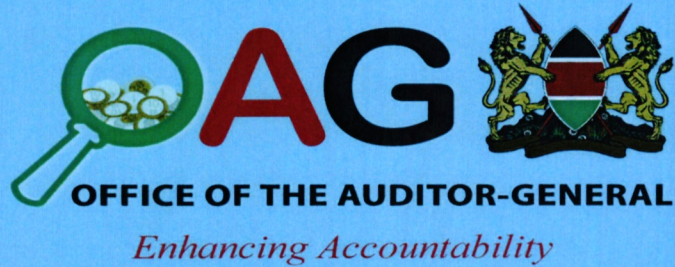


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 09 MAR 2021

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Tuesday

OF

TABLED
BY:

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CLERK-AT
THE-TABLE:

Hon. (Dr.) Amos Kimani
Moses hernuna

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

NATIONAL AIDS CONTROL COUNCIL

**FOR THE YEAR ENDED
30 JUNE, 2019**



NATIONAL AIDS CONTROL COUNCIL

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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KEY ENTITY INFORMATION AND MANAGEMENT

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

Principal Activities NACC is a non-commercial organization whose mission is to: "Provide policy and a Strategic framework for mobilizing and coordinating resources for the prevention of HIV transmission and provision of care and support to the infected and affected people in Kenya".
Our Vision: "To be a responsive authority in the multi-sectoral coordination of the Kenya HIV & AIDS Response."

NACC Mandate includes:

- HIV policy formulation and implementation
- Coordination of a multi-sectoral HIV and AIDS response in Kenya
- Implementation of a national information management system for HIV and STIs
- Undertake advocacy for HIV prevention and control
- Mobilization of technical and financial resources for the HIV response
- As an agency of National Government, the NACC is mandated to provide Technical Assistance to Counties for the HIV response.

Key Management

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

- NACC Council
- Chief Executive Officer
- Management

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Dr. Nduku Kilonzo
2.	Deputy Director, Finance & Administration	CPA Kamuren Dennis K.
3.	Deputy Director, Policy, Monitoring and Research	Mr. John Kamigwi
4.	Deputy Director, Coordination and Support	Dr. Emmy Chesire
5	Deputy Director, HIV Investments	Ms. Regina Ombam

Fiduciary Oversight Arrangements

COUNCIL COMMITTEES

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

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

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

Headquarters

Headquarters /NACC REGISTERED OFFICE

P.O. Box 61307 - 00200

Landmark Plaza, 9th Floor

Argwings Kodhek Road

Nairobi, KENYA

Telephone: (254) 20 2896 000

E-mail: communication@nacc.or.ke

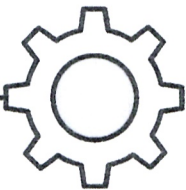
Website: www.nacc.or.ke



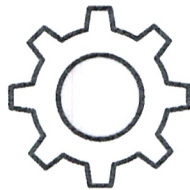
- Our Vision -

A Kenya Free of HIV infections, stigma and AIDS related deaths

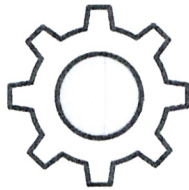
Our Mandate



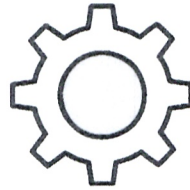
HIV policy formulation and implementation



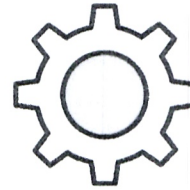
Coordination of a multi-sectoral HIV and AIDS response in Kenya



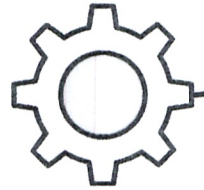
Implementation of a national information management system for HIV and STIs



Undertake advocacy for HIV prevention and control



Mobilization of technical and financial resources for the HIV response



As an agency of National Government, the NACC is mandated to provide Technical Assistance to Counties for the HIV response.

BOARD OF DIRECTORS



Ms. Angeline Y. Siparo
Chairperson
DOB: 1968

Ms. Siparo is a Senior Technical Advisor for the Population Reference Bureau. She holds a Master's of Arts in Counselling Psychology with a focus on organizational development. Ms. Siparo brings to the organization more than 20 years' experience as a donor, implementer, and policymaker in the HIV, FP/RH, and women's rights responses. Ms. Siparo is a board member of MGSN and the budget and economic forum, Narok County. She is also a member of the GFF advocacy network in Eastern and Southern Africa. Ms. Siparo has served on the boards of Amnesty International - Kenya Chapter, the HIV and AIDS Tribunal, SONY Sugar Company and the Children's Council.

Appointed: 24th June 2016



Dr. Nduku Kilonzo
Secretary
DOB: 1974

Dr. Kilonzo is the Chief Executive Officer of the Kenya National AIDS Control Council. A Doctor of Philosophy (PhD) holder in Tropical Medicine, Gender and Health from the Liverpool School of Tropical Medicine (LSTM). Dr. Kilonzo has over 26 peer reviewed publications in high impact factor journals and book chapters in the areas of HIV prevention and control for Africa. She is a Commissioner with the Lancet -IAS Commission Health in Sub-Saharan Africa and is acknowledged in the Millennium Development Goal (MDG) 6 Report for her contributions in the HIV field.

Appointed: 5th May, 2014



Mrs. Rahab Mwikali Muiu
Member
DOB: 1956

Mrs. Rahab Muiu is the National Chairperson Maendeleo Ya Wanawake Organization (MYWO), Member of National Anti-Corruption Campaign Steering Committee Board (NACCSC), former Managing Director Samuria Kenya Limited (Family Business), member of UNDP Team of Eminent Person (TEP), Member of Kamba Council of Elders (Nzama Ya Atumia ma Ukamba). Renowned Kenyan Entrepreneur who pioneered the weaving and marketing of Kenyan handicrafts especially the 'Kiondo' abroad and has been instrumental in empowering Kenyan women through trade especially former Kitui, Kisii, Muranga Mombasa, Turkana and Machakos Districts for about three decades. She is a former Civil Servant as a Secretary trained in Kenya Government Secretarial College and a Member of Mothers Union.

Appointed: 1st October, 2009



Ms. Dorothy Obare Onyango
Member
DOB: 1958

Ms. Onyango is the Executive Director WOFAK and the Chairperson Programmes Committee. She holds a Bachelor of Arts degree in Development Studies and Social Work. She has worked as a Program Director, Ken Wide Media Ltd, served in the Board of NEPHAK for 4 years as the first Chairperson. A founder member of The International Community of Women Living with HIV (ICW) global and former chair of The Pan-African Positive Women's Coalition (PAPWC). She also served on the Board of National Council of Children's Services and is current Chair of Pan African Women's Coalition.

Appointed: 1st October, 2009

BOARD OF DIRECTORS



The Rev. Canon Dr. Rosemary Mbogo

Member

DOB 1960

Rev Canon Dr. Mbogo is the Provincial Secretary of the Anglican Church of Kenya and Chairperson of NCCK. She has an honorary Doctorate in Divinity from Virginia Theological Seminary in United States and holds a Master's of Arts degree in Theology and Biblical Counselling. She has wealth of experience in leadership gathered over years both at the Education Ministry and as a member of the University Councils. Her experience cuts across in all strategic areas of management and administration: planning, organizing, directing, leading and controlling – both at governance and management levels of Institutions.

Appointed: 1st October, 2009



Mr. Daniel Ochola Bolo

Member

DOB 1960

Mr. Bolo is the alternate board member to the Principal Secretary, Ministry of Interior and Coordination of National Government. He holds a Master's of Science degree in Administration and is the Deputy Secretary Ministry of Interior and Coordination of National Government, State Department of Interior and Coordination.

Appointed: October, 2009



Mrs. Alice Nabukwanga Wanyonyi Gimose

Member

DoB: 1961

Mrs. Gimose holds a degree in Public Health from Kenya Methodist University (KEMU); an Associate degree in general studies; Higher diploma in Pharmaceutical Technology and a certificates in HIV Management, Prevention and Risk Management. She is currently pursuing a Masters degree in Epidemiology and Project Management at KEMU. Mrs Gimose is also a life member of the Kenya Red Cross Society.

Appointed: October, 2015



Ms. Jacinta K Mutegi

Member

DOB: 1979

Ms. Mutegi is the alternate board member to the Chairman Kenya Conference of Catholic Bishops and the Chair, Finance and Administration Committee. She is also the National Executive Secretary of Kenya Conference of Catholic Bishops - Catholic Health Commission of Kenya. She holds a Masters of Arts degree in Project Planning and Management and an Executive Masters in Organizational Development. She has 15 years' experience in Kenya's health research and health systems management with non-government and public sector. Ms. Mutegi is a member of the Mission for Essential Drugs and Supplies (MEDS) Board.

Appointed: 1st October, 2009

BOARD OF DIRECTORS



Mr. Alfayo Mogaka

Member

DoB: 1961

Mr. Mogaka is the alternate board member to the Principal Secretary, The National Treasury, for the Audit and Risk Management Committee only. He is a Certified Internal Auditor (CIA) and a Certified Fraud Examiner (CFE) with over 30 years' experience in the public service. He is currently serving as the Internal Auditor General and is responsible for managing the Internal Audit Function in the public service. Mr. Mogaka is also the chair of the Institute of Internal Auditors (IIA) Kenya Chapter.

Appointed: October 2009



Mr. Vincent Matioli

Member

DoB: 1966

Mr Matioli is the alternate board member to the Principal Secretary, State Department for Devolution, Ministry of Devolution and Planning. He holds a Master's of Arts degree in Public Administration and currently the Deputy Secretary, State Department of Devolution. He started working in the public service in 1994 as a District Officer where he worked in various Divisions in the country. In the years between 2003-2005 he worked as a programme officer in the National Campaign Against Drug and Substance Abuse (NACADA) before being redeployed to the then Ministry of State for Special Programmes where he spearheaded the development of disaster risk reduction policy and strategy draft documents. He has a span of over 20 years colour of service.

Appointed: 1st October, 2009



Mr. Latiff N. Shaban

Member

DOB: 1952

Mr. Shaban is the alternate board member to the Chairman, Supreme Council of Kenya Muslims (SUPKEM). Mr. Shaban holds an Ordinary Level Certificate of Cambridge University. In addition he has undertaken various professional courses among them Advance Management and Leadership Certificate from Galilee International Management Institute, Israel; Certificate of Programme for effective directorship, Certificate in Universal Health Coverage from Bangkok and Certificate of Risk Management Training from KCA University. He also holds Certificate in Strategic Leadership and Change Management for Directors of State corporations from KSG, Certificate in Implementing Internal Auditing Standards from The Institute of Internal Auditors and Certificate in Leadership and Organizational Development from New York, U.S.A. With a vast experience in public corporations Board Management spanning over 10 years Mr. Shaban currently sits in the Boards of National Hospital Insurance Fund (NHIF) and Retirement Benefits Authority (RBA). He is also a committee member of the following committees: Beyond Zero Campaign Steering Committee, Human Resources for Health coordination Steering Committee under the Ministry of Health and Electoral Observation Group (ELOG) Steering Committee.

Appointed: 1st October, 2009



Mr. Mark Joseph Obuya

Member

DOB: 1957

Mr. Obuya is an Advocate of the High Court of Kenya; He is the Chair of the NACC, Audit & Risk Management Committee and the National President of the Federation of Kenya Employers. He holds Master of Laws Degree (LLM) from the University of Nairobi in Law, Science and Technology, majoring in Intellectual Property, Medical and Telecommunications Law. He is a seasoned legal, financial and insurance professional with over 25 years of experience in leadership with a thorough knowledge of company law, medical law, intellectual property law, corporate governance, financial markets, investments, labour laws and social security schemes.

Appointed: 8th May, 2017.

BOARD OF DIRECTORS



Mr. Walder Mukunga

Member

DOB: 1961

Mr. Mukunga is the alternate board member to the Principal Secretary, The National Treasury. He is an Administrative Officer and holds a BA degree in Administration and Economics, besides various certificates in in general management and financial management from many institutions. He has wide experience on policy, management and financial fields in both the central government and the provincial administration.

Appointed: 1st October, 2009

CPA Joseph Mwangi Kiraita, CISA

Member

DOB: 1964

CPA Kiraita is the alternate to the Principal Secretary, Ministry of Health. He is a Certified Public Accountant (CPA) and a Certified Information Systems Auditor (CISA). He holds B Com and MBA Finance degrees. He is an Assistant Accountant General in the Ministry of Health with over 30years of working experience in the public sector.

Appointed:

MANAGEMENT TEAM



CEO, National AIDS Control Council
Dr. Nduku Kilonzo.
Doctor of Philosophy (PhD) holder in Tropical Medicine, Gender and Health.

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

Deputy Director, Finance & Administration.
Mr. Kamuren Dennis K.
MBA., BA, PG Dip in Corruption Studies. Member CPA & CPS of Kenya & ISO Lead Auditor.



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



Deputy Director, HIV Investments.
Ms. Regina A. Ombam.
Master's degree in Public Administration, Masters of Arts in Economics from University of Nairobi and Bachelor of Arts in Anthropology, University of Nairobi.



MANAGEMENT TEAM



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

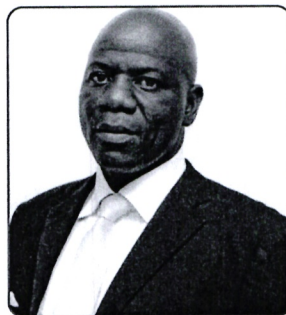
Head Finance.
CPA, CPS, Kenneth O. Nyamolo.
Master of Business Administration (Finance), Bachelors of Environmental Studies (Honours), a member of the Institute of Certified Public Accountants of Kenya (ICPAK), a member of the Institute of Certified Public Secretaries of Kenya (ICPSK), currently a law student. A member of the Legislative Affairs Sub-Committee of the Public Policy & Governance at ICPAK.



Head, HR & Administration
Mr. Gregory Weere.
MA Organizational Behavior, BA Industrial Psychology (Honours), Higher Dip. in Human Resource Management and a PG Dip. in Guidance and Counseling.



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



Head, Procurement
Mr. Clauder N. Musi.
Masters in Commerce, Bachelor of Commerce, Advanced Dip. in Purchasing & Supply (CIPS).

Head, Technical Support
Dr. Celestine Mugambi.
MSc Infectious Diseases, MBCHB



MANAGEMENT TEAM



Head of Internal Audit.
Mr. Gabriel Nkari.
MBA Finance, Bachelor of
Commerce
(Accounting option), CPA, ICPAK &
a member of Institute of Internal
Auditors

Head, Legal Services.
Ms. Jane Wanjiku Githinji.
LLM, Bachelor of Laws, CPS &
Chartered Institute of Arbitrators
LSK



Head, M & E Coordination
Mr. Joshua Gitonga.
Master's in Public Health and
Epidemiology, Higher Dip. in Public
Health Education and Promotion.
He is currently pursuing a PhD
program in Epidemiology at
Kenyatta University.



Head County Support Division.
Ms. Caroline Kinoti.
Master's in Public Health &
Epidemiology, Bachelor of
Education. Currently pursuing
Doctorate in Public Health.

Head of Communication
Mary Oyuke.
Masters Degree in Corporate
Communication, a member of the
Public Relations Society of Kenya
(PRSK)



Ag. Head Research
Fridah Muinde
Master of Public Health Degree
from Kenyatta University and a
Bachelors Degree in Nursing (BSc
N) from the University of Nairobi.
Currently Pursuing a Doctor of
Philosophy Degree in Public Health
at the Jomo Kenyatta University of
Agriculture and Technology.

