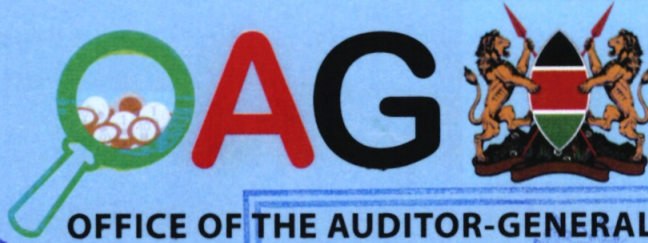


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 05 DEC 2024

DAY:

Thursday

OF

TABLED
BY:

Hon. Kimani Ichung'uth
(Leader of the Majority Party)

CLERK-AT
THE-TABLE:

Anastacia

THE AUDITOR-GENERAL

ON

**GLOBAL FUND – TO REDUCE MALARIA
INCIDENCE AND DEATHS BY AT LEAST 75 PER
CENT OF THE 2016 LEVELS BY 2023, WORKING
TOWARDS MALARIA-FREE KENYA PROGRAM
(GRANT AGREEMENT NO. KEN-M-TNT-2064)**

FOR THE YEAR ENDED

30 JUNE, 2024

THE NATIONAL TREASURY

PARLIAMENT
OF KENYA
LIBRARY

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
★ 30 OCT 2024 ★
NATIONAL TREASURY OFFICE
TREASURY BUILDING



**PROJECT NAME: TO REDUCE MALARIA INCIDENCE AND DEATHS BY AT
LEAST 75 PERCENT OF THE 2016 LEVELS BY 2023, WORKING TOWARDS A
MALARIA-FREE KENYA**

IMPLEMENTING ENTITY: THE NATIONAL TREASURY

PROJECT GRANT/CREDIT NUMBER: KEN-M-TNT NO.2064

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE, 2024

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

*To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023,
working towards a malaria-free Kenya
Annual Report and Financial Statements for the financial year ended 30th June, 2024*

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1. Acronyms and Definition of Terms

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

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is **To Reduce Malaria Incidence and Deaths by at least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya**

Objective

The key objective of the project is to reduce malaria incidence and deaths by at least 75 percent of the 2016 levels by 2023, working towards a malaria-free kenya

Address

The project headquarters offices are in Nairobi, Nairobi County, Kenya. The address of its registered office is 30007-00100, Nairobi, Kenya

Contacts: The following are the project contacts

P.O. Box 30007-00200

Telephone: (254) (020) 2252299

E-mail: info@treasury.go.ke

Website: treasury.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	01.07.21
Project End Date:	30.06.24
Project Coordinator:	Mr. Feisal Mohamed Awer
Project Sponsor:	Global Fund

2.3 Project Overview

Line Ministry and State/ County Department	The project is under the supervision of the National Treasury
Project number	KEN-M-TNT NO.2064
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> (i) To protect 100% of people living in malaria risk areas through access to appropriate malaria preventive interventions by 2023, (ii) To manage 100% of malaria suspected cases according to Kenya Malaria Treatment Guidelines by 2023 (iii) To establish systems for malaria elimination in targeted counties by 2023, (iv) To increase utilization of appropriate malaria interventions in Kenya to at least 80% by 2023. (v) To strengthen malaria surveillance and use of information to improve decision making for program performance, <p>To provide leadership and management for optimal implementation of malaria interventions at all levels, for the achievement of all objectives by 2023.</p>

***To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023, working towards a malaria-free Kenya
Annual Report and Financial Statements for the financial year ended 30th June, 2024***

<p>Summary of Project Strategies for achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) Provision of long-lasting insecticides treated nets through mass campaign and routine distribution, distribution, implementation of targeted indoor residual spraying for insecticide resistance management and to protect the efficacy of the LLINs, and targeted larval source management for comprehensive and effective vector control, (ii) Prevention of malaria in pregnancy through provision of three or more doses of IPTp-SP during antenatal care, and the training of CHVs and IPTp referral. (iii) Scale-up of access to malaria diagnosis and treatment through provision of ACTs and RDTs, improvement in capacity of healthcare workers, and scale-up of community case management, (iv) Monitoring, evaluation and operational research, including epidemic preparedness and response to improve decision making for program performance <p>Establishment of structures and capacity at the national and county- levels to coordinate and drive implementation of the elimination agenda Strengthening of malaria social behaviour change structures and efforts for all malaria interventions, including for elimination.</p>
<p>Other important background information of the project</p>	<p>None</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) Malaria cascade management (ii) Program management

