA) 9TH COUNTRY PROGRAMME FOR KENYA FOR THE YEAR ENDED 30 JUNE, 2021 – 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, gazetted 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 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 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 United Nations Population Fund (UNFPA) 9th Country Programme for Kenya for the year ended 30 June, 2021 – Ministry

Report of the Auditor-General on United Nations Population Fund (UNFPA) 9th Country Programme for Kenya for the year ended 30 June, 2021 – Ministry of Health

of Health set out on pages 1 to 13, which comprise the statement of financial assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 United Nations Population Fund (UNFPA) 9th Country Programme for Kenya as at 30 June, 2021, 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 Financing Agreement dated 03 June, 2020 between United Nations Population Fund and the Republic of Kenya; and the Public Finance Act, 2012.

Basis for Qualified Opinion

Unsupported Printing and Stationery

The statement of receipts and payments reflects purchase of goods and services at Kshs.13,537,890 (2020 – Kshs.3,588,140) as disclosed under Note 10.5 to the financial statements. Included in the balance is Kshs.10,434,500 in respect to printing and stationery explained to be printing of Covid-19 job aids, RH policy, care guidelines for HCW and RMNH screening forms. However, a list of supporting documents for distribution of these items to counties indicating the name of the counties, officers involved, work ticket for the vehicles used, signed issue (S11) and receipt (S13) vouchers were not provided for audit.

Consequently, the propriety, accuracy and completeness of printing and stationery balance of Kshs.10,434,500 for the year ended 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of United Nations Population Fund (UNFPA) 9th Country Programme for Kenya in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Financing Agreement dated 03 June, 2020, 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 United Nations Population Fund (UNFPA) 9th Country Programme, so far as appears from the examination of those records; and,
- iii. The 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 control, risk management and 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 the Management is aware of the intention to liquidate 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 financial reporting process, reviewing the effectiveness of how the Project monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 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 going concern 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 Programme 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 Programme to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

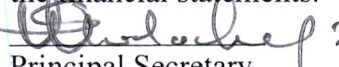
24 November, 2021

MINISTRY OF HEALTH
MOH- UNFPA PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2021

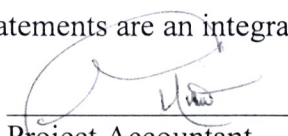
| | Note | 2020/2021 | | 2019/2020 | | Cumulative to- 30 June 2021 |
|--|------|--|--------------------------------|---|--------------------------------|--------------------------------|
| | | Receipts and payments controlled by the entity | Payments made by third parties | Receipts and payment controlled by the entity | Payments made by third parties | |
| | | KShs | KShs | KShs | KShs | KShs |
| RECEIPTS | | | | | | |
| Proceeds from domestic and foreign grants | 10.3 | | - | 22,925,530 | - | 22,925,530 |
| Miscellaneous receipts | 10.4 | 105,000 | - | 373,500 | - | 373,500 |
| TOTAL RECEIPTS | | 105,000 | - | 23,299,030 | - | 23,299,030 |
| PAYMENTS | | | | | | |
| Purchase of goods and services | 10.5 | (13,537,890) | - | 3,588,140 | - | 3,588,140 |
| Repayment of Principal on domestic foreign borrowing | 10.6 | (6,278,000) | - | | | |
| TOTAL PAYMENTS | | (19,815,890) | - | 3,588,140 | - | 3,588,140 |
| SURPLUS/DEFICIT | | (19,710,890) | - | 19,710,890 | - | 19,710,890 |

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


Principal Secretary
Susan N. Mochache, CBS

30/11/2021


Project Coordinator
Dr. Stephen Kaliti


Project Accountant
Benson Gatimu

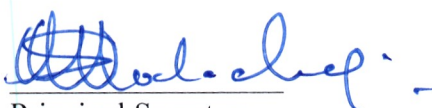


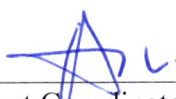
MINISTRY OF HEALTH
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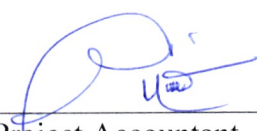
7. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2021

| | Note | 2020/2021 | 2019/2020 |
|--|------|--------------|--------------------|
| | | KShs | KShs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances | 10.7 | 0.00 | 19,710,890 |
| Total Cash and Cash Equivalents | | | |
| TOTAL FINANCIAL ASSETS | | 0.00 | 19,710,890 |
| REPRESENTED BY | | | |
| Fund balance b/fwd | 10.8 | 19,710,890 | |
| Surplus/Deficit for the year | | (19,710,890) | 19,710,890 |
| NET FINANCIAL POSITION | | 0.00 | 19,710,890, |