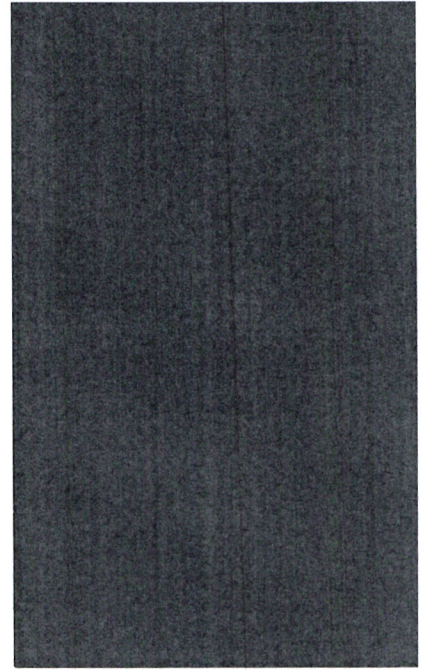


MANAGEMENT TEAM



Head, Head, Management Information Systems.
Alex Kariuki.
MA Project Planning & Management , BSc Information Technolog. He holds Professional certifications in CCNA, MCSE, ITIL, PRINCE2, MCSDT and CompTIA Project +

Head Policy and Strategy
Geoffrey Obonyo.
MA Economics, BA (Economics Major) . Currently a PhD candidate at the School of Economics



STATEMENT OF THE CHAIRPERSON



Ms. Angeline Yiamiton Siparo - Chairperson

I am delighted to present to you the 2018/2019 Annual Report. The National AIDS Control Council exists to provide Policy and Strategic Framework for mobilizing and coordinating resources for prevention of HIV transmission and provision of care and support to the infected and affected people in Kenya. The NACC is excited to be coordinating the Response at a time when the country is implementing Universal Health Coverage, which the HIV Response can greatly contribute to.

During the reporting period, the Council continued to execute its mandate of policy direction oversight for compliance, financial prudence and accountability and internal audit and risk management in line with the NACC legal notice and Government regulations.

A board evaluation was undertaken by the State Corporation advisory committee with the NACC attaining an overall score of 92.36% during the annual evaluation FY 2017/2018, demonstrating the commitment of the Board to continued stewardship of the NACC. The Board approved its workplan coherent to the mandate of the NACC, followed its almanac to facilitate the management and ensured compliance in all areas.

In line with Government regulations, the Board signed the 2018/19 Performance Contract with the Cabinet Secretary, Ministry of Health, Mrs. Sicily Kariuki on September 10, 2018. PC 2017/2018 was aligned to programmes in order to support the delivery of Universal

Health Coverage (UHC). It was also cascaded in the NACC for implementation by the Management. The NACC audits in the previous period demonstrate a strong institution, with reliable systems, internal controls and integrity in operations.

NACC operations were funded by the exchequer as reflected in the National Treasury Printed Estimates with supplementary funds from grants from Development Partners. The NACC acknowledges grants from the Global Fund, the United Nations Joint Team on AIDS and Foundations.

H. E. Hon. Uhuru Kenyatta in fulfillment of his constitutional obligations presented the 5th Annual Report 2017 on all measures taken and progress achieved in the realization of National Values and Principles of Governance. The NACC was recognized in the Report for being committed in promoting National Values and Principles of Governance.

The NACC recognizes the support of the leadership of the Ministry of Health, who have continued to provide resources, strategic guidance and availability in person for consultation. The Cabinet Secretary strengthened Board functioning by appointing independent members and also launched the Kenya AIDS Response Progress Report (KARPR) 2018 which tracks progress of the response and provides data through HIV estimates that informs Kenya's GAM report to the UNAIDS in fulfillment of Kenya's global obligations.

Development of HIV Policies is one of the core mandates of the NACC. It is on this premise that during the reporting period a review of the Kenya AIDS Strategic Framework (KASF) 2014/15-2018/19 was finalized taking into account recommendations of KASF Mid Term Review and the Kenya AIDS Response Progress Report (KARPR) 2018. An addendum was developed and is the policy document that shall be used in guiding the HIV response during the financial year 2019/20 when the Council prepares undertakes development of the next strategy.

NACC is committed to ensuring that H.E the President's commitment to the health of every Kenyan, that is affordable and of quality is achieved. The Council deliberated on the strategic value and contribution of the NACC to Universal Health Coverage. The Council noted that there are opportunities to leverage the HIV response to accelerate UHC delivery. In that regard, the Maisha HIV and AIDS Conference 2019 that was attended by over 800 people carried the theme 'Leveraging the HIV Response to Accelerate Impact for UHC'. NACC utilized her convening power to draw different sectors, stakeholders and partners to review and develop actions for prompting UHC.

NACC acknowledges the confidence of the Ministry of Health in our capacity to propel the UHC agenda, demonstrated in the requests to expand data, community strengthening and partner tracking systems to integrate non-communicable diseases. Systems for multi-sector coordination, including the public service maisha certification have been expanded to include screening, referrals for NCDs based on lessons from the HIV response, that will accelerate early diagnosis and treatment.

The NACC has continued to engage with Counties, to strengthen delivery of County AIDS Plans and mobilize resources to supplement donor and national resources for HIV. All the 47 counties took stock of their HIV response through the County Executive Committee Members for Health made recommendations on ways of accelerating the attainment of targets. As a result a road map for comprehensive Joint AIDS End Term Review of the Kenya AIDS Strategic Framework 2018/19 to 2019/20 (KASF) and development of KASF II was agreed upon.

STATEMENT OF THE CHAIRPERSON

A concern for the HIV response remains the heavy reliance on donor financing. In the financial year, the NACC developed a Blue Print for Domestic Resource Mobilization for Health and is now implementing the blue print that provides a roadmap of critical actions for the Ministry of Health in addressing our health financing transition challenges. NACC has further developed guidelines for utilization of HIV resources found within Road Infrastructure Projects to expand domestic resources available. As part of our resource mobilization mandate, the NACC was the technical lead in the negotiations between various donors such as PEPFAR and the Ministry of Health and continues to be key to our Global Fund engagements.

The World AIDS Day (WAD) has been observed annually since 1988 when the Global Programme on AIDS set aside December 1, as a day on which the world community renews its commitment in the fight against HIV and AIDS. The year 2018 marked the 30th commemoration since it was first held in 1988. Kenya marked this special day in all the 47 counties with the National event in Bomet County, having been preceded by a number of build-up activities that empowered various cohorts in the response.

The NACC remains proud to be the host of the Beyond Zero campaign that has fast-tracked our achievements in elimination of mother to child transmissions. We acknowledge Her Excellency the First Lady for her commitment and steadfast focus on the health of women and girls.

Going forward the National AIDS Control Council board will commit to continuing to play its role within its set mandate to deliver on Kenya's HIV Prevention and Control targets. The NACC is aware that it is uniquely placed in her strength and expertise of managing the HIV epidemic to lend our infrastructure and experience to new emerging epidemics in Kenya such as cancers and various NCDs. We are aware the UHC will only be achieved and sustained where we reduce ill-health through investments in Prevention and in communities, in people. The Board remains clear that a primary function is ensuring that NACC the institution delivers on its mandate while safeguarding the resources entrusted to it.

I am proud of what we have achieved as a Council, and take this opportunity to thank the NACC Board, Secretariat and staff for their great input. I thank our partners, communities of persons living with HIV, NGOs, CBOs, the faith sector, the private and public sector for the results we have seen. I thank the Ministry of Health, the county governments and specially acknowledge H.E. the President for inclusion of UHC in the Big Four Agenda.

Thank You.



Ms. Angeline Yiamiton Siparo
Chairperson



Dr. Nduku Kilonzo - Chief Executive Officer

I am pleased to present to you the financial and performance report of 2018/2019. This report highlights the achievements and challenges in the implementation of the Kenya AIDS Strategic Framework, fulfillment of the country's national and international obligation and provides a forecast of the country's response to the HIV response in line with global timelines of ending the epidemic by 2030. It also highlights the Councils contribution to Universal Health Coverage, one of the Governments key development agenda.

Kenya's Performance as per the Kenya AIDS Strategic Framework

Collaboration, renewed commitment and concerted efforts by different partners and stakeholders have continued to yield positive results against HIV and AIDS. During the reporting period the country continued on a positive trajectory against the epidemic guided by the Kenya AIDS Strategic Framework.

New infections dropped significantly in all segments of the population. Sustained advocacy targeting Adolescents and Young People perhaps recorded the most impressive results recording a 32% reduction while children and adults recorded a 20% and -31% reductions in incidence respectively. At the same time overall AIDS mortality rates dropped by 22% while the number of people on ART increased by 10%.

NACCs performance in line with its mandate

a) Policy development and guidelines

KASF Addendum and Joint AIDS End Term Review (JAETR)

The NACC developed a KASF Addendum to guide the Response during the transition period after the implementation period of the KASF came to an end. The Addendum took into account the recommendations of the KASF Mid-term review as well as the Kenya AIDS Response Progress Report, 2018. The addendum lays ground for the development of KASF II.

Joint AIDS End Term Review meetings were held involving leadership of all the 47 counties countrywide. Recommendations of the JAETR meetings shall inform the development process of the second Kenya AIDS Strategic Framework and guide county response efforts in order to attain set targets.

b) HIV Prevention, Advocacy and Communication

Kenya under the leadership of the National AIDS Control Council with support from UNAIDS hosted the second Meeting of Directors of National AIDS Coalitions of the Global Prevention Coalition Member States on May 7-8, 2019. The meeting reviewed progress in implementation of Global Prevention Roadmap 2020 and agreed on strategic actions to sustain political leadership for primary HIV prevention beyond 2020.

Over 30 Countries were represented, with 60 delegates representing Directors of National AIDS Councils, UNAIDS, County Directors, UNFPA, UNICEF, WHO, Gates Foundation, Frontline AIDS and the Global Fund.

The NACC with support from Global Fund Grant reached approximately 30M people through Radio campaign complimented by online and on-ground activations. The one month campaign targeted different segments i.e. Men, Expectant mothers, general public and youth with anti stigma, testing and HIV prevention messages.

i. HIV prevention cascades: The aim of HIV prevention cascades is to assist in the implementation and monitoring of HIV prevention programmes by identifying gaps in the steps required for effective use of prevention methods. It consists of three key domains of motivation, access, and effective use in a priority population.

During the period under review, NACC in partnership with County Governments with support from Bill and Melinda Gates Foundation commenced the process of developing cascades for HIV prevention to be used in Kenya to guide HIV prevention programming. The pilot phase will take place in Kisumu, Kilifi and Kiambu Counties; these counties are representative of the heterogeneous sub-epidemics (occurrence of concentrated epidemics within generalized epidemic setting) in Kenya.

ii. Male Engagement in HIV service uptake: The NACC strengthened advocacy targeting men in the HIV response. This follows documented evidence that men and boys were being left behind in the fight against HIV and AIDS. The male engagement programme has reached seven counties with an aim of promoting uptake of HIV services among men and demystifying existing social norms and myths related to male health seeking behaviours.

iii) Engagement with Boda Boda riders and Fishing communities in the HIV Response

The NACC in conjunction with state agencies in Fisheries and transport sectors engaged Bodaboda and Fisher folks on HIV and AIDS. Under Global Fund the Council reached 7,565 people with HIV information 7,307 sensitized on correct condom use; 6,369

counseled and tested and 63,796 condoms distributed. Further, 1,869 people were reached with wellness services and 1,400 IEC material distributed in Migori, Kwale, Kilifi, Homabay and Kisumu Counties. The program aimed at sensitizing the cohorts which evidence shows to be among most at risk populations.

iv) HIV services targeting Adolescents and Young People

Young people (10 to 24 years) and adolescents (10 to 19 years), especially young women and young key populations, continue to be disproportionately affected by HIV. National HIV prevalence among males and females aged 15-24 years was estimated at 1.34% and 2.61% in 2017 respectively, and overall HIV prevalence was 1.98%, which means 184,718 young adults living with HIV in 2017 (2018 HIV Estimates.)

During the reporting period, The NACC facilitated review of the Kenya Fast Track Plan and development of the Adolescent and Young People HIV response acceleration plan. Seven (7) counties, i.e. Muranga, Kiambu, Taita Taveta, Migori, Nakuru, Kajiado and Kilifi were supported to conduct program reviews and develop AYP HIV response acceleration plans.

v) Provision of HIV services through Huduma centers



NACC has partnered with Aids Healthcare Foundation (AHF) and Huduma Centers in ensuring steady supply of condoms at these strategic public places where Kenyans go to seek government services. This strategic move seeks to promote condom use to enable Kenya reach global targets of 40 condoms per person per year. Proper and consistent use of condoms has proven to be an efficient and cost effective way of preventing new HIV infections worldwide. During 2018/19 Financial year 30 Condom dispensers were installed in over 30 Huduma Centers.

c) Resource Mobilization

One of NACCs key mandate is resource mobilization for the response. In 2018/2019 Financial year, The Ministry of Health through the NACC engaged stakeholders in the validation of a blue print on sustainable domestic resource mobilization for health in Kenya, which provides a clear roadmap of critical actions for the Country to take in addressing health financing transition challenges. The blue print outlines a 5-point action plan that is premised on Co-Financing Commitments, enabling environment (Procurement, PPP and PFM Act) and what this means for the Health Financing Strategy now and in the long-term and unlocking the investment potential (Private capital, opportunities to attract investments, Technical Assistance support to counties (Investment ideas, feasibility of the same) and efficiency in service delivery.

MTEF 2018/19 - The NACC received approval of the rationalized and aligned recurrent and capital budgets in accordance to the SC Cap446, Section 11 and 12 from the National Treasury and the Ministry of Health for the current financial year.

MTEF: 2019/2020 - During the MTEF Budget Health Sector Technical working group, the NACC presented its Budget proposals to the Resource Allocation Panel of the National Treasury. A request to reallocate recurrent budget to fund programs was accepted. Thus three programs i.e. Youth Engagement, Condom Programming and Stigma reductions were funded.

In summary, NACC managed to push some of her programs from development to recurrent while securing an increment of Ksh. 181 Million above the current level for Recurrent Budget. In development budget, the increment was Ksh. 67 Million.

Summary of Resource Allocation

Vote Head	2018/19 (KSh Millions)	2019/20 (KSh Millions)	Increment (KSh Millions)
Recurrent Budget	651	832	181
Development	66.6	134.4	67.8
Total Increment			248.8

d) Coordination, Research and Monitoring

i) Maisha Certification: The MAISHA Certification system monitors implementation of the Performance Contract HIV and AIDS prevention indicator by MCDAs. During the 15th Performance Contract cycle, NACC, through the MAISHA Certification process, used AIDS Control Units to reach 61,584 (9% of the total public servants) with wellness promotion and sensitization, including HIV Testing Services. The indicator has been expanded to include provision of information, services and referral for Non-Communicable Diseases (Cancer, Diabetes, Hypertension, Stress Management, Mental Health). The MAISHA reporting trend has increased significantly from an average of 61% in 2017/19 to 75% in 2018/19 with a total of Ksh 274,672,742 being allocated for HIV activities in the year. A total number of 66,488 were counseled and tested, 267,587 reached with comprehensive knowledge on HIV and AIDS and 10,175,527 condoms distributed.

ii) Maisha HIV and AIDS Research Conference



The NACC with support from partners held the 5th Maisha HIV and AIDS Conference whose theme was 'Leveraging the HIV Response to Accelerate Impact for UHC.' The Conference, which was opened by Cabinet Secretary for Health, Mrs. Sicily Kariuki provided a platform for engagement with a focus on how to accelerate HIV

prevention and the attainment of treatment targets, identifying opportunities and critical drivers for the HIV response that can be used to accelerate Universal Health Coverage targets. A total of 850 participants attended the conference, representing 35 Countries and 47 Kenyan Counties. Ahead of the conference six Pre conferences were held. In total 17 panel sessions with 8 speakers, 41 presenters, 75 panelists, 30 moderators and 16 session Chairs were held, in addition to exhibition by 8 partners.