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	(iii) Health Management Information Systems and M&E (iv) Specific malaria prevention interventions Vector control
Project duration	Three (3) Years

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

(i) PROJECT SPECIAL BANK ACCOUNT

NCBA Bank Ltd
 Account No.: 1005429982

(ii) LOCAL ACCOUNT

NCBA Bank Ltd
 Harambee Branch
 NAIROBI
 Account No: 1005363717

2.5 Independent Auditor

The project is audited by:
 Office of the Auditor-General-Kenya
 Anniversary Towers
 Monrovia Street
 P.O. Box 30084 – 00100,
 NAIROBI

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Dr Chris Kiptoo, CBS	Principal Secretary National Treasury	PhD Finance (International Macroeconomics Finance), Master of Science (Ag. Economics), Bachelor of Science (Ag. Economics)	Accounting Officer
Feisal A. Mohamed	Assistant Director	MSc Comparative Political Economy, BSc Financial Mathematics	Global Fund Coordinator

***To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023,
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Anthony Miiru	Program Officer- Malaria	Bachelor's in Environmental Health	Malaria Programme Officer
Dr. Peter Kimuu	Senior Program Officer-TB	MBChB, MSC, DLSHTM, DQHC & DTMPH	Senior Programme Officer
Dr. Clare Obonyo	Pharmacist	MPH, B.Pharmacy, Higher Dip in MIS	Pharmacist
Brenda Opanga	Program officer - HIV	MA Program Planning and Management, MPH, Epidemiology and Disease Control, Bsc FND	HIV Program Officer
Simon Kibia	Senior Finance Officer	BA(Econ), CPA(K)	Senior Finance Officer
Cornelius Muthiani	Finance Officer-TB	EXECUTIVE MBA, BCOM, CPA(K)	Finance Officer TB
Catherine A.Maneno	Finance Officer - HIV	MSC(FIN), BCOM (FIN), CPA(K), DIP IN ACCTS.	Finance Officer HIV
Fridah K.Matumo	Accounts Assistant	BA, CPA(K)	Accounts Assistant
Teresa W.Kariuki	Internal Auditor-TB	BCOM(FIN) CPA SEC4	Internal Auditor
Kennedy Kithuka	Principal Internal Auditor	MBA, BA(ANTHROPOLOGY), CPA FINALIST	Internal Auditor in charge
Michael C. Mukanzi	Principal Accountant	BCOM (FINANCE), CPA (K), CIFA	Accountant-in-charge
Nancy Mbogo	Principal Internal Auditor	CPA (K)	Principal Internal Auditor
Ronald Otsola	Accountant II	BCOM (FINANCE), CPA (K)	In-charge of Examination section

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Matayo Wangalwa	Finance Officer Malaria	MBA(FINANCE), BCOM (FINANCE), CPA(K), DIPLOMA IN BUSINESS MANAGEMENT	In-charge of Malaria Grant
Miriam Kundu	Assistant Director Supply Chain Management Services	BA(ECON/MATHS) ADVANCED DIP. IN SUPPLY CHAIN MANAGEMENT	Procurement officer for the PMU

2.7 Funding summary

The Project is for duration of three (3) years from 2021 to 2024 with an approved budget of US\$.64,702,311 (Included in the figure is Covid-19 funds amounting to USD.884,406) equivalent to Kshs.7,973,229,924.80. The Project is being implemented by the National Treasury (Principal Recipient) and National Malaria Control Programme (NMCP) at Ministry of Health. However, we will be reporting on Principal Recipient (NT) funding only as highlighted in the table below:

*To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023, working towards a malaria-free Kenya
Annual Report and Financial Statements for the financial year ended 30th June, 2024*

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2024)		Undrawn balance to date	
	Donor currency USD	Kshs	Donor currency Kshs	Kshs	Donor currency USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant						
Global Fund	40,479,636.00	4,728,021,484.80	11,312,176.35	1,346,700,915.00	29,167,459.65	3,381,320,569.80
Cumulative interest earned				963,575.71		
Transfer from old Grant				7,736,184.00		
Transfer from KEMSA				310.00		
(ii) Counterspart funds						
Government of Kenya	-	970,794,402.00		645,713,804.00		325,080,598.00

To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023, working towards a malaria-free Kenya
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Source of funds	Donor Commitment		Amount received to date – (30 th June 2024)		Undrawn balance to date	
	Donor currency USD	Kshs	Donor currency Kshs	Kshs	Donor currency USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
Total	40,479,636.00	5,698,815,886.80	11,312,176.35	2,001,114,788.71	29,167,459.65	3,706,401,167.80