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


Principal Secretary
Susan N. Mochache, CBS
30/11/2021


Project Coordinator
Dr. Stephen kaliti

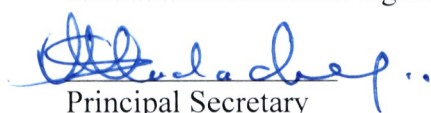

Project Accountant
Benson Gatimu


MINISTRY OF HEALTH
MOH- UNFPA PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021

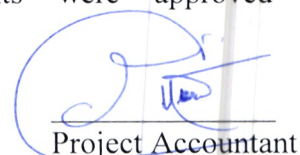
8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2021

| | | 2020/2021 | 2019/2020 |
|--|------|---------------------|-------------------|
| | Note | KShs | KShs |
| Receipts from operating activities | | | |
| Proceeds from domestic and foreign grants | 10.3 | - | 22,925,530 |
| Miscellaneous receipts | 10.4 | 105,000 | 373,500 |
| Payments from operating activities | | | |
| Purchase of goods and services | 10.5 | 13,537,890 | 3,588,140 |
| Net cashflow from operating activities | | (13,537,890) | 19,710,890 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Repayment of principal on domestic foreign borrowing | 10.6 | (6,278,000) | |
| Net cash flow from financing activities | | | |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | (19,710,890) | 19,710,890 |
| Cash and cash equivalent at BEGINNING of the year | | 19,710,890 | |
| Cash and cash equivalent at END of the year | | 0.00 | 19,710,890 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved onand signed by:


Principal Secretary
Susan N. Mochache, CBS
30/11/2021


Project Coordinator
Dr. Stephen Kaliti



Project Accountant
Benson Gatimu

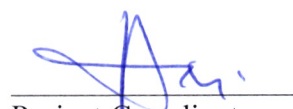
MINISTRY OF HEALTH
MOH- UNFPA PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021

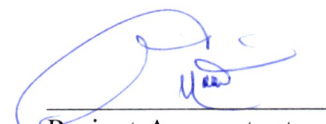
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

| 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 % |
| Receipts | | | | | | |
| Transfer from Government entities | | | | | | |
| Proceeds from domestic and foreign grants | 19,710,890 | | 19,710,890 | 19,710,890 | - | 0% |
| Proceeds from borrowings | 0 | | 0 | 0 | | |
| Miscellaneous receipts | 105,000 | - | 105,000 | 105,000 | - | 0% |
| Total Receipts | 19,815,890 | | 19,815,890 | 19,815,890 | - | 0% |
| Payments | | | | | | |
| Compensation of employees | | | | | | |
| Purchase of goods and services | 13,537,890 | | 13,537,890 | 13,537,890 | - | 100% |
| Social security benefits | | | | | | |
| Acquisition of non-financial assets | | | | | | |
| Repayment of principal on domestic and foreign borrowing | 6,278,000 | | 6,278,000 | 6,278,000 | | |
| Other grants and transfers | | | | | | |
| Total Payments | 19,815,890 | | 19,815,890 | 19,815,890 | - | 100% |

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


Principal Secretary
Susan N. Mochache, CBS
30/11/2021


Project Coordinator
Dr. Stephen Kaliti


Project Accountant
Benson Gatimu

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10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

10.1 Basis of Preparation

10.1.1 Statement of compliance and basis of preparation

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

10.1.2 Reporting entity

The financial statements are for the Project MOH- UNFPA under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.1.3 Reporting currency

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

10.2 Significant Accounting Policies

a) Recognition of receipts

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

• Transfers from the Exchequer

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

• External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

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

• **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 recognised in the financial statements the time associated cash is received.

b) Recognition of payments

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

• **Compensation of employees**

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

• **Use of goods and services**

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

• **Interest on borrowing**

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

ACCOUNTING POLICIES (Continued)

- **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.

- **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.

c) 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.

d) 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

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

f) Pending bills

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

g) Budget

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

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

h) 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 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Comparative figures

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

j) Errors

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

MINISTRY OF HEALTH
MOH- UNFPA PROJECT
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10. NOTES TO THE FINANCIAL STATEMENTS (Continued)

Comparative figures are from the 8th Country Programme therefore they do not affect the cumulative balances for the reporting period.