The Maisha HIV and AIDS Conference culminated with a call for participants to shift from Evidenced based programs to systematic data driven segmentation and targeting of programs, challenges with stewardship on effective leadership and to move from Governmental accountability move from resource mobilization around donor financing to more structured diversified resource partnerships and domestic financing from coordinating multi-sectoral response to addressing to mutual accountability that ensures meaningful community engagements and inclusive governance.

ii) Beyond Zero Campaign Support

During the reporting period the council supported the implementation of the second Strategic Framework of the Beyond Zero Campaign that's spearheaded by H.E The



First Lady Margaret Kenyatta. The second Strategic Framework focuses on promotion of Healthy lives and well-being of women, children and adolescents. H.E The First Lady launched the inaugural medical safari in Narok County. Medical Safari is an initiative that integrates health services complimenting efforts towards Universal Health Care. Other counties that have benefitted from the medical safari include West Pokot.



iii) National AIDS Control Council – George Town University Medical Centre Partnership
The NACC partnered with George Town University through a Business Process for Impact model which is an innovative and accountability network that focuses on youth led Communities of Practice to strengthen delivery of services across the counties and Sectors. The model is being implemented in two select Counties of Homa Bay and Kiambu with a possibility of scale up.

e) NACCs Global Engagement

i) Participation in the 22nd International AIDS Conference

NACC coordinated the Kenyan delegation during the 22nd Edition of AIDS 2018 Conference under popular hash tag "#KENYAatAIDS2018. Kenya delegation included: The First Lady of the Republic of Kenya, The Chief Administrative Secretary, and representatives of the Senate and National Assembly, Senior Government Official, Chairperson NACC, County Assemblies and Civil society organizations. Kenya featured in 43 sessions, presented 153 posters and made eighteen oral presentations and an exhibition booth. NACC in collaboration with partners hosted five sessions. The conference provided insightful recommendations that have shaped response interventions.



ii) Great Lakes Initiative on AIDS (GLIA)

The Great Lakes Initiative on AIDS (GLIA) is a regional initiative in the war against HIV and AIDS in the region, and provides learning opportunities, joint and synergized policy development and implementation, south to south technical support and cross-border monitoring for HIV prevention and control.

In the year, the Council of Ministers (COM) convened in Nairobi to review the progress of the response and address the challenges emanating from implementation of those programmes within the region. From the meeting, members noted the need to reengineer GLIA to demonstrate its relevance in view of the changes in the AIDS epidemic and the regional dynamics as well as make GLIA be a catalyst rather than a service delivery vehicle in relation to other regional bodies.

iii) Africa CDC Health Situation Room and Consultative Meeting

During the reporting period, The NACC showcased Kenya's HIV Situation Room during the Africa CDC Health Situation Room and Health Information Systems (HIS) Consultative Meeting held in Ethiopia. The team shared best practices and challenges faced as technical experts implementing situation room from the seven pilot countries within the Africa Union, and subsequently advocated for the concept of having an Africa CDC situation room that will facilitate improved health information exchange among member states.

Delivery on the PC 2018/2019.

The NACC Performance during the year was internally rated 'Very good' a score that has been consistent over time and most of the performance targets were achieved. NACC has persistently in calculated the culture of collective performance through objective appraisals, trainings and mentorship while observing timely reporting to relevant institutions.

NACC institutional Strengthening

ISO Certification

The NACC is implementing ISO 9001: 2015 Quality Management System and surveillance audits undertaken during the financial year recommended NACC's continual certification based on continual improvement of its systems to meet and even exceed stakeholder needs, its systems were also found to be predictable.

Automation

The NACC during Financial year 2018/2019 automated its operation. The Enterprise Resource Planning (ERP) is an online system designed to automate NACC operations that integrates all NACC operations in one platform.

Conceptualized on the need to enhance efficiency, improve productivity and the Council's operations, the system seeks to enhance efficiency and accountability and cut on costs associated with semi manual processes.

The automation comes at a critical time when state agencies have embarked on digitizing their operations as they strive to conform to Government Performance Contract requirements on innovation.

The innovation of MPesa process at the NACC has greatly improved financial process and accountability and the usage has grown to a tune of 92% (i.e. 19 million - 114million during the between September 2017-March 2019). The Mpesa process has significantly reduced the funds disbursed to the regions and this has contributed to the drop in the regional balances as at March 2019.

Human Resource

During the year under review, NACC undertook a staff appraisal exercise (100 %) and invested in staff competence with various staff undergoing various developmental and professional trainings and capacity building.

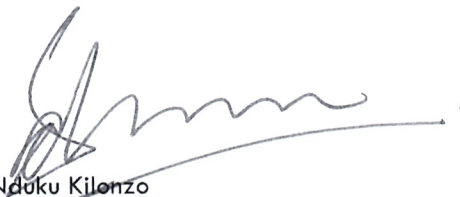
Financial Performance

During the year under review, the NACC revenue amounted to Ksh 1. 1 Billion with 96% being Government allocation for operations and program me management. Total expenditure for the same period amounted to Ksh 1.07 Billion resulting in an operating surplus of Ksh 69 Million. This surplus largely constituted of funds disbursed for programs that extended beyond the financial year.

Moving forward, The National AIDS Control Council is alive to the fact that sustainability of Kenya's HIV response that is currently heavily donor dependent and treated as a vertical programme will need to claim its space in view of growing NCDs epidemic, the changing HIV dynamics and the policy shift towards integration .

This requires deep reorganization both in strategy, Human and Financial resources and structure.

I would like to thank the NACC Board, NACC Management, NACC staff and partners for the continued support in the implementation of HIV and AIDS programmes that have seen Kenya make significant progress against the epidemic.

A handwritten signature in black ink, appearing to read 'Nduku Kilonzo', with a long horizontal flourish extending to the right.

Dr. Nduku Kilonzo
Chief Executive Officer

Statement of Compliance

The NACC Board is committed to the highest standards of Corporate Governance. The NACC adheres to the provisions of Mwongozo: the Code of Governance for State Corporations. The NACC has proposed amendments of the Legal Notice No. 170 of 1999 to ensure full compliance to Mwongozo. The process of amendment is at an advanced stage.

Process of Appointment of Directors

The Board is composed of sixteen Members as provided under the National AIDS Control Council Order 1999 published vide Legal Notice No. 170 of 1999 and amendments thereto pursuant to Section 3 of the State Corporations Act. The Membership consists a Chairperson appointed by the President, the Chief Executive Officer, three independent Members appointed by the Cabinet Secretary Health, seven Members drawn from Constituencies key to the HIV response and four other Members representing the Ministries of Health, Interior and Co-ordination of Government, Devolution and Planning and the National Treasury. The NACC is in the process of amending the Legal Notice in order to comply with Mwongozo: the Code of Governance for State Corporations on appointment, size, composition and removal of Members, the Chief Executive Officer and appointment of Corporation Secretary.

During the year under review the term of Mrs. Alice Gimose came to an end in November 2018. Two members; Dr. Stella Kawira Njagi and Dr. Waston Litunya were appointed to the NACC Board in December 2018. Further, the Board Chairperson was re-appointed to serve a second term in June 2019.

Role and Functions of the Board

The Board is responsible for preparing the Annual Report and Accounts and provides strategic direction to the organization and determines the organization's mission, vision, purpose and core values. The Board also approves significant policies of the organization, approves the organization structure and budget. The Board ensures Board Resolutions are implemented.

The Board Charter

The Board has developed and adopted a Board Charter. The Charter defines the role, responsibilities and functions of the Board.

Board Induction, Training and Evaluation

The Board ensures Members are inducted and their skills and knowledge continually developed to enhance effectiveness. Upon appointment to the Board, new Members are inducted to the NACC's mandate and operating environment. Training Needs Assessments are conducted by the Board to determine any capacity gaps. The Board undertook an annual evaluation for FY 2017/18 to gauge its performance. The Board performed remarkably well with a corporate score of 93.55%. The evaluation was facilitated by the State Corporations Advisory Committee (SCAC). The annual self-assessment is aimed at improving members' individual and collective performance for continuous growth and sustainability of the Organization.

Board Remuneration

The Board's remuneration is as per the policies developed by the Government from

CORPORATE GOVERNANCE STATEMENT

time to time. The Members are paid a taxable sitting allowance as well as travel and accommodation allowances while on duty. Members are also provided with a medical cover. The Chairperson is paid an honorarium and airtime allowance as applicable.

Conflict of Interest

The NACC has in place a conflict of interest policy. Board Members and staff are required to act honestly at all times and must not place themselves in a situation where their personal interests conflict with those of the organization. Board Members must declare any real or potential interest at each meeting. Interests declared are registered in the conflict of interest register.

Compliance with Laws and Regulations

The NACC ensures compliance with the Constitution, all applicable laws and regulations and in line with accepted national and international standards as well as the internal policies of the organization.

Conflict of Interest

The NACC has in place a conflict of interest policy. Board Members and staff are required to act honestly at all times and must not place themselves in a situation where their personal interests conflict with those of the organization. Board Members must declare any real or potential interest at each meeting. Interests declared are registered in the conflict of interest register.

Ethics and Conduct

The NACC has in place a Code of Conduct and Ethics which has been signed by the Board Members and Staff. The Code of Conduct is intended to establish standards of integrity and ethical conduct in the NACC.

Risk Management

The Board has ensured the development of a policy on Risk Management which takes into account sustainability, ethics and compliance risks. The Board monitors the risks taken and ensures they are within set tolerance and appetite levels. The Board receives assurance from Management that the Risk Management Framework is integrated in the day to day activities of the organization.

Audit Compliance

The NACC Board has established an internal audit function and formed an Audit and Risk Management Committee which oversees the internal and external audit functions. The Committee's role, responsibilities and functions are as outlined in the Audit Committee Charter. The Board ensures that an independent, competent and qualified external auditor conducts an annual audit of the NACC to provide an objective assurance as to whether the financial statements fairly represent the financial performance of the NACC. The Office of the Auditor General (OAG) concluded the FY 2017/18 final audit of NACC financial statements. The OAG issued NACC with an "except for" qualified report. The basis of the qualification was:

CORPORATE GOVERNANCE STATEMENT

1. Included in the Cash and Cash equivalent balance of Ksh. 834 Million there was unreconciled difference of Ksh. 1,101 and consequently the validity of bank balance could not be confirmed. The Management has since reconciled all NACC bank accounts and bank reconciliations were availed to the audit team during the annual audit.
2. Trade and other payables balance of Ksh 35 Million included long outstanding payables of Ksh 11.6 Million. Consequently the validity of the payables balance could not be ascertained the outstanding suppliers at the end of financial year were subsequently paid after the end of the financial year. The Management provided evidence of these payments to the audit team during the audit and in response to management letter issued.

Other Policies

In addition to the Code of Conduct and Ethics and Conflict of Interest the Board has developed; the Whistle blowing policy, Gift Policy, Corporate Social Responsibility Policy, Complaints Policy, ICT Policy, Procurement Policy and Investment policy.

The Board held five (5) meetings which were attended as follows:-

	BOARD MEMBERS	POSITION	ORGANIZATION	SEPTEMBER 18, 2018 SPECIAL	OCTOBER 26, 2018	DECEMBER 7, 2018	FEBRUARY 7, 2019 SPECIAL	APRIL 4, 2019
1	Ms. Angeline Yiamiton Siparo	Chairperson	National AIDS Control Council	-	√	√	√	-
2	Dr. Nduku Kilonzo	CEO/Secretary	National AIDS Control Council	√	√	√	√	√
3	Mr. Joseph M. Kiraita	Alternate Member to The Principal Secretary	Ministry of Health	√	√	√	√	
	Mr. Ibrahim A. Maalim	Alternate Member to The Principal Secretary	Ministry of Health					√
4	Mr. Vincent Matioli	Alternate Member to The Principal Secretary	Ministry of Devolution and Planning	-	√	√	-	-
5	Mr. Daniel O. Bolo	Alternate Member to The Principal Secretary	Ministry of Interior and Coordination of National Government	√	√	√	√	√
6	Mr. Walder Mukunga	Alternate Member to The Principal Secretary	The National Treasury	-	-	√	√	√
7	Rev. Canon, Dr. Rosemary Mbogo	Member Chairperson	National Council of Churches of Kenya	√	√	√	√	√

CORPORATE GOVERNANCE STATEMENT

BOARD MEMBERS	POSITION	ORGANIZATION	SEPTEMBER 18, 2018 SPECIAL	OCTOBER 26, 2018	DECEMBER 7, 2018	FEBRUARY 7, 2019 SPECIAL	APRIL 4, 2019
8	Ms. Jacinta Mutegi	Alternate Member to The Chairman Kenya Conference of Catholic Bishops	√	√	√	√	√
9	Mr. Lattiff N. Shaban	Alternate Member to The Chairman Supreme Council of Kenya Muslims	√	√	√	-	√
10	Ms. Dorothy Onyango	Member Executive Director Women Fighting AIDS in Kenya	√	√	√	√	√
11	Mrs. Rahab Mwikali Muiu, HSC	Member National Chairperson Maendeleo ya Wanawake Organization	√		√	√	√
	Mrs. Elizabeth Mayieka	Alternate Member to National Chairperson Maendeleo ya Wanawake Organization		√			
12	Mr. Mark Joseph Obuya	Member National president Federation of Kenya Employers	√	√	-	√	√
13	Mrs. Alice Nabukwanga Wanyonyi Gimose	Member Nominated Nominated Member	√	√			

Committees of the Council

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

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

CORPORATE GOVERNANCE STATEMENT

Audit and Risk Management Committee

The Audit and Risk Management Committee is chaired by Mr. Mark Joseph Obuya, the National president of the Federation of Kenya Employers. The Committee is comprised of seven (7) members and is responsible for overseeing the internal and external audit function. The Committee receives from the internal audit function a written assessment of the system of internal controls and risk management. The Committee Held 4 meetings which were attended as follows:-

NO	BOARD MEMBER	POSITION	ORGANIZATION	SEPTEMBER 7, 2018	NOVEMBER 22, 2018	MARCH 5, 2019	MAY 30, 2019
1.	Mr. Mark Joseph Obuya	Committee Chair National president	Federation of Kenya Employers	√	√	√	√
2.	Mr. Alfayo Mogaka	Alternate member to The Principal Secretary representing Kenya National Audit Office	The National Treasury	√	√	√	-
3.	Mr. Joseph M. Kiraita	Alternate member to The Principal Secretary, Ministry of Health	Ministry of Health	√	√	√	
	Mr. Ibrahim A. Maalim	Alternate member to The Principal Secretary, Ministry of Health	Ministry of Health			√	√
4.	Mr. Daniel O. Bolo	Alternate member to The Principal Secretary	Ministry of Interior and Coordination of National Government	√	√	√	√
5.	Rev. Canon Dr. Rosemary Mbogo	Member Chairperson	National Council of Churches of Kenya	√	√	-	√
6.	Mr. Lattiff N. Shaban	Alternate member to The Chairman	Supreme Council of Kenya Muslims	√	-	√	√
7.	Mrs. Elizabeth Mayieka	Alternate member to National Chairperson	Maendeleo ya Wanawake	√	√	√	√

CORPORATE GOVERNANCE STATEMENT

Finance and Administration Committee

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

NO	BOARD MEMBERS	POSITION	ORGANIZATION	AUGUST 22, 2018	NOVEMBER 7, 2018	NOVEMBER 22, 2018	FEBRUARY 12, 2019	JUNE 11, 2019
1.	Ms. Jacinta Mutegi	Committee Chair Alternate Member to The Chairman	Kenya Conference of Catholic Bishops	√	√	-	-	-
2.	Dr. Nduku Kilonzo	CEO/Secretary	National AIDS Control Council	√	√	-	√	√
3.	Mr. Joseph M. Kiraita	Alternate member to The Principal Secretary	Ministry of Health	-	√	-	√	-
4.	Mr. Daniel O. Bolo	Alternate member to The Principal Secretary	Ministry of Interior and Coordination of National Government	√	√	√	√	√
5.	Mr. Walder Mukunga	Alternate member to The Principal Secretary	The National Treasury	√	-	√	√	√
6.	Mrs. Alice Nabukwanga Wanyonyi Gimose	Member Nominated	Nominated Member	√	√			
7.	Rev. Canon Dr. Rosemary Mbogo	Member Chairperson	National Council of Churches of Kenya	-	√	√	√	√

CORPORATE GOVERNANCE STATEMENT

Programmes Committee

The Programmes Committee is chaired by Ms. Dorothy Onyango, the Executive Director of Women Fighting AIDS in Kenya (WOFAK). The Committee is responsible for policies and programmes that support HIV response in the Country. The Committee held 5 meetings that were attended as follows:

CORPORATE GOVERNANCE STATEMENT

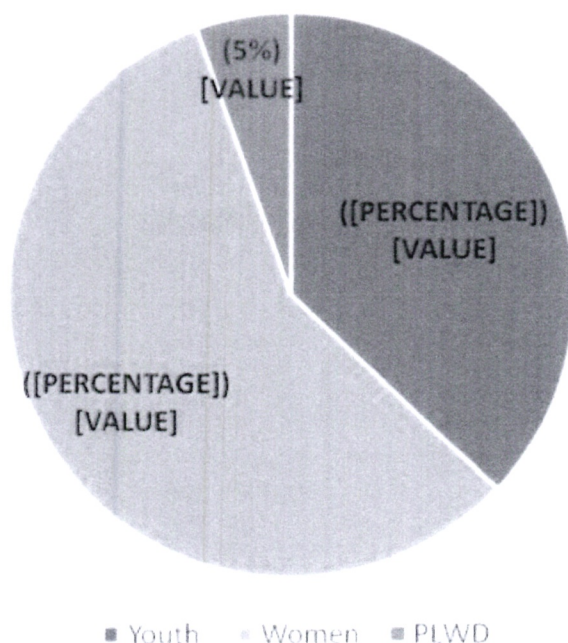
NO	BOARD MEMBERS	POSITION	ORGANIZATION	JULY 12, 2018	OCTOBER 9, 2018	JANUARY 18, 2019	APRIL 1, 2019	SPECIAL	APRIL 11, 2019
1.	Ms. Angeline Yiamiton Siparo	Chairperson	National AIDS Control Council	√	√	√	√		-
2.	Dr. Nduku Kilonzo	CEO/Secretary	National AIDS Control Council	√	-	√	√		√
3.	Mr. Joseph M. Kiraita	Alternate Member to The Principal Secretary	Ministry of Health			√			
4.	Ms. Jacinta Mutegi	Alternate Member to The Chairman	Kenya Conference of Catholic Bishops	√	√	√	√		√
5.	Ms. Dorothy Onyango	Member Executive Director	Women Fighting AIDS in Kenya	√	√	√	√		√
6.	Mr. Mark Joseph Obuya	Member National President	Federation of Kenya Employers	√	√	√	√		-

Remittance of Statutory Deductions

The NACC remitted all the statutory deductions to Kenya Revenue Authority, National Hospital Insurance Fund, National Social Security Fund, Higher Education Loans Board and other statutory bodies within the stipulated timelines attaining a 100% compliance rate and received the requisite certificates.