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date (30th June 2024)	
	Donor currency USD	Kshs	Donor currency USD	Kshs	Donor currency USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
Global Fund	11,312,176.35	1,346,700,915.00	11,155,786.59	1,327,872,905.00	156,389.76	18,828,010.23
		963,575.71	-	-		963,575.71
		7,736,184.00	-	-		7,736,184.00
		310.00	-	-		310.00
(i) Counterpart funds						
Government of Kenya		645,713,804.00		645,713,804.00		-

*To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023, working towards a malaria-free Kenya
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Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date (30 th June 2024)	
	Donor currency USD	Kshs	Donor currency USD	Kshs	Donor currency USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Total	11,312,176.35	2,001,114,788.71	11,155,786.59	1,973,586,709.00	156,389.76	27,528,079.94

To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023, working towards a malaria-free Kenya

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

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *Budget performance against actual amounts for the current year and for cumulative to-date,*

Current FY=858,422,625/1,756,184,710=49%

Cumulatively= 2,917,757,245/3,443,383,341=85%

The performance was on track and within the 2023/24 budgetary provisions

- ii) *Physical progress based on outputs and outcomes since project commencement, A number of indicators were tracked during the financial year, and included HIS reporting, access to malaria in pregnancy interventions, malaria case management and access and use of Long-Lasting Insecticide treated nets, among others*

Nationally, malaria control interventions in the past decade have contributed to a reduction of malaria prevalence from 11.4% in 2010 to 5.8% in 2020

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

FY 2021/2022=557,199,867/671,212,074=83%

FY 2022/2023=564,999,382/694,061,273=81%

FY 2023/2024=858,422,625/1,756,184,710=49%

- iv) *Implementation challenges and recommend the next steps.*

The main implementation challenges were associated with the onset of the March – May 2024 floods. This caused a delay in completion of the mass LLIN campaign, as well as increased demand for commodities related to upsurge of malaria in affected areas.

2.9 Summary of Project Compliance:

- i) *Include significant cases of non-compliance with applicable laws and regulations, e.g., treasury circulars on project investment management, PFM Act 2012 and Kenya Vision 2030 flagship projects, and essential external financing agreements/covenants,*

-There were no cases of non-compliance with applicable laws and regulations.

- ii) *Not applicable*

- iii) *Not applicable*

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

The key development objectives of the *project's agreement/* plan are to:

- a) To manage 100% of suspected malaria cases according to the Kenya malaria treatment guidelines by 2023
- b) To strengthen malaria surveillance and use of the information to improve decision-making for programme performance
- c) To protect 100% of people living in malaria risk areas through access to appropriate malaria preventive interventions by 2023
- d) To increase utilization of appropriate malaria interventions in Kenya to at least 80% by 2023
- e) To establish systems for malaria elimination in targeted counties by 2023

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

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Below, we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
KEN-M-TNT (Malaria Grant)	To manage 100% of suspected malaria cases according to the Kenya malaria treatment guidelines by 2023	Malaria case management	Proportion of malaria confirmed cases that received first-line antimalarial treatment at public sector health facilities	Indicator recorded a performance of 84% against a target of 98%. Access to treatment was affected by COVID-19 pandemic (4.2 million patients against target of 5.0 million)
KEN-M-TNT (Malaria Grant)	To strengthen malaria surveillance and use of the information to improve decision-making for programme performance	Timeliness of reporting	Percentage of submitted monthly reports that are received on time per national guidelines	Performance of 93% against target of 100% was recorded.
KEN-M-TNT (Malaria Grant)	To protect 100% of people living in malaria risk areas through access to	Use of LLINs	Proportion of households with at least one insecticide-treated net for every two people and/or sprayed by IRS	40% households had access to LLINs (Source: KMIS 2020). Mass LLIN has been extended

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	appropriate malaria preventive interventions by 2023		within the last 12 months	to September 30, 2024
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4. Environmental and Sustainability Reporting

Global Fund Malaria Programme exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

KEN-M-TNT (Malaria grant) focus is to reduce malaria incidence and deaths by 75% of 2016 levels by 2023. The grant is based on and aligned with the Kenya Malaria Strategy 2019 – 2023, which provides a framework for guiding responses to the epidemic in Kenya, and is based on lessons learnt from past strategies.

i. Sustainability strategy and profile

Long term sustainability is a fundamental aspect of development and global health financing. It is essential that the country is able to scale up and sustain programs to achieve lasting impact in the fight against pandemics and to move towards eventual achievement of Universal Health Coverage. Countries that have experienced economic growth over the last decade are able to move progressively from external donor financing for health towards domestically funded systems that deliver results but must be supported to do so.