10.3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2021 we received grants from donors as detailed in the table below:

| Name of Donor | Date received | Amount received in USD | Grants received in cash | Grants received as direct payment* | Total amount in KShs | |
|--|---------------|------------------------|-------------------------|------------------------------------|----------------------|-------------------|
| | | | | | FY 2020/2021 | FY 2019/2020 |
| | | | Kshs | Kshs | Kshs | Kshs |
| Grants Received from Bilateral Donors (Foreign Governments) | | | | | | |
| UNFPA | | | 0.00 | | 0.00 | 22,925,530 |
| Total | | | 0.00 | | 0.00 | 22,925,530 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.4 MISCELLANEOUS RECEIPTS

| | FY2020/2021 | FY 2019/2020 |
|--|--------------------|---------------------|
| Bank balance rolled over from the previous country programme | 105,000 | 373,500 |
| Totals | 105,000 | 373,500 |

10.5 PURCHASE OF GOODS AND SERVICES

| | FY 2020/2021 | FY 2019/2020 |
|------------------------------|----------------------|---------------------|
| | KShs | KShs |
| Travelling and Accommodation | 3,087,200 | 3,569,000 |
| Printing and Stationary | 10,434,500 | |
| Miscellaneous (Bank Charges) | 16,189.90 | 19,140 |
| Total | 13,537,889.90 | 3,588,140 |

MINISTRY OF HEALTH
MOH- UNFPA PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.6 REPAYMENT OF PRINCIPAL ON DOMESTIC AND FOREIGN BORROWING

| | FY 2020/2021 | FY 2019/2020 |
|------------------------------------|---------------------|---------------------|
| | KShs | KShs |
| Refund to UNFPA(Unspent Balances) | 6,278,000 | |
| Total | 6,278,000 | |

10.7 CASH AND CASH EQUIVALENTS CARRIED FORWARD

| | 2020/2021 | 2019/2020 |
|--|------------------|-------------------|
| | KShs | KShs |
| Bank accounts (Note 8.7A) | 0.00 | 19,710,890 |
| Cash in hand | - | |
| Cash equivalents (short-term deposits) | - | |
| Total | 0.00 | 19,710,890 |

The project has 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:

10.7A) Bank Accounts
Project Bank Accounts

| | 2020/2021 | 2019/2020 |
|---|------------------|-------------------|
| <i>Standard Chartered Bank of Kenya (0108076352200)</i> | 0.00 | 19,710,890 |
| Total bank account balances | 0.00 | 19,710,890 |

10.8 FUND BALANCE BROUGHT FORWARD

| | 2020/2021 | 2019/2020 |
|-----------------------------------|------------------|-------------------|
| | Kshs | Kshs |
| Fund Balance brought forward | 19,710,890 | - |
| Surplus or (Deficit) for the year | (19,710,890) | 19,710,890 |
| Total | 0 | 19,710,890 |

MINISTRY OF HEALTH
MOH- UNFPA PROJECT
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11. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS


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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal person to resolve the issue and designation | Point to the (Name) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|--|--|----------------------------|--|---|
| MOH/UNFPA/2016-2017/(5) | Included in the statement of receipts and payments for the year ended 30 June 2017 was purchase of goods and services of Kshs. 8,933,925. This balance included Kshs. 7,232,800 paid to facilitate training in various counties. The respective supporting documents were however not availed for audit verification. The financial statements for the year ended 30 June 2020 in page 13 under progress on follow-up of auditor's recommendations indicates that the documents to support this expenditure were availed for audit review. However, at the time of the audit the documents were still outstanding. | The relevant documents including the work tickets have been availed for audit verification and review. | Dr. Stephen Kaliti Project Coordinator | | Resolved | |



Susan N. Mochache, CBS
Principal Secretary

30/11/2021
Date



Dr. Stephen Kaliti
Project Coordinator

Date

MINISTRY OF HEALTH (MOH- UNFPA)

Statement of Budget Performance

For the year ended June 30, 2020

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

| | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization | Comments on Variance |
|---|-------------------|----------------------------|-------------------------------|------------------|----------------------|
| | a | b | c=a-b | d=b/a % | |
| Receipts | | | | | |
| Proceeds from domestic and foreign grants | 0 | 0 | - | 0% | |
| Miscellaneous receipts | 105,000 | 105,000 | - | 0% | |
| Total Receipts | 105,000 | 105,000 | - | 0% | |
| Payments | | | | | |
| Purchase of goods and services | 13,537,890 | 13,537,890 | | 100% | |
| Refund to UNFPA (Unspent Balances) | 6,278,000 | 6,278,000 | | | |
| Total payments | 19,815,890 | 19,815,890 | | 100% | |