Procurement Obligations

Contracts Awarded to Special Groups FY 2018/2019



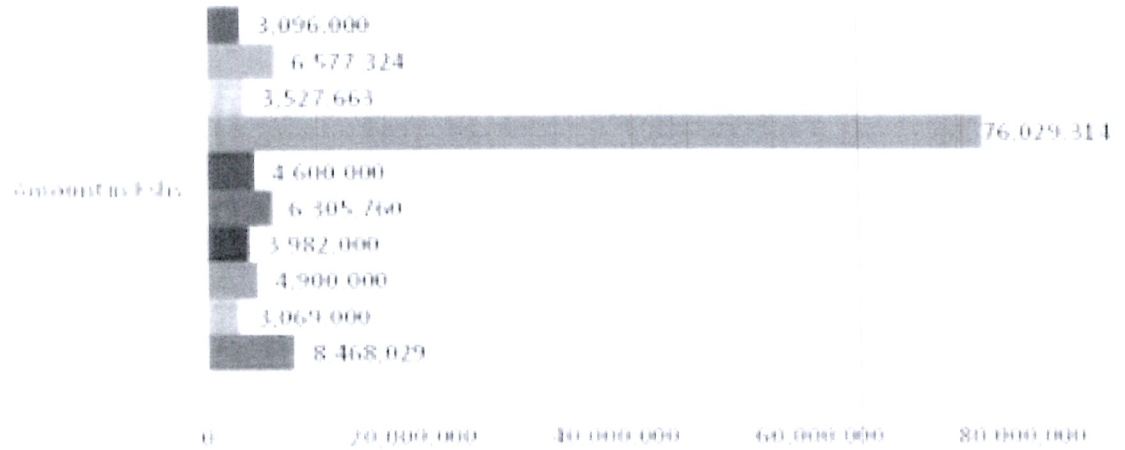
The NACC policy on procurement is guided by the principles of economy, efficiency, value for money, transparency and fairness and participation of the enterprises owned by women, youth and persons with disabilities. The NACC allocated thirty (30%) of the procurement budget to the special groups. The NACC executed its procurements through the annual procurement plan with all the attendant approvals in accordance with the Public Procurement and Asset Disposal Act, 2015. All statutory reports were submitted to the oversight agencies. Contracts worth Kshs 107,341,427 were awarded to Special Groups; (Women, Youth and Persons Living with Disabilities as detailed in the chart.

CORPORATE GOVERNANCE STATEMENT

Top Ten Procurements

According to Mwongozo principles, the NACC is required to disclose the top ten highest value contracts awarded during the period under review. The top ten highest value contracts awarded are indicated below:

Top Ten High Value Procurements



	Amount in KSh
■ Praxair Ltd	3,096,000
■ Sedgwick Kenya Insurance Brokers Ltd	6,577,324
■ Genesta Insurance Ltd	3,527,663
■ GA Insurance	76,029,314
■ Hyte Security Services Ltd	4,600,000
■ Dennis School of Monetary Studies	6,305,760
■ African Institute for Children Studies	3,982,000
■ Day Call Enterprises	4,900,000
■ Limwigi Enterprises	3,069,000
■ Wonderkid	8,468,029

Names of Suppliers and Amounts FY 2018/19

CORPORATE GOVERNANCE STATEMENT

The NACC Procurement and Technology

The NACC has leveraged on technology and adopted the NACCBot as a platform for continuous registration of suppliers, self-registration in meeting and real time access of Tenders. The NACC Bot operates on the Telegram App. The NACCBot allows registered suppliers to receive and access tenders real time, suppliers to self-register for pre-qualification and self-registration of participants during meetings and conferences.

Summary of Supplier Registration Database of the NACCBot

Home App App Suppliers registration

Select suppliers registration to manage

IMPORT ADD SUPPLIERS REGISTRATION

Q Search

Go

ID	REGISTERED TIME	USER WANTS TO REGISTER	USERS NAME	EMAIL	PHONE NO.	NAME OF FIRM	DIRECTOR
172	Fri Feb 08 2019 07:45:31 GMT+0000 (UTC)	Thesphilus Nzomo		nzomoc@gmail.com	254720441820	Totty agencies	vine Muoti
172	Mon Feb 04 2019 11:59:14 GMT+0000 (UTC)	Margaret Thogon		nevnetravel@outlook.com	254736250612	Nevne International Travel	Margaret Tho
171	Thu Jan 31 2019 12:03:38 GMT+0000 (UTC)	Johntes undefined		info@pillar-audio.co.ke	724688880	Pillar Audio Visual services	Rufus Maera
171	Wed Jan 30 2019 05:41:36 GMT+0000 (UTC)	Julius Koma		ropta@yahoo.com	720743344	Maesa Communications Ltd	Julius Koma

FILTER

By Name of Firm

Public Procurement Compliance Rating By Public Procurement Regulatory Authority

In compliance with Section 43(1) of the Public Procurement and Asset Disposal Act 2015, the Public Procurement Regulatory Authority (PPRA) carried out Compliance Audit on State Corporations. The objective of a compliance audit was to establish the extent to which the procuring entities adhere to the procedures and rules established in the Act and its attendant regulations, circulars and the directives issued by PPRA for the procurement of goods, works and services and for the disposal of unserviceable, obsolete or surplus assets, i.e. to check where the public system has deficiencies and/or shortcomings in order to address them.

Out of the 34 state corporations assessed, the NACC was the only state corporation that scored 70% and above. The NACC attained a compliance score of 75%, emerging as the best State Corporation. The compliance score indicated that NACC is compliant and has a low risk signifying that the NACC complied with the laid-down procedures.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance of Kenya as per the AIDS Strategic Framework

Through coordination of the multi-sectoral HIV response by stakeholder engagement, resource mobilization and alignment, prioritization of high impact interventions as well as monitoring and evaluation of programmes, the country has made progress with regards to implementation of the KASF I for the reporting period as summarized below;

KASF Strategic Directions	Indicators	Comparison between 2016, 2017 and 2018
Reducing New HIV Infections	Adults: 20% reduction	<ul style="list-style-type: none"> ▪ 2016: 56,051 ▪ 2017: 44,789 ▪ 2018: 38,207
	Youth: 32% reduction	<ul style="list-style-type: none"> ▪ 2016: 26,051 ▪ 2017: 17,667 ▪ 2018: 16,186
	Children: -31%	<ul style="list-style-type: none"> ▪ 2016: 6,091 ▪ 2017: 7,978 ▪ 2018: 7,619
Improving Health outcomes and wellness of all PLHIV	No of people on ART: 10% increase	<ul style="list-style-type: none"> ▪ 2016: 1,018,905 ▪ 2017: 1,121,900 ▪ 2018: 1,067,636
	AIDS Related Deaths: 22% reduction	<ul style="list-style-type: none"> ▪ 2016: 36,041 ▪ 2017: 28,214 ▪ 2018: 25,022
Using a Human rights approach to facilitate access to services for PLHIV, Key populations and other priority groups in all sectors	<ul style="list-style-type: none"> ▪ Reduced self-reported stigma and discrimination related to HIV & AIDS by 50% ▪ Reduced social exclusion for PLHIV, key populations, women, men, boys & girls by 50% ▪ Reduced levels of sexual and gender-based violence for PLHIV, key populations, women, men, boys and girls by 50% ▪ Increased protection of human rights and access to justice for PLHIV, key populations and other priority groups including women, men, boys and girls. 	<ul style="list-style-type: none"> ▪ Establishment of the county Key Population (KP) advocacy committees ▪ Training of 140 selected community gate keepers (administration chiefs, sub-chiefs, village heads) to facilitate the removal of harmful cultural practices that affect women and AYGW in 4 counties ▪ Reached over two hundred (200) people from PLHIV networks, KPs, Vulnerable groups and other stakeholders were reached with information on HIV tribunal human rights and law.
Strengthening integration of Health and Community Systems	HIPORS reporting rates	<ul style="list-style-type: none"> ▪ 2015/16 = 44 (10%) NGOs reported; expended KES 14.3 billion. ▪ 2016/17 = 50 (12%) NGO's reported; expended KES 19.3 billion. ▪ 2017/18 = 43 (10%) NGO's reported; expended KES 18.2 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

KASF Strategic Directions	Indicators	Comparison between 2016, 2017 and 2018
Strengthen Research and information to inform KASF goals	<ul style="list-style-type: none"> ▪ Number of studies currently uploaded on the hub ▪ % increase in the number of people attending webinars 	<ul style="list-style-type: none"> ▪ 2016: 1,120 ▪ 2017: 1,422 ▪ 2018: 1,460 ▪ 2017: 50 ▪ 2018: 100
Promote utilization of Strategic Information for Research and M&E to enhance programming	<ul style="list-style-type: none"> ▪ Community Activities Program Reporting (CAPR) average reporting rate. ▪ MAISHA Reporting 	<ul style="list-style-type: none"> ▪ FY2017/18: 41% ▪ FY 2018/19: 61% ▪ FY2017/18: 61% ▪ FY 2018/19: 75% ▪ Kenya AIDS Response Progress Report 2018 ▪ Kenya HIV County Profiles Report 2018 ▪ 2018 HIV Estimates Report ▪ HIV and NCD estimates
Increase domestic financing for a sustainable response	<p>Increase domestic financing for the HIV response to 50%</p> <p>County HIV Allocation</p>	<ul style="list-style-type: none"> ▪ 2013 - 17% ▪ 2015 - 25% ▪ 2017 - 31% ▪ 2017/18: ▪ 2018/19: 210M
Promoting accountable leadership for delivery of KASF results by all sectors and actors	<ul style="list-style-type: none"> ▪ Development and Review of Policies and Guidelines. ▪ Stakeholder co-ordination and accountability mechanisms. 	<ul style="list-style-type: none"> ▪ Review of the KASF Addendum 2018/19 ▪ The Joint HIV and AIDS End Term Review (JAETR) of KASF I as preparatory work for the development of KASF II. ▪ CHC committees in 41 counties were supported to hold quarterly meetings

MANAGEMENT DISCUSSION AND ANALYSIS

Performance of the Kenyan HIV Response

Kenya has made significant progress in HIV response as depicted in the key indicators below:

Indicator	2016 Estimates	2017 Estimates	2018 Estimates	Draft 2019 Estimates	% Change 2018-2017	% Change 2019-2018
HIV Prevalence	5.90%	5.40%	4.90%	4.74%	-1%	-0.16%
Total PLHIV	1,517,705	1,587,844	1,493,382	1,559,128	-6%	4%
Adults PLHIV	1,419,536	1,466,193	1,388,169	1,436,795	-5%	4%
Children PLHIV	98,169	121,651	105,213	122,333	-14%	16%
Youth LHIV	268,586	247,792	184,719	191,521	-25%	4%
Total new HIV Infections	77,648	62,141	52,767	45,826	-15%	-13%
Adult New HIV Infections	71,034	56,051	44,789	38,207	-20%	-15%
Youth New HIV Infections	35,776	26,051	17,667	16,186	-32%	-8%
Children New HIV Infections	6,613	6,091	7,978	7,619	31%	-4%
PMTCT coverage	75%	81%	77%	91%	-4%	14%

HIV Policies & Guidelines

a) Review of the Addendum to the Kenya AIDS Strategic Framework (KASF) 2014-2019

The review of Kenya AIDS Strategic Framework (KASF) Addendum was finalized taking into account recommendations of KASF Mid Term Review and the Kenya AIDS Response Progress Report (KARPR) 2018. The addendum is the policy document that will be used in guiding the HIV response during the financial year 2019/20 as the development of KASF II takes shape. The review involved updating of the results matrix and was carried out by the Strategic Information (SI) working group.

b) Joint AIDS End Term Review (JAETR)

The Joint AIDS End Term Review (JAETR) was carried out in the reporting period, through the engagement of county level leadership. All the 47 counties were involved by way of organized cluster of counties meetings that were held in Kilifi, Embu, Nakuru and Kakamega. Counties were able to take stock of their HIV response and in the end came up with recommendations on how to accelerate attainment of targets. A road map for comprehensive Joint AIDS End Term Review of the Kenya AIDS Strategic Framework 2018/19 to 2019/20 (KASF) and development of KASF II was agreed upon with the county leadership.

c) Policy brief on substantial increase in HIV resource budget allocation within the roads infrastructure projects in Kenya

The Health and HIV Impact Assessment (HHIA) guideline to provide mechanisms of effective and efficient planning, allocation, utilization, monitoring and evaluation of resources for HIV prevention in infrastructure projects in Kenya, was adopted. The NACC is currently developing an MOU with the Kenya School of Government (KSG) to deliver a course for HHIA. In this regard, a draft curriculum has been developed in conjunction with stakeholders and KSG.

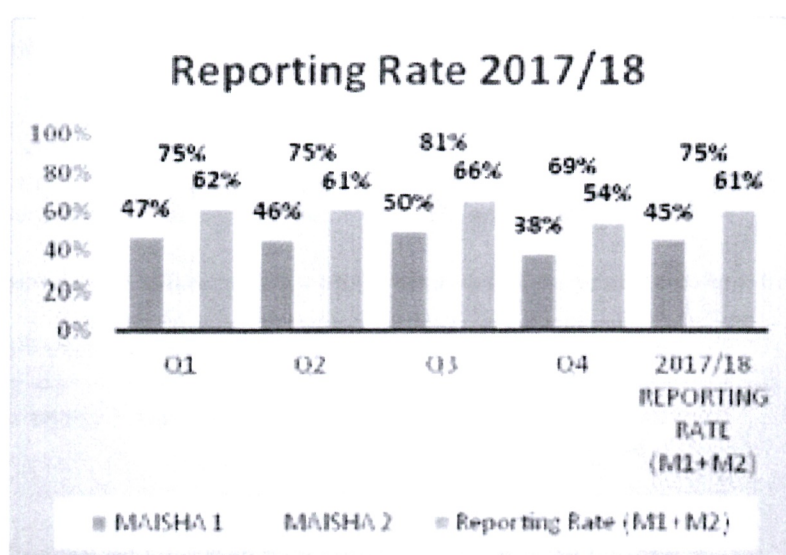
Coordination of HIV and AIDS at National and County levels

NACC is mandated to coordinate the HIV response in the country (both at National and County levels). NACC has an elaborate HIV and AIDS Multi-sectoral coordination infrastructure both at County and Sub County levels. NACC has established 18 regional offices to oversee her activities in the Counties. At Constituency/Sub-county level NACC has 290 Constituency AIDS Coordinating Committees (CACCs).