The Global Fund sustainability strategy is anchored on a well-articulated Sustainability, Transition and Co-financing Policy that outlines the high-level principles for engaging with countries for long term sustainability of Global Fund supported programs, as well as framework for ensuring successful transitions from Global Fund financing.

ii. Environmental performance

Through a statement on climate change and environmental sustainability dated 03 December 2021, the Global Fund expressed deep concern about the impact that environmental damage and climate change are having on human health and its disproportionate effect on the most vulnerable and disadvantaged communities. As a leading multilateral funder of grants for HIV, TB, malaria and COVID-19 programs and to strengthen health and community systems, Global Fund has an opportunity and responsibility to minimize impact on the environment, address the environmental and

To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023, working towards a malaria-free Kenya
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climate impact of procurement operations, and invest in and support and support countries to build climate - resilient and environmentally sensitive systems for health.

The statement emphasizes commitment by Global Fund to respond to multifaceted threats to human health arising from climate and environmental changes.

iii. Employee welfare

The Global Fund recruitment process is designed to enable the Global Fund to select the best applicant for a job based on objective and fair criteria. While the primary criterion for selection are competence and suitability to the job requirements, there is reasonable efforts to achieve and maintain diversity and geographical balance. Recruitment is made on competitive basis except where exceptionally authorized.

The Global Fund prohibits all forms of harassment, including sexual harassment and bullying. Sexual exploitation and any acts of sexual abuse or sexual assault are prohibited. A Code of Conduct applicable to all Global Fund employees regardless of the type or duration of contract is available. Through observance of this Code of Conduct, employees contribute to the kind of organizational culture the Global Fund expects internally, as well as its grant recipients, reflecting integrity, accountability, dignity and respect.

As outcomes, employees (1) earn and maintain the public trust necessary for the Global Fund to accomplish its mission, (2) uphold the fiduciary responsibilities of the Global Fund employees and those of the institution as a whole, and (3) create a positive, productive and motivating work environment.

iv. Marketplace practices-

a) Responsible Supply chain and supplier relations-

Global Fund grants are implemented in conformity with Global Fund policies and regulations. The policies and practices governing procurements ensures that awards are transparent and on a competitive basis, bidding process is clear to all prospective bidders, and contracts awarded only to contractors that possess the ability to successfully perform the contracts. The grant recipient, representatives and agents are expected to desist from any practice that is in violation of Code of Conduct for recipients or the Code of Conduct for suppliers in relation to such procurements.

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Further, recipient is required to maintain clear documentation of procurement processes.

b) Responsible ethical practices

The Global Fund collectively refers to corrupt practices, fraudulent practices, coercive practices, collusive practices, abusive practices, obstructive practices, retaliation, money laundering, and financing of terrorism as “prohibited practices”.

The Fund’s mission and four principles of transparency, partnership, performance-based financing, and country ownership set the strategic direction for the Fund’s approach to fraud and corruption prevention, detection and response. In this context, the Fund takes a zero-tolerance approach towards prohibited practices

c) Regulatory impact assessment

Ethical conduct is a hallmark of the Global Fund and applies to all those involved in its operations and governance. All actors abide by the organization’s core ethical values (duty of care, accountability, integrity, dignity and respect) as reflected in the Code of Conduct for Governance Officials. The Code of Conduct is applicable when exercising governance and oversight duties over Global Fund programs and activities.

v. Community Engagements

Corporate Social Responsibilities principals are not applicable for grant funds. Where possible, the Global Fund aims to open new opportunities to support community-based organizations. This goal includes allowing implementers of the Global Fund grants to fund small, unregistered organizations or collectives that serve key populations and other marginalized groups.

Global Fund grants are activity based applied towards prioritized interventions to fight AIDS, TB and Malaria.