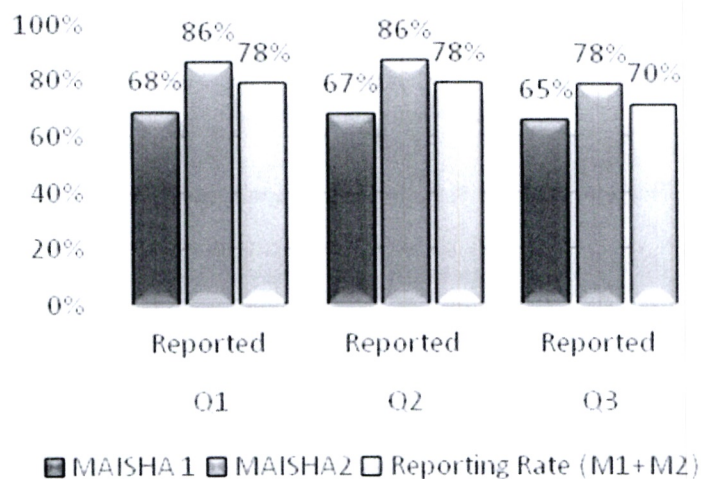
Public Sector Coordination

i) **Maisha Certification:** The MAISHA Certification system monitors implementation of the Performance Contract HIV and AIDS prevention indicator by MCDAs. During the 15th Performance Contract cycle, NACC, through the MAISHA Certification process, used AIDS Control Units to reach 61,584 (9% of the total public servants) with wellness promotion and sensitization, including HIV Testing Services. The indicator has been expanded to include provision of information, services and referral for Non-Communicable Diseases (Cancer, Diabetes, Hypertension, Stress Management, Mental Health).

The MAISHA reporting trend has increased significantly from an average of 61% in 2017/19 to 75% in 2018/19 with a total of Ksh 274,672,742 being allocated for HIV activities in the year. A total number of 66,488 were counselled and tested, 267,587 reached with comprehensive knowledge on HIV and AIDS and 10,175,527 condoms distributed.



Reporting Rate 2018/19



a) Faith Sector Coordination:

Across the country, the Faith Sector has been involved in HIV prevention, treatment, care and support to programmes towards the HIV response. To this end, NACC in partnership with the faith community developed a Faith Sector HIV messages booklet, a tool to facilitate the Religious Leaders with knowledge to address the gaps in the HIV response among the congregants.

During the period under review, the following achievements were recorded with regards to Faith Sector partnership:

- Developed a data collection tool for faith sector reporting which is aligned to Community AIDS Programme Report (CAPR).
- Universal children's day commemorated on 20th November 2018, with the faith sector focusing on pediatric HIV and TB
- 800 copies of the Faith Sector HIV messages booklet were distributed during the Maisha HIV and AIDS Conference 2019. Held in May.
- Mapping of Faith Based Organizations (FBOs) that are reporting through CAPR in the counties is ongoing, with 128 identified as at 30th June 2019.

b) Development and implementation of a Networking and Accountability model; Business Process for Impact (BPI).

The BPI Model is an innovative and accountability network model that focuses on youth led Communities of Practice to strengthen delivery of services cross the Counties and Sectors. The model is being implemented in two (2) select Counties of Homa Bay and Kiambu with a possibility of scale up.

Technical Assistance to Counties

NACC has continued to provide both technical and financial support to Counties. During the period under review the following support was provided to the counties.

a) County HIV Committees:

County HIV Committees (CHC) are responsible for providing technical leadership and spearheading the multi-sectoral HIV response at the county level. CHC are co-chaired by

CECM-Health and County Commissioners.

During the period under review, Eighty (80) CHC meetings were held across all counties resulting in a more effective coordination of KASF/CASPs implementation and accountability of results. Through regular CHC meetings, counties are able to track annual County HIV targets. The CHC teams also foster positive communication regarding CASP progress and outcomes with County leadership and stakeholders.

b) Public Private Partnership with the Private sector

Integration of HIV and AIDS is a critical theme in the HIV Response. In order to ensure effective mainstreaming of HIV and AIDS into the CIDPs, the NACC in collaboration with Strathmore Business School, UNDP, Council of Governors and Ministry of Devolution and Planning facilitated a training programme to enhance the capacity of County Economic and Fiscal Planners, County Economists and County Budget Officers on the integration process. A total of 45 officers drawn from 13 counties participated in the training.

c) County Financing profiles

NACC supported counties to develop County Financing Profiles (2018) which are a synthesized summary of all the 47 County HIV MTEF Budget Proposals that were developed with support from Global Funds. This Report highlights HIV and AIDS situation of each county, resource needs, resources available, financing gaps as well as the innovative ways of raising additional resources from domestic sources. This forms an important tool for resource mobilization for the counties as it clearly outlines the financing gaps.

Prevention of HIV infections

i. HIV prevention cascades: The aim of HIV prevention cascades is to assist in the implementation and monitoring of HIV prevention programmes by identifying gaps in the steps required for effective use of prevention methods. It consists of three key domains of motivation, access, and effective use in a priority population.

During the period under review, NACC in partnership with County Governments with support from Bill and Melinda Gates Foundation commenced the process of developing cascades for HIV prevention to be used in Kenya to guide HIV prevention programming. The pilot phase will take place in Kisumu, Kilifi and Kiambu Counties; these counties are representative of the heterogeneous sub-epidemics (occurrence of concentrated epidemics within generalized epidemic setting) in Kenya.

ii. Male Engagement in HIV service uptake: This is the process of reaching out to men and adolescent boys with evidence-informed HIV prevention, testing, treatment and care services that are informed by age and sex. Evidence shows that men and adolescent boys have limited access to HIV services. Engaging men in HIV matters have proven beneficial for their partners and children, as well as for the men themselves. NACC is running a Male Engagement programme

During the reporting period, the following Counties were reached: Kericho, Narok, Kiambu, Makueni, Mombasa, Kisumu and Kisii. 52 SCACs; 6 RHCs and 156 male champions from the above Counties trained on increased uptake of HIV services through male engagement. The trainees are expected to reach out to men and adolescent boys

a) Engagement with Boda Boda riders and Fishing communities in the HIV response

The NACC in partnership with Ministry of Interior and coordination, Transport, Department of fisheries, National Boda Boda Association, Beach management units and targeted county leadership facilitated boda boda riders and Fisher folks to access HIV information and services. The following counties were reached: Migori, Kwale, Kilifi, Homabay and Kisumu.

During these engagements, 7,565 people were reached with HIV information; 7,307 sensitized on correct condom use; 6,369 counseled and tested and 63,796 condoms distributed. Further, 1,869 people were reached with wellness services and 1,400 IEC material distributed.

b) HIV services targeting Adolescents and Young People:

Young people (10 to 24 years) and adolescents (10 to 19 years), especially young women and young key populations, continue to be disproportionately affected by HIV. National HIV prevalence among males and females aged 15-24 years was estimated at 1.34% and 2.61% in 2017 respectively, and overall HIV prevalence was 1.98%, which means 184,718 young adults living with HIV in 2017 (2018 HIV Estimates.)

NACC, facilitated review of the Kenya Fast Track Plan and development of the Adolescent and Young People HIV response acceleration plan. Seven (7) counties, i.e. Muranga, Kiambu, Taita Taveta, Migori, Nakuru, Kajiado and Kilifi were supported to conduct program reviews and develop AYP HIV response acceleration plans.

c) Provision of HIV services through Huduma centers

NACC has partnered with Aids Healthcare Foundation (AHF) and Huduma Centers in the installation of Condom dispensers, supplying condoms, distribution of IEC materials, and provision of HIV services. Condom dispensers have been installed in over 30 Huduma Centers. These dispensers are refilled on a timely basis by NACC officers in constituencies (SCACs) where the Huduma Centers are domiciled. 292, 658 male condoms were distributed between April-June 2019. The Huduma National Secretariat was also sensitized on HIV and AIDS. NACC Regional HIV Coordinators are currently working with Huduma Center Managers to ensure their staff are sensitized on issues HIV and AIDS.

M&E for HIV surveillance

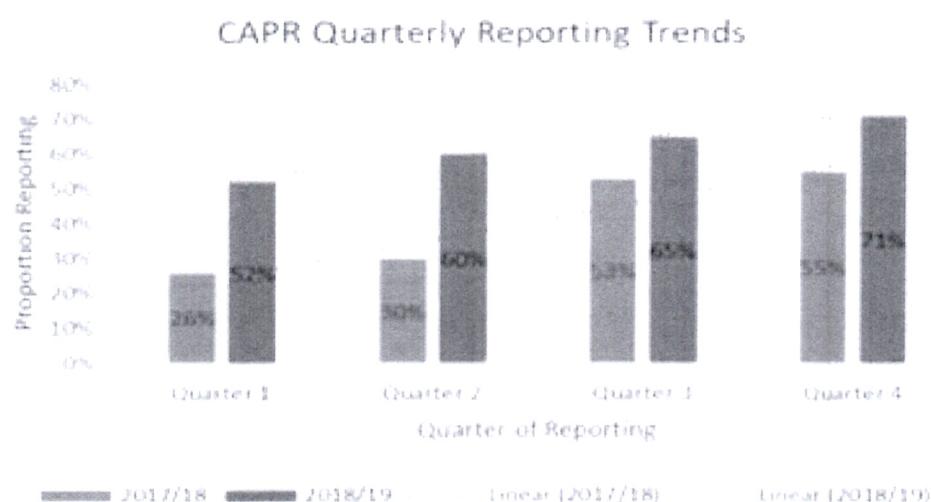
The NACC has continued to promote utilization of strategic information for decision making through management of a robust M&E system that effectively monitors the HIV Response.

a) 2019 Global AIDS Monitoring (GAM) Reporting: In line with the 2016 UN General Assembly Political Declaration on HIV and AIDS, each country is expected to develop and submit an annual progress report referred to as the Global AIDS Monitoring Report (GAM). The GAM report comprises of selected indicators that derive data from the programme level data, population based survey data and HIV Estimates data which is generated every year. To comply with this requirement and ensure that the country is given the opportunity to assess progress on HIV response, the NACC developed, validated and submitted the 2019 GAM end-year report within the stipulated timelines of March 31, 2019.

b) Kenya AIDS Response Programme Reporting: The National AIDS Control Council in conjunction with partners and stakeholders developed the 2018 KARP report that was launched by the Cabinet Secretary, MoH. The report is a customized country level GAM report aligned to the country's strategic framework and it is currently being used to inform the HIV response.

MANAGEMENT DISCUSSION AND ANALYSIS

c) Community Activities Programme Report: Community Activities Program Reporting (CAPR) supports systematic data collation for activities and services that are outside of the mainstream health system but which contribute directly to it through preventive and promotive approach as opposed to curative health services. The CAPR tool was reviewed to include key indicators on UHC, TB and Malaria based non-biomedical indicators. The average total number of CAPR reports received per month during the financial year 2018-19 has since stabilized and demonstrated an upward trend. The average reporting rate has increased from 41% in FY 2017-18 to 61% in FY 2018-19. The data presented supports the identification of the most effective interventions at the community level.



d) Strengthening Regional Modelling Initiatives

The NACC in collaboration with the Division of Non-Communicable Diseases (NCDs) at the Ministry of Health and Imperial College London also developed national NCD estimates. These estimates are the first ever NCD estimates developed for Kenya. The NCD estimates generated provide status of the burden of key NCDs, disaggregated by HIV status and age, currently and projected for the next two decades. Highlights of key results are captured in the table below.

Prevalence of key NCDs

Disease	2018		2035	
	HIV positive	HIV negative	HIV positive	HIV negative
	Cases (prevalence)	Cases (prevalence)	Cases (prevalence)	Cases (prevalence)
Hypertension	419,552 (29.9%)	4,851,620 (19.9%)	961,666 (37.4%)	9,387,728 (23.0%)
Type 2 Diabetes	43,379 (3.1%)	660,381 (2.7%)	110,243 (4.3%)	1,334,070 (3.3%)
High total cholesterol	141,212 (10.1%)	2,166,773 (8.9%)	325,238 (12.7%)	4,110,441 (10.1%)
Chronic kidney disease	118,678 (8.5%)	1,328,234 (5.5%)	273,739 (10.7%)	2,600,362 (6.4%)
Depression	54,187 (3.9%)	821,319 (3.4%)	93,723 (3.6%)	1,360,858 (3.3%)

MANAGEMENT DISCUSSION AND ANALYSIS

Incidence of key NCDs (2020-2024)

Disease	HIV positive		HIV negative	
	Cases	Age-standardized incidence	Cases	Age-standardized incidence
Cardiovascular disease	5,966	822.7	98,612	754.2
Breast	1,688	30.18	30,579	47.09
Cervical	15,669	241.58	21,454	37.48
Colorectal	612	6.52	13,398	10.92
Leukaemia	475	6.07	6,483	3.99
Liver	836	11.59	3,703	3.41
Oesophagus	1,121	17.83	16,832	17.06
Prostate	944	44.34	20,001	41.28
Stomach	311	5.73	8,107	8.64

Mobilizing resources for the HIV response

Kenya has made significant progress in increasing domestic funding and exploring options to diversify funding sources, however 70% of the HIV financing is from the external sources. In order to increase the ownership of the HIV response, the following strategies have been undertaken to enhance domestic financing.

a) Development of a Blue Print for the Domestic Resource Mobilization for Health Roadmap

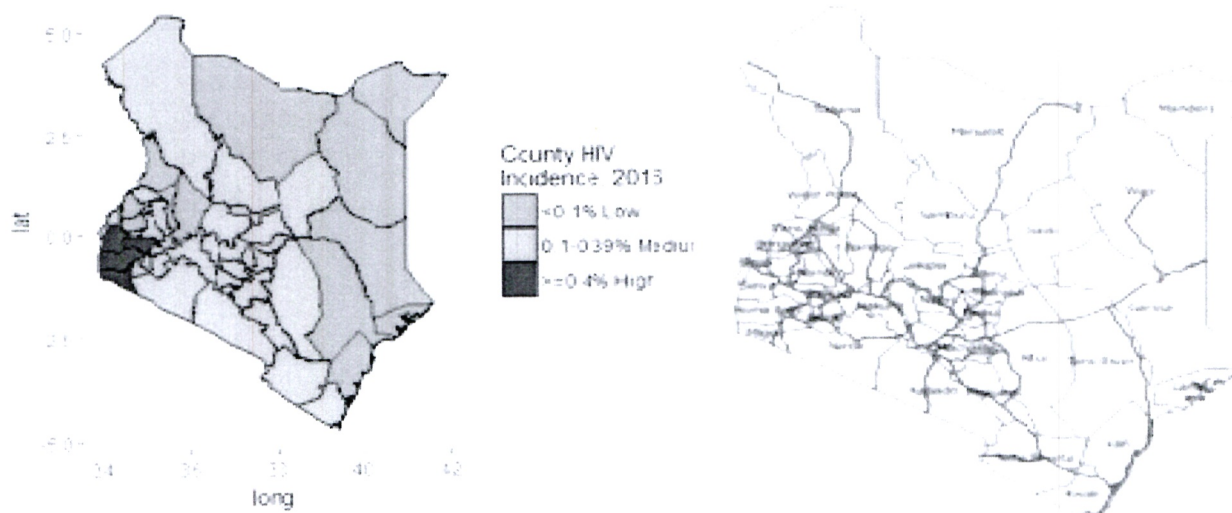
The blueprint on sustainable domestic resource mobilization for health in Kenya provides a roadmap of critical actions for the Ministry of Health in addressing our health financing transition challenge in line with the UHC. The NACC is spearheading the implementation of the blueprint for Domestic Resource Mobilization process.

i) Leveraging the Road Infrastructure Projects for increasing domestic resourcing for the HIV Response

The growth in National and County infrastructure development projects has potentially increased with the implementation of the Constitution of Kenya, 2010. The NACC developed a framework to assess the feasibility of enhanced prevention intervention with resources allocated under Environmental and Social Impact mitigation.

According to the HIV County Estimates (2016), the numbers of new infections seem to be higher in areas served by the major roads as shown in the maps below

Map of County HIV Incidence vs Kenya Main Roads



From the figure above, there could be substantial increase in HIV resource budget allocation within the roads infrastructure projects in Kenya if the government set a modest minimum threshold of between 0.5% and 2% of the total engineers' cost estimates or contract value. A policy brief and draft Health and HIV Impact Assessment tool and Guidelines have been developed.

The NACC is also partnering with the Kenya School of Government to develop a course for certification of Health and HIV Impact Assessment professionals.

ii) Develop a Public Private Partnership (PPP) for HIV and AIDS through Social Impact Bonds (SIB)

The NACC in collaboration with the Private Sector, Public Sector and the Civil Society developed 5 key priority Social Impact Bond Framework for HIV Financing in the Country. The SIB priorities were identified and consensus reached to develop both a CAPEX and Social Bond based on the Hub and Spoke Model.

NACC's contribution towards Universal Health Coverage (UHC)

Implementation of Universal Health Coverage (UHC) is a priority agenda for the Kenya Government. At the centre of UHC is accessibility, affordability and quality healthcare for all, with minimal financial strain. Inclusion of HIV in the attainment of UHC has meant that strategies are developed to avail appropriate, effective and affordable interventions for primary care for all, including Persons Living with HIV. The NACC supported key UHC committees on advocacy.

During the year, the NACC undertook various engagements that contributed towards achievement of UHC targets:

a) Pioneering blended financing for delivery of universal health coverage in Kenya

In support of the implementation of Kenya's Universal Health Coverage (UHC) Domestic Resource Mobilization (DRM) blueprint, National AIDS and Control Council (NACC) in collaboration with Partners has identified Hub & Spoke model as an intervention which could support the rapid scale-up of healthcare delivery within the four pilot counties (Isiolo, Kisumu, Machakos and Nyeri), as well as offer opportunity to entice investors and design a blended financing vehicle to sustain its impact.

The Hub & Spoke model will support the development of various services including (but not limited to) primary healthcare facilities, maternal care centres, outpatient facilities, chronic disease (HIV, TB, Cancer, Diabetes, Hypertension, etc.) management centres, road & air evacuation services, dental & optical facilities, specialised care, etc. Pre-feasibility work is ongoing for the design of this vehicle.

b) Advocacy of UHC through Maisha Conference 2019

NACC organized the Maisha Conference 2019 whose theme was 'Leveraging the HIV Response to Accelerate Impact for UHC'. Numerous opportunities within the HIV response were identified for implementation that UHC could leverage on: a) existing Monitoring and Evaluation System and estimation and modelling capacities; b) lessons from the multi-sectoral HIV Programme on strong political stewardship, multi-sectoral engagement, innovative HIV financing, resource mobilization strategies and efficiency to scale up and improve service delivery and; c) building capacities and creating an enabling environment for all sectors beyond health for effective service delivery among others.

Key HIV public Events in the year

a) World AIDS Day Commemoration

The World AIDS Day (WAD) has been observed annually since 1988 when the Global Programme on AIDS set aside December 1, as a day on which the world community renews its commitment in the fight against HIV and AIDS. The year 2018 marked the 30th anniversary since the first WAD commemoration was held in 1988.

The Global theme was "Know Your Status" while the Kenyan theme was: "Know Your HIV Status: Mwanaume, Jipime, Jijue". A colour fest was organized targeting Adolescents and Young People ahead of World AIDS Day.

The event was successfully marked in all the 47 counties. The National event took place in Bomet County. HTS services, TB, Blood sugar and Cancer screening as well as self-testing services were offered across the country during WAD.



b) International Condom Day

NACC coordinated the commemoration of the International Condom Day on the 13th of February, 2019 with the theme 'Safer is fun'. The event was held in Kilifi County due to high teenage pregnancies in the region; 30 % of the pregnancies in the county in 2017 were among adolescents and young people age 10-19 years. This translates to 13,000 pregnancies out of which 3000 seroconverted hence the importance of condoms in preventing unintended pregnancies. This activity improved condom uptake and condom use skills among the public through condom demonstrations. HIV testing services were also provided to members of the public.

Key achievements from this event were: 60,000 people reached with HIV information, 290 people counselled and tested of which one tested positive and was referred for care, 198,160 male condoms distributed, 6,800 female condoms distributed and 1,800 IEC materials distributed.



c) Maisha HIV and AIDS Conference 2019

The fifth Maisha HIV and AIDS Conference whose theme was 'Leveraging the HIV Response to Accelerate Impact for UHC' was held in May 2019. The Conference, which was opened by Cabinet Secretary for Health, Mrs. Sicily Kariuki, provided a platform for engagement with a focus on how to accelerate HIV prevention and the attainment of treatment targets, identifying opportunities and critical drivers for the HIV response that can be used to accelerate Universal Health Coverage targets. A total of 850 participants attended the conference, representing 35 Countries and 47 Kenyan Counties. These also included delegates drawn from the six (6) preconference meetings that had been held prior. In total 17 panel sessions with 8 speakers, 41 presenters, 75 panelists, 30 moderators and 16 session Chairs were held, in addition to exhibition by 8 partners.

The Maisha HIV and AIDS Conference culminated with a call for participants to shift from Evidenced based programs to systematic data driven segmentation & targeting of programs; move from resource mobilization around donor financing to more structured diversified resource partnerships & domestic financing; from coordinating multi-sectoral response to addressing challenges with stewardship on effective leadership; and to move from Governmental accountability to mutual accountability that ensures meaningful community engagements & inclusive governance.



Strategic High-level Meetings, Conferences and Collaborations

a) Kenya's Participation in AIDS 2018 Conference (#KENYAatAIDS2018)

NACC coordinated the Kenyan delegation that attended the AIDS 2018 conference in an initiative dubbed "#KENYAatAIDS2018". The Kenyan delegation comprised of the following high level dignitaries; Her Excellency the First Lady of the Republic of Kenya, Chief Administrative Secretary of the Ministry of Health, Chair, National AIDS Control Council, Representation of the Senate Committee on Health, Representation of the Parliamentary Committee on Health, representation from Government agencies and development and implementing partners.

As part of the recommendation from the meeting the NACC has been spearheading advocacy for inclusion of HIV in the essential care package as part of the achievement of UHC and towards ending the AIDS epidemic. Similarly the Council has supported peer to peer interventions to eliminate HIV among Adolescents and Youth as well devising homegrown solutions to finance HIV control programmes.

b) Great Lakes Initiative on AIDS (GLIA)

HIV and AIDS remains an issue for Africa and especially Eastern and Southern Africa. The Great Lakes Initiative on AIDS (GLIA) is a regional initiative in the war against HIV and AIDS in the region, and provides learning opportunities, joint and synergized policy development and implementation, south to south technical support and cross-border monitoring for HIV prevention and control. In the year, the Council of Ministers convened in Nairobi to review the progress of the response and address the challenges emanating from implementation of those programmes within the region. From the meeting, members noted the need to reengineer GLIA to demonstrate its relevance in view

of the changes in the AIDS epidemic and the regional dynamics; that GLIA would be a catalyst rather than a service delivery vehicle in relation to other regional bodies, and that there was need to review the regional Strategic Plan and refocus on areas where quick dividends can be realized in a sustainable manner. The COM reiterated its commitment to GLIA and pledged its commitment for financial contributions in line with the obligation of the member states.

c) NAC Directors Meeting

NACC convened the Directors of the National AIDS Commissions representing the Global HIV Prevention Coalition Member States in Kenya in May, 2019. The global leaders' meeting was among the meetings held as a build up to the Maisha HIV and AIDS Conference 2019, and provided countries an opportunity to review progress towards Global HIV prevention 2020 targets and share experiences and best practices. At the meeting, the NAC Directors identified their technical assistance needs to strengthen primary prevention, while at the same time utilizing their knowledge, experience and expertise to drive the UHC agenda and the HIV response in their different countries.

d) Africa CDC Health Situation Room and Consultative Meeting

The NACC represented Kenya and took lead showcasing the Kenya HIV Situation Room during the Africa CDC Health Situation Room & Health Information Systems (HIS) Consultative Meeting held in Ethiopia. The team shared best practices and challenges faced as technical experts implementing situation room from the seven pilot countries within the Africa Union, and subsequently advocated for the concept of having an Africa CDC situation room that will facilitate improved health information exchange among member states.

e) Communication and Advocacy

In the year under review, the NACC reached over 30,000,000 persons representing various cohorts with HIV-related information mainly on prevention, HIV care and treatment and anti-stigma messages, thereby increasing uptake of HIV services. These were wide Mass media campaigns through radio infomercials, radio and TV interviews and coverage, social media interaction, direct engagement with the youth and other cohorts targeting mainly Technical and Vocational Educational Technical Colleges students (TVET). The Council organized a media briefing ahead of Maisha Conference that provided status update of the response to Health reporters in the country. Media is a critical partner in the response.

FINANCIAL REVIEW FOR 2018/19

Performance Overview

Operating Surplus

The NACC returned a Ksh 65.8 Million operating surplus compared to a Ksh 259 Million deficit reported in the FY 2017/18. The NACC being a service oriented non-commercial State Corporation is expected to match its expenses to revenue. However the nature of programs that NACC undertakes coupled with Development Partners' reporting periods that are not aligned to Government reporting period inadvertently results in year to year fluctuations from operating deficit to surplus positions that even out over time as shown below.



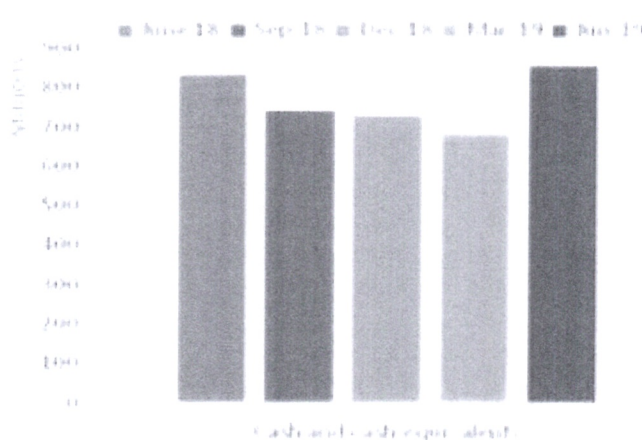
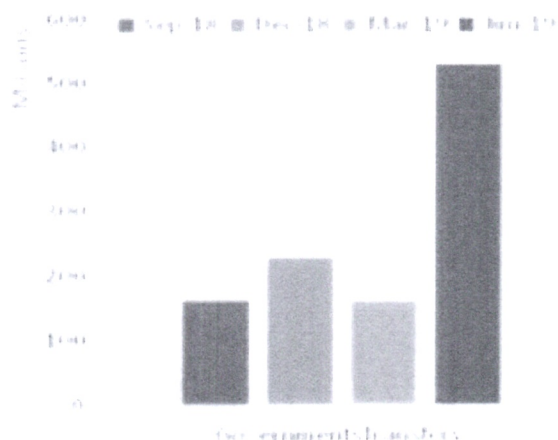
Revenue Highlights

Global Fund Grant

In the reporting period, the NCC received a 118% increase in funding from the Global Fund Grant (KN-H-TNT-1547). The Global Fund HIV grant is geared towards the achievement of vision 2030 through universal access to comprehensive HIV prevention, treatment and care with a specific objective of reducing HIV infections by 75% and AIDS related mortality by 25%. During the period, Government funding for the Situation Room and EMCTCT projects allocated under the development budget also increased by 46% compared to the previous year. This resulted in an overall increase in Government transfers by 26% from Ksh 858 Million in FY 2017/18 to Ksh 1.08 Billion in FY 2018/19.

Interest revenue

During the period under review there was a decrease in interest earned from bank deposits by 36%. Throughout the reporting period, the operating bank balance recorded a downward trend with 50% of Government disbursements for both recurrent and development budget being received in the last month of the financial year 2018/19.



Employee costs

During the period under review, the employee cost increased by 7% from Ksh 429 Million in 2017/18 to Ksh 458 Million. This was due to filling up of a number of vacancies within the NACC that had remained vacant during the previous year.

Program management expense

During the period under review, the Program Management expenses declined by 23% from Ksh 567 Million in the year 2017/18 to Ksh 437 Million in the year 2018/19. In FY 2017/18, the Global Fund work-plan included expenditure development and airing of mass media campaigns that was not part of the reporting period work-plan. This resulted in 83% and 67% reduction in advertising and consultancy expenditure respectively.

Receivables from exchange transactions

During the reporting period, the NACC's financial position remained largely unchanged. Of all the balance sheet items, receivables from exchange transactions recorded biggest reduction of 82%. This was occasioned by changes in staff medical insurance provider. In the previous period premiums amounting to Ksh 44 million were reported as a prepayment having been paid in June 2018 for cover period running from July 2018 to June 2019.

Trade and Other payables

In line with FY 2017/18 audit recommendations the NACC ensured that all the invoices for services rendered during the reporting period received before the closure of the financial year were settled. This resulted in a 52% reduction of trade and other payables balances compared to the previous year.

Accumulated Surplus

Upon instructions from the National Treasury, the NACC made a refund of Ksh 84 million in addition to Ksh 33 Million refunded in FY 2017/18 to the World Bank from the balance of unutilized TOWA funds. At the end of TOWA project in 2014, a balance of Ksh 227 million remained in the project bank account and has been a subject of discussion between World Bank, National Treasury and NACC. The NACC awaits direction from the National Treasury on the fate of the remaining Ksh 120 Million in the project account.



A. NACC INSTITUTIONAL STRENGTHENING

i. Review of NACC'S Strategic Plan 2015-2019

In the year under review, the National AIDS Control Council undertook a mid-term review of the Institutional Strategic Plan covering the period 2015/19 that encompasses all aspects of the organization's work. The Mid-term review was aimed at assessing the progress made towards achievements of the stated objectives and targets set out for each Strategic goal of the Plan; identify strategic and management gaps and make recommendations on the specific strategies needed to address these gaps; identify and document the key factors that either facilitate or impede achievement of targeted results and make recommendations for correction or scale up as applicable. Further, the review was aimed at assessing progress made by the key structures and institutions charged with facilitating implementation of the NACC Strategic Plan as a component of the delivery infrastructure.

ii. Financial Performance Overview:

During the year under review, the NACC revenue amounted to Ksh 1.1 Billion with 96% being Government allocation for operations and programme management. Total expenditure for the same period amounted to Ksh 1.07 Billion resulting in an operating surplus of Ksh 69 Million. This surplus largely constituted of funds disbursed for programs that extended beyond the financial year.

iii. ISO Certification and Quality Management Systems (QMS)

The NACC subscribes to the highest Quality Management Standards of ISO 9001:2015. The QMS focused on Strengthening NACC's Institutional Capacity through strengthening quality management systems. The Kenya Bureau of standards undertook its 1st and 2nd surveillance audit on the quality management systems put in place by the NACC and affirmed that NACC indeed was implementing the Quality Systems as per the provision of the certification issued.

iv. Human Resource:

The NACC has sustained appropriate skills and competencies within its establishment to ensure that all aspects of the mandate are functional. New initiatives were undertaken to operationalize the Costing and Expenditure Analysis Function through staffing the Division. During the year, the NACC initiated a review of the Organizational Structure and Job Description with the view to align it to changing dynamics. This process is expected to continue into the next Financial Year.

The NACC made the first steps in automating the performance management system among other HR function.


B. CORPORATE SUSTAINABILITY

Sustainability is a critical component for the NACC to ensure continuity in the discharge of her mandate without compromising on environment and the future. The NACC has put in place various mechanisms towards ensuring sustainability:

i. Disability Mainstreaming

The NACC has a Disability Mainstreaming Committee that works towards ensuring matters of disability are mainstreamed in all the core functions of the NACC.

During the year under review, the NACC conducted a Disability Mainstreaming staff sensitizations and developed Disability Mainstreaming guidelines. Front Office Staff were equally trained on sign language.