5. Statement of Project Management Responsibilities

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

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

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

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

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

*To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023,
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Approval of the Project Financial Statements

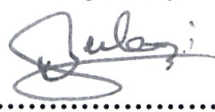
The Project financial statements were approved by the *Principal Secretary* for the National Treasury and the *Project Coordinator* on 30th September, 2024 and signed by:



.....
Dr. Chris Kiptoo, CBS
Principal Secretary



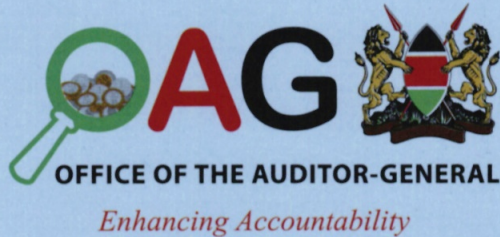
.....
Feisal M. Awer
Project Coordinator



.....
Michael C. Mukanzi
Project Accountant
ICPAK Member No:17538

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON GLOBAL FUND - TO REDUCE MALARIA INCIDENCE AND DEATHS BY AT LEAST 75 PERCENT OF THE 2016 LEVELS BY 2023, WORKING TOWARDS A MALARIA-FREE KENYA PROGRAM (GRANT AGREEMENT NO. KEN-M-TNT-2064) FOR THE YEAR ENDED 30 JUNE, 2024-THE NATIONAL TREASURY

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Global Fund – To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya Program (Grant Agreement No. KEN-M-TNT-2064) set out on pages 1 to 26, which comprise of the statement of financial assets as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Global Fund – To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya Program (Grant Agreement No. KEN-M-TNT-2064) as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Grant Agreement No. KEN-M-TNT-2064 dated 14 June, 2021 between Global Fund and Republic of Kenya and the Public Finance Management Act, 2012.

In addition, the special account statement presents fairly, transactions for the year, and the closing balance has been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Global Fund – To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya Program Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final total receipts budget of Kshs.1,756,184,710 against the actual receipts of Kshs.846,296,257 resulting to an under-funding of Kshs.909,888,453 or 52% of the budget.

Report of the Auditor-General on Global Fund – To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya Program (Grant Agreement No. KEN-M-TNT-2064) for the year ended 30 June, 2024-The National Treasury

Further, the funding summary of the financial statements reflects total funding commitment of Kshs.5,698,815,887 during the project's phase but only Kshs.2,001,114,789 was received by the Program as at 30 June, 2024 leading to an undrawn balance of Kshs.3,697,701,098 or 65% of the total commitment.

The underfunding affected the Program's planned activities and may have negatively impacted on effective service delivery to the public.

2. Pending bills

Annex 4(a) to the financial statements discloses an amount of Kshs.88,733,658 with respect to pending bills outstanding as at 30 June, 2024. Although Management has attributed the non-payment of the bills to challenges in exchequer releases, it should be noted that failure to settle the bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year. Further, pending bills could expose the Project to the risk of incurring unnecessary interests and penalties in case of litigations.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

Management is responsible for the other information set out on page (ii) to (xxii) which comprise of project information and overall performance and statement of performance against predetermined objectives, environmental and sustainability reporting and statement of project management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Global Fund – To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya Program financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and, accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Expired Contracts for Procurement of Goods

The statement of receipts and payments reflect amount of Kshs.781,737,910 in respect to purchase of goods and services as disclosed under Note 5 to the financial statements. The amount includes Kshs.560,521,410 in respect of specialized goods and materials. However, the audit noted the following unsatisfactory matters;

- i. Clause 3.2 of contract agreement no. GF ATM MAL NFM-2022/2023 OIT 01 dated 18 January, 2023 stated that the procuring entity (KEMSA) was to issue the supplier with a Local Purchase Order of the stated quantity within 30 days. However, a letter written by KEMSA dated 09 January, 2024, Ref KEMSA/GF-PROC/MAL OIT 01/24 requesting extension of contract to facilitate pending delivery and payments revealed that the contract period had lapsed and that the contract valued at USD.321,860 (equivalent to Kshs.41,680,870 at exchange rate of 129.5) was not fulfilled.
- ii. Clause 4 of contract agreement No. KEMSA/GOK-CPF/MAL-21/22-OIT-01 dated 28 January, 2022 stated that the delivery schedule was one (1) to sixteen (16) weeks from the effective date of contract signing. The contract was counterpart funded. However, there was no letter indicating extension of the contract even though as of 30 June, 2024, deliveries worth USD. 14,800 (equivalent to Kshs.14,866,600 at exchange rate of 129.5) were still outstanding.
- iii. Clause 3.1 of contract agreement No. KEMSA/GOK-CPF/MAL-2022/2023-OIT 01 dated 13 January, 2023 stipulates delivery to have been in one (1) to twelve (12) weeks from effective date of contract. However, there was no letter requesting extension of the contract even though as of 30 June, 2024, deliveries worth USD.21,603 (equivalent to Kshs.2,797,588 at exchange rate of 129.5) were still outstanding.