NACC website is being enhanced to include a section for PWD resources (Videos and Printable materials). Public Service Announcements (PSAs) to be converted into sign language for broadcasting and the condom use for Persons with hearing disability is demonstrated on the NACC website.

The NACC is progressively moving towards the realization of 5% reservations for Persons with Disabilities by encouraging persons with disability to apply for positions in the organization whenever they arise. 4.7 % of staff are people living with disability. All NACC Job advertisements and internships are sent to the NCPWD for dissemination to the PWD networks.

ii. Youth Internship and Attachment

During the period under review, the NACC implemented an Internship programme aimed at providing the youth an opportunity for on-the-job experience to build upon skills learned at school and for professional development hence, enhance their employability. The NACC engaged a total of 65 interns and or apprentices on attachment during the Financial Year. This was against the expected target of 30 during the financial year representing a score of 213%. This is in line with the big 4 agenda which projects to increase employment opportunities for the youth. Through the Internship and Attachment programmes, the NACC has greatly contributed to the preparation of young people for the job market.

iii. Induction and Orientation


The NACC recognizes the need for employee on-boarding. During the year under review, the NACC developed and implemented the Employee Handbook to apprise new employees, employees who have been promoted, transferred, re-deployed, re-designated or seconded with their work environment, culture and expected behavior. The induction is equally done to Interns engaged from time to time.

During the year under review, 18 out of 21 newly recruited employees (86 %) and 46 Interns (100 %) were taken through an induction process.

iv. Ethics and Integrity

The NACC has put in place strong internal mechanisms and sensitization programs which have inculcated a good culture among NACC staff and stakeholders. The internal mechanisms are in line with the Governments move to mainstream Corruption Prevention Indicator in the Performance Contract cycle as a way to curb the vice in public institutions. NACC has developed three Policy documents and a Corruption Risk Mitigation plan as part of the efforts to strengthen the internal financial management as well as support the attainment of Zero corruption index as outlined in Chapter Six of the Kenya Constitution. The four documents are Anti-Corruption Policy, Code of Conduct and Ethics Policy, Whistle Blowers Policy and a Corruption Risk Mitigation Plan-an operational document guiding the work of Departmental Integrity Officers.

During the year under review, the NACC Carried out a comprehensive Corruption Risk Assessment and developed a Corruption and a Risk Assessment (CRA) report. The report informed the preparation of a Corruption Risk Mitigation plan (CRMP) to address the risks identified by the CRA. The NACC complied by submitting the reports to EACC as required. The NACC equally conducted a Corruption Perception Survey. Survey reports were reviewed and approved by the Integrity Committee for submission to EACC. Feedback



and sensitization on matters of integrity was done to Members of Staff via email and through the NACC monthly bulletin (Maisha home).

v. Automation and Enterprise Resource Planning

The NACC has rolled out and is now implementing the usage of an ERP system which will automate operations to enhance efficiency, improve productivity and the Council's operations. The automation comes at a critical time when state agencies have embarked on digitizing their operations as they strive to conform to Government Performance Contract requirements on innovation.

The NACC staff have been capacity build in various modules which are being implemented, Procurement (LSO generation), Leave Management, E-recruitment, Transport Requisition, Document Management, Store Requisition, Calendar of Events, Payroll (Pay slip and P9 form generation) and Memo (AIE commitment).

The innovation of MPesa process at the NACC has greatly improved financial process, accountability and mitigated on the financial risks.

vi. Beyond Zero Initiative

The Beyond Zero Campaign is an initiative launched by the First Lady, Margaret Gakuo Kenyatta. Its goals are to improve maternal and child health in Kenya, and to reduce new HIV infections among children. It is a call to action for policy prioritization and formulation, increased resource allocation, improved service delivery and better individual health seeking behaviors and practices. Through this high level advocacy platform, the First Lady leverages on the convening power to bring to focus key challenges facing Kenyans and build strategic partnerships that will address these challenges.

In the period under review, H.E. the First Lady Margaret Kenyatta hosted the Beyond Zero Marathon 2019 on Sunday March 10, 2019 at the Nyayo National Stadium against a backdrop of Kenya's commitment to deliver Universal Health Care to all her Citizen by 2022. The Secretariat continued to strengthen the Beyond Zero brand by sustaining a strong citizen engagement and interest on the Campaign. The First Lady's Half Marathon and Medical Safaris are among the key highlights for FY 2018/2019, which are currently being implemented in the Beyond Zero Second Strategic Framework. The Second Strategic Framework encompasses in addition to maternal and neonatal health other health conditions such as cervical cancer, obstetric Fistula, Physical disability and intellectual impairment, thereby reaching a wider population segment.

The ultimate aim of Beyond Zero Medical Safari and the government interventions is to ensure that the country reaches a state of zero maternal and child deaths. Through Beyond Zero there has been a scale up of pre-natal medication and assistance during birth largely because of the advocacy and high-level sensitization that have been enhanced through Mobile clinics. The first Beyond Zero Medical Safari was held in Narok County on 11th to 13th September 2018 and over 4,000 patients were seen. The Narok County eMTCT business plan was also launched to pave way for the county's target of less than 5% transmission rate of HIV from mother to child. Other counties that have since held their medical safaris are Kisumu and West Pokot.



vii. Staff Recruitment and Retention

NACC is an equal opportunity employer and does NOT discriminate any applicant on the basis of their HIV status, ethnic background, sex, religion, disability, or marital status yet attentive to gender, regional and ethnic balance.

The NACC's commitment to people is ingrained in the HR policy. Employees are the most important resource to the Council. Through their commitment, passion and determination, the NACC has achieved its objectives.

viii. Staff Competence Development

The NACC continually invests in staff competence development. These are programmes aimed at redressing skill gaps for improved employee performance and effectiveness continues access to a pool of qualified staff for efficient performance, succession planning and overall strategic direction. The process of training is continuous and adjudicated by a committee that reviews the training needs on a monthly basis and makes appropriate recommendations for approval. During the year under review, 13M Shillings was invested in staff competence development.

ix. Staff Benefits and Welfare

The NACC has outsourced a comprehensive medical cover for Board members, employees and their dependents. The cover has incorporated an Employee Assistance Programme (EAP) which allows staff to access counselling services. Other benefits include gratuity, group life cover and personal accident cover.

REPORT OF THE NACC BOARD

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the NACC affairs.

Principal activities

The principal activities of the entity are:

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

Results

The results of the entity for the year ended June 30, 2019 are set out on page 58

Directors

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

The term of Alice Gimose expired in November 2018. Two members, Stella Kawira Njagi (Dr) and Waston Litunya (Dr) were appointed to the NACC Board in December 2018. Further, the Board Chairperson was re appointed in June 2019 to serve a second term.

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The NACC's reported surplus consisted of funds for on-going programs and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board


.....
Chairperson NACC

30/9/2019
.....
Date

STATEMENT OF BOARD RESPONSIBILITIES

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

The NACC Board is responsible for the preparation and presentation of the NACC's financial statements, which give a true and fair view of the state of affairs of the NACC for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;

1. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
2. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
3. Safeguarding the assets of the NACC;
4. Selecting and applying appropriate accounting policies; and
5. Making accounting estimates that are reasonable in the circumstances.

The NACC Board accept responsibility for the NACC's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Board is of the opinion that the NACC's financial statements give a true and fair view of the state of NACC's transactions during the financial year ended June 30, 2019, and of the NACC's financial position as at that date. The Board further confirm the completeness of the accounting records maintained for the NACC which have been relied upon in the preparation of the NACC's financial statements as well as the adequacy of the systems of internal financial control.

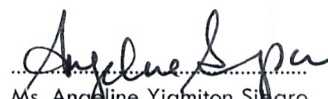
Nothing has come to the attention of the Board to indicate that the NACC will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The entity's financial statements were approved by the Board on 26th September, 2019 and signed on its behalf by:



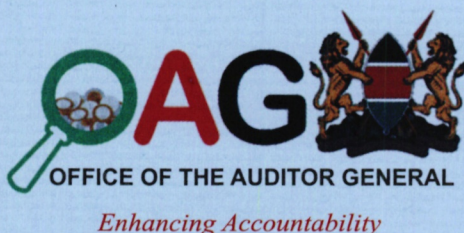
.....
Dr. Nduku Kilonzo
Chief Executive Officer



.....
Ms. Angeline Yiamiton Sibaro
Chairperson

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AIDS CONTROL COUNCIL FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Aids Control Council set out on pages 58 to 79, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows, statements of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Aids Control Council as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with National Aids Control Council Order, 1999 and Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Aids Control Council Management in accordance with ISSAIs 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Contingent Liability

I draw attention to Note 33 to the financial statements which indicates that the Council is facing claims and litigations from several suppliers for which a contingent liability of Kshs.10,000,000 has been disclosed. Management has indicated that they are satisfied with the adequacy and appropriateness of the balances disclosed.

My opinion is not modified in respect of this matter.

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. I have determined that there are no key audit matters to communicate in my report.

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, 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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

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

Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Council 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in

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

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

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

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

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

16 February, 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2019

**NATIONAL AIDS CONTROL COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2018/2019 Ksh	2017/2018 Ksh
Revenue from non-exchange transactions			
Public contributions and donations	5	50,464,307	65,883,467
Transfers from other governments	6	1,084,566,350	858,043,453
Deferred revenue	7	-	-
		1,135,030,657	923,926,920
Revenue from exchange transactions			
Rendering of services	8	1,470,000	631,034
Other income	9	8,402,834	13,162,858
		1,144,903,491	937,720,813
Expenses			
Employee costs	10	462,242,825	429,844,427
Depreciation and amortization expense	11	16,170,828	24,671,415
Repairs and maintenance	12	11,761,289	8,995,058
Program management expense	13	437,569,345	567,400,356
*General expenses	14	138,606,621	152,622,194
Council Expenses	15	8,384,867	9,745,189
Finance costs	16	3,487,388	2,880,151
		1,078,223,162	1,196,158,790
Other Gains/(Losses)			
Gain on sale of assets	17	220,700	743,387
		66,901,030	(257,694,591)

FY 2017/18 Re-stated. See note 28 on restatement

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

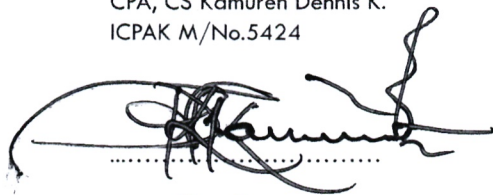
NATIONAL AIDS CONTROL COUNCIL STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

Assets	Note	2018/2019 Ksh	2017/2018 Ksh
Current Assets			
Cash and cash equivalents	18	855,592,634	834,396,362
Inventories	19	9,589,177	9,382,590
Receivables from exchange transactions	20	10,009,348	54,584,967
Receivables from non-exchange transactions	21	21,455,521	27,307,629
		896,646,681	925,671,547
Non-current assets			
Property, plant and equipment	22	23,963,490	30,629,960
Capital Work in Progress	23	18,276,874	18,276,874
Total assets		938,887,045	974,578,381
Liabilities			
Current liabilities			
Trade and other payables	24	16,196,904	35,723,934
Provisions	25	3,500,000	2,940,600
Employee benefit obligation	26	69,096,764	68,187,139
Deferred Revenue	7	100,000,000	100,000,000
		(188,793,668)	(206,851,673)
		750,093,377	767,726,708
Funds and Reserves			
*Accumulated surplus		750,093,377	767,726,708
Total funds and liabilities		750,093,377	767,726,708

FY 2017/18 Re-stated. See note 28 on restatement

The Financial Statements were signed on behalf of the Board by:

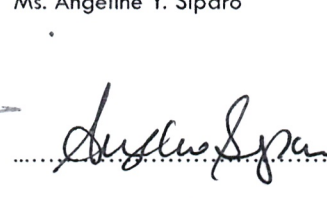
Deputy Director F&A
CPA, CS Kamuren Dennis K.
ICPAK M/No.5424


Date: September 30, 2019

Chief Executive Officer
Dr Nduku Kilonzo


Date: 30/09/2019

Chairperson of the Board
Ms. Angeline Y. Siparo


Date: 30/9/2019

STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED JUNE 30, 2019

STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED JUNE 30, 2019

	ACCUMULATED SURPLUS	TOTAL
Balance as at July 1, 2017	1,058,463,168	1,058,463,168
Refund of unutilized TOWA funds	(33,041,869)	(33,041,869)
Deficit for the year	(257,694,591)	(257,694,591)
Balance as at June 30, 2017	767,726,708	767,726,708
Balance as at July 1, 2018	767,726,708	767,726,708
Refund of unutilized TOWA funds	(84,064,292)	(84,064,292)
Refund UNFPA funds	(470,070)	(470,070)
Deficit for the year	66,901,030	66,901,030
Balance as at June 30, 2019	750,093,377	750,093,377

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2019

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2019

	Note	2018/2019 Ksh.	2017/2018 Ksh.
Cash flows from operating activities			
Receipts			
Public contributions and donations	5	50,464,307	65,883,467
Government grants and subsidies	6	1,084,566,350	858,043,453
Rendering of services	8	1,470,000	631,034
Total Receipts		1,136,500,657	924,557,954
Payments			
Compensation of employees	10	(462,242,825)	(429,844,427)
Goods and services	12-15	(596,322,121)	(738,762,797)
Finance cost	16	(3,487,388)	(2,880,151)
Total Payments		(1,062,052,334)	(1,171,487,375)
Decrease in non-current receivables	20-21	50,427,726	(21,582,370)
Increase in payables	24-26	(18,058,005)	123,144,915
Increase in inventories	19	(206,587)	1,498,266
Net cash flows from operating activities		106,611,458	(143,868,610)
Cash flows from investing activities			
Interest income	9	8,402,834	13,162,858
Purchase of property, plant, equipment	22	(9,504,359)	(43,338,760)
Proceeds from sale of property, plant and Equipment	17	220,700	743,388
Net cash flows used in investing activities		(880,825)	(29,432,514)
Financing activities			
Refund-unutilized TOWA funds	28	(84,534,362)	(33,041,869)
Net increase/(decrease) in cash and cash equivalents		21,196,271	(206,342,992)
Cash and cash equivalents at 1 JULY	18	834,396,362	1,040,739,354
Cash and cash equivalents at 30 JUNE		855,592,633	834,396,362

**NATIONAL AIDS CONTROL COUNCIL
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	Original budget 2018-2019	Adjustments 2018-2019	Final budget 2018-2019	Actual on comparable basis 2018-2019	Performance difference 2018-2019	Performance difference (%)
	Ksh	Ksh	Ksh	Ksh	Ksh	
Revenue						
Public contributions and donations	55,000,000		55,000,000	50,464,307	4,535,693	8%
Government grants and subsidies	717,110,562		717,110,562	717,110,562	-	0%
Grants from development partners	367,455,788		367,455,788	367,455,788	-	0%
Finance Income			-	8,402,834	(8,402,834)	0%
Gains on disposal	-		-	220,700	(220,700)	0%
Rendering of service	-	-	-	1,470,000	(1,470,000)	0%
Total income	1,084,566,350	-	1,084,566,350	1,145,124,191	(5,557,841)	-5%
Expenses						
Compensation of employees	510,800,000	-	510,800,000	462,242,825	48,557,175	10%
Finance cost	3,500,000	-	3,500,000	3,487,388	12,612	0%
Rent paid	60,000,000	(2,000,000)	58,000,000	54,561,746	3,438,254	6%
Other payments (program and admin costs)	510,266,350	2,000,000	512,266,350	541,760,375	(29,494,025)	-6%
Total expenditure	1,084,566,350	-	1,084,566,350	1,062,052,334	22,514,016	2%
Surplus for the period	-	-	-	83,071,857	(83,071,857)	

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. This standard has no impact on NACC financial statements.

NOTES TO FINANCIAL STATEMENTS

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>This standard has no impact on NACC's financial reporting</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>This standard has no impact on NACC's financial reporting</p>

- iii. Early adoption of standards

The NACC did not early – adopt any new or amended standards in year 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Grants from National Government

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

ii) Revenue from exchange transactions

Rendering of services

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

Interest income

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

b) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The NACC budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current income tax

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

d) Property, plant and equipment

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

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

Nature of Asset	Rate
Motor Vehicles	25%
Computers	33.3%
Office Equipment	20%
Furniture and Fitting	12.50%

Leases

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

e) Financial instruments

Financial assets

Initial recognition and measurement

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

Receivables

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

Financial liabilities

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

f) Inventories

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

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

g) Provisions

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

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

h) Contingent liabilities

The NACC does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

i) Contingent assets

The NACC does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Related parties

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

o) Cash and cash equivalents

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

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 25 - 27. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

NOTES TO FINANCIAL STATEMENTS

	2018/2019 Ksh	2017/2018 Ksh
5 Public contributions and donations		
This consisted of financial support to NACC during the year.		
Bill and Melinda Gates	16,350,390	12,525,000
Georgetown University	15,248,614	-
International AIDS Society	-	1,882,686
Global Fund support for Research HUB	-	2,537,468
FORD foundation	-	11,090,979
UNDP /UNFPA/UNICEF/UNOP	2,849,124	16,558,020
World Health Organization	2,254,948	1,969,352
Barclays	1,500,000	-
World AIDS Campaign International	2,884,387	-
Revenue from Rockefeller Foundation	-	16,694,460
Avenir Health care Inc	8,937,689	-
Other miscellaneous donations and support	439,155	2,625,502
	50,464,307	65,883,467
6 Transfers from government-appropriations and grants		
GOK-Recurrent	650,670,562	643,680,000
GOK-Development	66,440,000	45,500,000
Global Fund Grants	367,455,788	168,863,453
	1,084,566,350	858,043,453
7 Deferred revenue		
This refers to funds disbursed for capital a project that had not been utilized		
Opening balance	100,000,000.00	-
Addition during the year	-	100,000,000
Transferred during the year	-	-
	100,000,000	100,000,000
8 Rendering of service		
This represents receipts for provision of services.		
Maisha conference proceeds	1,370,000	-
Maisha certification	100,000	631,034
Research services	-	-
	1,470,000	631,034
9 Other Income		
This represents interest earned from bank deposits during the period.		
Interest earned	8,402,834	13,162,858

NOTES TO FINANCIAL STATEMENTS

	2018/2019 Ksh	2017/2018 Ksh
10 Employee costs		
Basic Salary	204,272,942	193,971,748
House Allowance	60,534,039	59,713,701
Remuneration Allowances	31,170,156	30,978,104
Staff Gratuity	74,757,472	59,081,536
Staff Medical Insurance	45,442,288	44,455,320
Other Allowances	7,618,163	3,790,101
Non Practicing allowance	480,000	600,000
Acting/Special duty Allowance	892,828	845,967
Leave allowance	3,096,802	2,230,748
Employer NSSF Contribution	364,800	357,200
CACC responsibility allowances	33,323,333	33,820,000
Casual Wages	290,000	-
	462,242,825	429,844,427
11 Depreciation and amortization expense		
Motor Vehicles Depreciation	-	-
Computer equipment depreciation	6,323,780	14,340,293
Office Equipment Depreciation	4,013,161	3,702,883
Furniture & Fittings Depreciation	5,833,887	6,628,239
	16,170,828	24,671,415
12 Repairs and maintenance		
Repairs and Maintenance General	5,101,587	3,925,083
Motor Vehicles Repairs & Maintenance	5,807,075	4,212,703
Office Equipment & Furniture Repairs	852,626	857,272
	11,761,289	8,995,058
13 Program management expenses		
These were expenses incurred by NACC in executing its mandate.		
Travel expense	303,592,056	279,398,770
Design printing and publishing	16,646,786	14,012,683
Hire charges	55,901,612	59,746,623
Advertising	18,651,980	110,868,924
Conferences and Workshops	22,711,008	42,580,201
Consulting fees	20,065,902	60,793,155
	437,569,345	567,400,356

NOTES TO FINANCIAL STATEMENTS

		2018/2019 Ksh	2017/2018 Ksh
14	The following are included in general expenses:		
	Audit fees	4,059,400	8,001,000
	Consumables	8,797,630	7,635,517
	Utilities	2,742,980	3,547,277
	Fuel and oil	7,556,022	7,203,947
	Insurance	179,301	8,520,105
	Legal expenses	641,938	220,000
	Licenses and permits	2,287,237	3,672,290
	Postage	503,400	536,108
	Stationery	22,601,722	18,749,757
	Rent	54,561,746	56,135,011
	Security costs	1,395,400	1,199,000
	Telecommunication	13,887,368	17,293,710
	Training	11,379,168	12,708,950
	Membership and subscriptions	710,031	1,223,275
	Provision for bad debts	-	251,286
	Penalties	-	1,522,533
	Other General expenses	7,303,279	4,202,428
		138,606,621	152,622,194
15	Board Expenses		
	Sitting Allowance	4,720,000	4,362,000
	Travel allowance	173,600	502,428
	Meal Allowance	96,000	106,000
	Per Diem Allow	1,583,400	1,808,575
	Air Time	84,000	84,000
	Chair Honoraria	960,000	960,000
	Medical insurance	767,867	1,922,186
		8,384,867	9,745,189
16	Finance Costs		
	These were charges levied by banks to NACC during the year.		
	Bank charges	3,487,388	2,880,151
17	Gain on sale of assets		
	During the year under review, NACC disposed obsolete and unused items that had been fully depreciated.		
	Proceeds from sale	220,700	743,387
	Less Cost of items disposed	(813,449)	(8,913,698)
	Add Accumulated depreciation	813,449	8,913,698
		220,700	743,387

NOTES TO FINANCIAL STATEMENTS

	2018/2019 Ksh	2017/2018 Ksh
18	Cash and cash equivalents	
	Barclays Bank -Recurrent vote account	287,028,272
	Citibank -Development vote account	110,329,915
	Stanchart -UNDP project account	2,485,616
	NIC Bank -UNFPA Operating project account	106,776
	NIC Bank -Global Fund project account	21,329,381
	Citibank -TOWA Project Account	120,557,245
	Coop Bank - IRAPP Project Account	1,210,920
	NIC GLOBA FUND-KN-H-TNT-1547	265,032,797
	NIC Bank- Gratuity Fund Account	47,511,712
	855,592,634	120,669,000
		380,441,632
		2,497,686
		1,244,248
		79,960,862
		201,659,510
		1,212,020
		-
		46,711,402
		834,396,362
19	Inventories	
	Office consumables	9,589,177
		9,382,590
20	Receivables from exchange transactions	
	Deposits	10,009,348
	Prepayments	-
	10,009,348	10,009,348
		44,575,619
		54,584,967
21	Receivables from non-exchange transactions	
	F.O Advance	11,478,399
	Advances to DTC	19,613,358
	Advance to FMA	53,088,338
	Direct advances to implementers	2,868,409
	Advances to CACCs	6,326,844
	Advances - World AIDS Day	2,161,700
	ACU Advances	3,697,926
	Staff Imprest Advances	2,420,600
	Other advances	1,360,040
	Less Impairment	(81,560,092)
	21,455,521	11,310,599
		19,613,358
		53,088,338
		4,143,506
		8,305,835
		2,161,700
		3,697,926
		4,599,248
		1,947,211
		(81,560,092)
		27,307,629

NOTES TO FINANCIAL STATEMENTS

22 Property, plant and equipment

	Motor Vehicles	Computers	Office Equipment	Furniture & fittings	Total
Cost	Ksh	Ksh	Ksh	Ksh	Ksh
At 30 June 2017	283,099,001	131,668,344	80,337,634	72,521,302	567,626,281
Additions	-	7,115,704	3,625,230	14,320,952	25,061,886
Disposals	(8,558,893)	-	-	(354,805)	(8,913,698)
At 30 June 2018	274,540,108	138,784,048	83,962,864	86,487,449	583,774,469
Additions	-	5,608,875	1,982,948	1,912,536	9,504,359
Disposals	-	(611,049)	(92,400)	(110,000)	(813,449)
At 30 June 2019	274,540,108	143,781,874	85,853,412	88,289,985	592,465,379
Depreciation					
At 30 June 2017	283,099,001	117,801,714	72,729,503	63,756,574	537,386,792
Depreciation	-	14,340,293	3,702,883	6,628,239	24,671,415
Disposals	(8,558,893)	-	-	(354,805)	(8,913,698)
Transfer/ adjustments	-	-	-	-	-
At 30 June 2018	274,540,108	132,142,007	76,432,386	70,030,008	553,144,509
Depreciation	-	6,323,780	4,013,161	5,833,887	16,170,828
Disposals	-	(611,049)	(92,400)	(110,000)	(813,449)
At 30 June 2019	274,540,108	137,854,738	80,353,148	75,753,895	568,501,888
Net book values					
At 30 June 2019	0	5,927,136	5,500,265	12,536,090	23,963,490
At 30 June 2018	-	6,642,041	7,530,478	16,457,441	30,629,960

During the year under review, the process of revaluation of motor vehicles was initiated and is expected to be completed in FY 2019/20 together with the other classes of assets.

23	Capital Work In Progress	2018/2019	2017/2018
		Ksh	Ksh
	Opening Balance	18,276,874	-
	Additions during the year	-	18,276,874
		18,276,874	18,276,874
24	Trade and other payables from exchange transactions		
	Payable to suppliers of goods and services	8,803,635	19,272,403
	Other payables	7,393,268	16,451,530
		16,196,904	35,723,934
25	Provisions		
	Audit fees		
	Opening balance	2,940,600	820,800
	Payments during the year	(3,500,000)	(5,881,200)
	Provision for the year	4,059,400	8,001,000
	Closing balance	3,500,000	2,940,600

NOTES TO FINANCIAL STATEMENTS

		2018/2019	2017/2018
		Ksh	Ksh
26	Employee benefit obligation		
	Staff gratuity		
	Opening balance	68,187,139	49,286,655
	Payments during the year	(73,847,848)	(40,181,052)
	Provision for the year	74,757,472	59,081,536
	Closing balance	69,096,764	68,187,139
27	Provision for doubtful debts		
	The outstanding advances listed below were considered doubtful		
	First World AIDS Day Commemoration Advance	2,161,700	2,161,700
	ACU Advances	3,697,926	3,697,926
	District Technical Committees	19,613,358	19,613,358
	Advances to former employees	2,216,487	2,216,487
	Community Based Organizations	782,283	782,283
	TOWA PSI Advances	53,088,338	53,088,338
		81,560,092	81,560,092
28	Reinstatement		
	In FY 2017/18 the provision for bad and doubtful debts under general and administrative expenses was erroneously overstated by Ksh 1,965,196. A restatement has been done to rectify this error.		
29	Funds from GLOBAL FUND		
	Fund Balance at the beginning of the Year	76,099,573	225,684,527
	Receipts from GF during the year	367,455,788	168,863,453
	Interest earned on deposits	4,258,904	4,670,892
		447,814,265	399,218,872
	Payments made during the year	(163,538,480)	(323,119,299)
	Fund balance at the end of the year	284,275,785	76,099,573
	Represented by		
	Cash at bank	286,362,178	79,960,862
	Add outstanding advances	299,050	2,528,196
	Less payables	(2,385,443)	(6,389,485)
		284,275,785	76,099,573

NOTES TO FINANCIAL STATEMENTS

30 Operating Lease Obligation

Within one year	57,053,982	35,370,259
After 1 year but not later than 5 years	285,269,910	-
Total Commitments	342,323,892	35,370,259

The NACC lease for office premises expired in February 2019 and was renewed for a 6 year term from March 1, 2019. The lease stipulates that rent is payable on quarterly in advance in US Dollars. An exchange rate of Ksh 100 to USD has been used for the five year projection.

31 Related Party Balances

Nature of related party relationships

Entities and other parties related to the NACC include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The NACC is related to:

- i. The National Government;
- ii. The Ministry of Health.
- iii. Other state corporations
- iv. Key Management
- v. Board of directors

Related party disclosures

	2018/19	2017/18
a) Rendering of services to other government agencies		
Maisha Certification	100,000	631,034
b) Government Transfers through parent ministry	1,084,566,350	858,043,453
c) Management remuneration		
Board emoluments	8,384,867	9,745,189
Compensation to the CEO	8,566,652	12,147,337
Compensation to key management	105,214,723	105,976,205
	122,166,242	127,868,731

32 Financial Risk Management

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

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

i) Credit risk

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

NOTES TO FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT - CREDIT RISK

	Total Amount Kshs	Fully Performing Kshs	Past Due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	10,009,348.35	10,009,348.35	-	-
Receivables from non-exchange transactions	103,099,962.75	19,574,669.90	-	83,525,292.85
Bank balances	855,583,918.17	855,583,918.17	-	-
Total	968,693,229.27	885,167,936.42	-	83,525,292.85
At 30 June 2018				
Receivables from exchange transactions	25,342,428.19	25,342,428.19	-	-
Receivables from non-exchange transactions	108,867,720.69	25,342,428.19	-	83,525,292.50
Bank balances	834,396,361.60	834,396,361.60	-	-
Total	968,606,510.48	885,081,217.98	-	83,525,292.50

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

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the NACC board who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The NACC manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

iii) Market risk

The NACC board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the NACC's expenses. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

a) Foreign currency risk

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

The NACC did not have foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

b) Interest rate risk

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

Management of interest rate risk.

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

NOTES TO FINANCIAL STATEMENTS

33 Contingent Liability

	No. Case Number	Parties	2018/19	2017/18
1	CMCC NO 61 OF 2013	Huzzan Printers and Stationery Limited VS NACC	5,000,000	5,000,000
2	CMCC NO. 1184 OF 2015	Patrick Mbiyu Kagiri vs NACC	3,000,000	3,000,000
3	Petition no. 50 of 2017	Willis Ochar vs NACC	2,000,000	2,000,000
	Total		10,000,000	10,000,000

APPENDIX I: 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.

Issue/Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status
Included in the Cash and Cash equivalent balance of Ksh. 834 Million there was unreconciled difference of Ksh. 1,101 and consequently the validity of bank balance could not be confirmed.	All NACC bank accounts were reconciled and bank reconciliations were availed to the audit team during the annual audit.	Head Finance	Resolved
Trade and other payables balance of Ksh 35 Million includes long outstanding payables of Ksh 11.6Million. Consequently the validity of the payables balance could not be ascertained	The outstanding suppliers at the end of financial year were subsequently paid after the end of the financial year. Evidence of these payments were availed to the audit team subsequent to the audit.	Head Finance	Resolved

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1 Global Fund	KEN-H-TNT_1547	Global Fund	Jan 2018- June 2021	Ksh 709,999,904.04	Yes	Yes

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1 Global Fund	Ksh 709,999,904.04	Ksh 301,129,341.36	51%	Ksh 709,999,904.04	Ksh 301,129,341.36	Global Fund

APPENDIX III: INTER-ENTITY TRANSFERS

National AIDS Control Council .			
Break down of Transfers from the Ministry of Health			
FY 2018/2019			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY to which the amounts relate</u>
	11/10/2018	162,667,640	2018/2019
	8/1/2019	162,667,641	2018/2019
	06/05/2019	325,335,281	2018/2019
	Total	650,670,562	2018/2019
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY to which the amounts relate</u>
	16/11/2018	17,600,000	2018/2019
	16/11/2018	15,620,000	2018/2019
	24/06/2019	15,620,000	2018/2019
	24/06/2019	17,600,000	2018/2019
	Total	66,440,000	2018/2019
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY to which the amounts relate</u>
	Nil		
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY to which the amounts relate</u>
Global Fund	29/10/2018	100,982,637.50	2018/2019
	18/11/2018	94,567,379	2018/2019
	25/04/2019	171,905,771.40	2018/2019
	Total	367,455,788	2018/2019

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

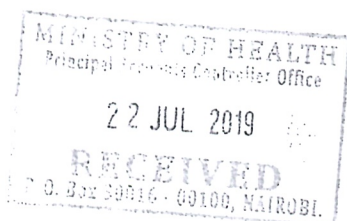
Finance Manager
NACC

[Signature]
CPA - KEN NYAMOLO
HEAD FINANCE
NATIONAL AIDS CONTROL

Sign
Date: 19/7/2019

Head of Accounting Unit
Ministry of Health

Sign *[Signature]*





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