- iv. Clause 10 of contract agreement No. GF ATM MAL NFM-2022/2023-OIT 01 dated 18 January, 2023 stipulates that the contract term was one (1) year ending 17 January, 2024. Further, Clause 3.3 states that the delivery of the goods shall be on call off basis. However, as of 30 June, 2024 there was no extension letter from KEMSA even though deliveries worth USD.538,980 (equivalent to Kshs.69,797,910 at exchange rate of 129.5) were still outstanding.

In the circumstances, the public did not get value for orders that were not fully serviced by the suppliers due to non-delivery.

2. Slow Absorption of Project Funds

The Project's three (3) year duration ended on 30 June, 2024 although the grant closure guidelines provide for an additional six (6) months closure period from the implementation period end date. However, the cumulative amount received as at 30 June, 2024 as per the funding summary in the financial statements is Kshs.2,001,114,789 against a commitment of Kshs.5,698,815,887 representing an absorption rate of only 35% of the budget.

In the circumstances, the Project may not have achieved its objectives by the lapse of the Project's duration.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Weaknesses in the Management of Imprest for Daily Subsistence Allowance

The statement of receipts and payments reflects purchase of goods and services of Kshs.781,737,910 which, as disclosed in Note 5 to the financial statements, includes

Kshs.29,298,738 and Kshs.2,846,579 in respect of domestic travel and subsistence allowances and training respectively, all totalling to Kshs.32,145,317. Review of the supporting schedules and payment vouchers revealed that nine (9) staff were paid amounts totalling to Kshs.27,443,520 as daily subsistence allowance.

Although Management indicated that the nine officers were not the sole recipients of the allowances and that their names were used solely for imprest accounting purposes, this system is susceptible to abuse as the secondary recipients may not be liable for imprest issued to them through other officers. Further, there is no assurance that the imprest will be paid to the intended staff by the officers receiving the imprest on their behalf.

In the circumstances, the effectiveness of management control over imprest for daily subsistence allowance could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Grant Agreement No. KEN-M-TNT-2064, I report based on my audit that I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion, Information given in the Management's report on pages (ii) to (xxii) is consistent with the financial statements.

Basis for Conclusion

The Grant Agreement No. KEN-M-TNT-2064 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Global Fund – To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya Program's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 October, 2024

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

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		2023/2024			2022/2023			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Transfer from Government entities (CPF)	1	138,494,459	-	138,494,459	86,672,252	-	86,672,252	633,036,436
Proceeds from domestic and foreign grants	2	707,089,885		707,089,885	495,945,360	-	495,945,360	1,346,700,915
Transfer from NFM 2	2							7,736,184
Miscellaneous receipts	3	711,913		711,913	151,031		151,031	963,885
Total receipts		846,077,375		846,077,375	582,768,643	-	582,768,643	1,988,437,420
Payments								
Compensation to employees	4	20,969,756		20,969,756	19,840,882		19,840,882	60,627,750
Purchase of goods and services	5	781,737,910		781,737,910	542,502,049		542,502,049	1,861,622,714
Social security benefits	6	13,273,555		13,273,555	2,577,357		2,577,357	15,850,912
Acquisition of non-financial assets	7	16,463,965		16,463,965				16,463,965
Transfer to Kenya Co-ordinating Mechanism	8	6,344,000		6,344,000				6,344,000
Total payments		838,789,186	-	838,789,186	564,920,192	-	564,920,192	1,960,909,341
Surplus/ (deficit)		7,507,071	-	7,507,071	17,848,355	-	17,848,355	27,528,079



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

.....
Dr. Chris Kiptoo, CBS
Principal Secretary

.....
Feisal M. Awer
Project Coordinator

.....
Michael C. Mukanzi
Project Accountant
ICPAK Member No:17538

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

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents	9	27,528,079	20,021,009
Total Financial Assets (A)		27,528,079	20,021,009
Represented By			
Fund Balance B/fwd.	10	20,021,009	2,172,654
Prior Year adjustments	11	-	-
Surplus for the Year		7,507,071	17,848,355
Net Financial Assets		27,528,080	20,021,009

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th September, 2024 and signed by:



.....
Dr. Chris Kiptoo, CBS
Principal Secretary



.....
Feisal M. Awer
Project Coordinator



.....
Michael C. Mukanzi
Project Accountant
ICPAK Member No:17538

9. Statement of Cash flows for the year ended 30th June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	138,494,459	86,672,252
Proceeds from domestic and foreign grants	2	707,089,885	495,945,360
Miscellaneous receipts	3	711,913	151,031
Total receipts		846,296,257	582,768,643
Payments			
Compensation of employees	4	(20,969,756)	(19,840,882)
Purchase of goods and services	5	(781,737,910)	(542,502,049)
Social security benefits	6	(13,273,555)	(2,577,357)
Transfer to non-governmental organization	8	(6,344,000)	
Total Payments		(822,325,221)	(564,920,288)
Net receipts/(payments)		23,971,036	17,848,355
Net cash flow from operating activities		23,971,036	17,848,355
Cashflow from investing activities			
Acquisition of non-financial assets	7	(16,463,965)	-
Net cash flows from investing activities		(16,463,965)	-
Net increase in cash and cash equivalents		7,507,071	-
Cash & cash equivalent at beginning of the year	9	20,021,009	2,172,654
Cash and cash equivalent at end of the year	9	27,528,080	20,021,009

10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfer from Government entities	303,700,000	96,094,402	399,794,402	138,494,459	261,299,943	35
Proceeds from domestic and foreign grants	4,494,096,238	(3,137,705,930)	1,356,390,308	707,089,885	649,300,423	52
Miscellaneous receipts				711,913	(711,913)	-
Total Receipts	4,797,796,238	(3,041,611,528)	1,756,184,710	846,296,257	909,888,453	48
Payments						
Compensation to employees	5,260,407	23,739,707	29,000,114	20,969,756	8,030,358	72
Purchase of goods and services	4,354,581,735	(2,668,098,392)	1,686,483,343	781,737,910	904,745,433	46
Social security benefits	-	24,237,288	24,237,288	13,273,555	10,963,733	55
Acquisition of non-financial assets	433,972,105	(417,508,140)	16,463,965	16,463,965	-	100
Contractual employees	3,981,991	(3,981,991)	-	-	-	-
Other grants and transfers				6,344,000	(6,344,000)	-
Total Payments	4,797,796,238	(3,041,611,528)	1,756,184,710	838,789,186	917,395,524	48
Surplus or Deficit	-			7,507,071	(7,507,071)	

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

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for Global Fund Unit under the National Treasury. The financial statements are for the reporting entity (Global Fund Unit) as required by Section 81/ Section 164 of the PFM Act, 2012.

c) Reporting currency

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

d) Recognition of receipts

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

i) Transfers from the Exchequer

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

Significant Accounting Policies (continued)

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

vi) Undrawn external assistance

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

Significant Accounting Policies (continued)

e) Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

Significant Accounting Policies (continued)

v) Acquisition of fixed assets

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

f) In-kind donations

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

g) Cash and cash equivalents

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

Significant Accounting Policies (Continued)

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities.

Letters of comfort/ support, insurance, Public-Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.

Significant Accounting Policies (Continued)

k) Contingent Assets

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

l) Pending bills

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

m) Budget

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

Significant Accounting Policies (Continued)

n) Third-party payments

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

o) Exchange rate differences

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

p) Comparative figures

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

q) Subsequent events

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

r) Prior period adjustments

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

12. Notes to the Financial Statements

1. Transfers from Government entities

These represent counterpart funding and other receipts from the government as follows:

Description	2023/2024	2022/2023	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through National Treasury</i>			
Counterpart funds Quarter 1	150,620,827	86,672,252.00	645,162,804
Total (See Annex 3)	150,620,827	86,672,252.00	645,162,804

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

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

Name of Donor	2023/2024					2022/2023		Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment *	Grants received in kind	Total amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Grants Received from Multilateral Donors (International Organizations)								
Global Fund – Transfer from NFM 2								7,736,184
Global Fund - Exchequer		-	-			-	40,825,238	40,825,238.00

Global Fund	Q 1	390,665.89	56,546,869.20		56,546,869.20	422,899,887.94	479,446,757.14
Global Fund	Q 2	1,273.01	192,969.22		192,969.22	18,342,890.31	18,535,859.53
Global Fund	Q 3	-	-		-	13,877,344.17	13,877,344.17
Global Fund	Q 4	4,494,883.92	650,350,046.79		650,350,046.79	-	650,350,046.79
Global Fund 2021/22							143,665,670.69
Total		4,886,822.82	707,089,885.21		707,089,885.21	495,945,360.42	1,354,437,100.32

Detailed schedules for Proceeds from Domestic and Foreign Grants have been prepared in details and given to auditors. *KShs.*7,736,184 is the balance that remained in our bank operations account after closure of the funding cycle 2 on 30th June, 2021.

3. Miscellaneous receipts

Description	2023/2024			2022/2023	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts from KEMSA					310
Other receipts not classified elsewhere (Applied Interest)					100,631.50
Q 1	-		-	46,500.10	46,500.10
Q 2	382,552.20		382,552.20	19,626.85	402,179.05
Q 3	171,749.54		171,749.54	36,256.75	208,006.29
Q 4	157,610.97		157,610.97	48,646.95	206,257.92

Total	711,912.71		711,912.71	151,030.65	963,884.86
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This is interest earned per month from Project operations bank account at NCBA Bank.

4. Compensation to Employees

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
-					
Basic wages of temporary employees					19,817,112
Basic wages of temporary employees – Q1	5,041,747		5,041,747	4,954,278	9,996,025
Basic wages of temporary employees – Q2	5,292,127		5,292,127	4,954,278	10,246,405
Basic wages of temporary employees – Q3	5,126,541		5,126,541	4,963,078	10,089,619
Basic wages of temporary employees – Q4	5,509,341		5,509,341	4,967,478	10,476,819
NSSF Penalties Feb, March and April				1,770	1,770
Total	20,969,756		20,969,756	19,840,882	60,627,750

5. Purchase of Goods and Services

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Communication, supplies and services	100,500.00		100,500.00	-	100,500.00
Domestic travel and subsistence	29,298,738		29,298,738	630,000.00	30,570,637.90
Printing, advertising, and information supplies	-		-	6,000.00	6,000.00
Training payments	2,846,579		2,846,579.00	-	2,846,579.00
Hospitality supplies and services	31,206.00		31,206.00	-	65,257.70
Specialized materials and services (See Annex 9)	560,521,410.22		560,521,410.22	494,043,163.42	1,584,769,114.36
Fuel, oils and lubricants	161,800.00		161,800.00	-	184,800.00
Bank charges	158,086.67		158,086.67	-	297,439.87
Other operating payments (See Annex 10)	188,584,166.64		188,584,166.64	47,822,885.55	242,608,396.61
Routine maintenance – vehicles and other transport equipment	35,424		35,424		173,989
Total	<u>781,737,910.53</u>		<u>781,737,910.53</u>	<u>542,502,048.97</u>	<u>1,861,622,714.44</u>

6. Social Security Benefits

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Gratuity paid to contract employees	13,273,555.00		13,273,555.00	2,577,357.35	15,850,912.35
Total	13,273,555.00		13,273,555.00	2,577,357.35	15,850,912.35

This is payment made to six (6) officers whose contracts had come to an end on 30th June, 2024.

7. Acquisition of Non-Financial Assets

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	
Purchase of ICT networking and Communication Equipment	2,886,785.60		2,886,785.60		2,886,785.60
Purchase of motor vehicle (CPF)	13,577,179.00		13,577,179.00		13,577,179.00
Total	<u>16,463,964.60</u>		<u>16,463,964.60</u>		<u>16,463,964.60</u>

ICT networking and communication equipment was procured by KEMSA on behalf of Malaria Program at State Department for Public Health and Professional Standards.

Motor vehicle was procured under Counterpart funds (National Treasury) for use by Project Management Unit.

Notes to the Financial Statements (Continued)

8. Transfers to other Government Entities

During the financial period to 30 June 2024, we transferred funds to reporting government entities as shown below:

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer to Kenya Coordinating Mechanism	6,344,000	-	6,344,000	-	6,344,000
Total	<u>6,344,000</u>	=	<u>6,344,000</u>	=	<u>6,344,000</u>

(We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements).

9. Cash And Cash equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
NCBA Bank (A/c No.1583580368) - USD	2,761,669.90	2,806,855.85
Total	<u>2,761,669.90</u>	<u>2,806,855.85</u>
NCBA Bank (A/c No.1005363717) - KSHS	27,528,079.94	20,021,009.45
Total	<u>27,528,079.94</u>	<u>2,806,855.85</u>

Global Fund has 1 number of project accounts spread within the project implementation area and 1 number of foreign currency designated accounts managed by the National/County Treasury as listed below:

Notes to the Financial Statements (Continued)

10. A Bank Accounts

Project Bank Accounts

Details	2023/2024	2022/2023
<u>Foreign Currency Accounts</u>	USD	USD
NCBA Bank [A/c No.1583580368] - USD	2,761,669.90	2,806,855.85
Total Foreign Currency balances	2,761,669.90	<u>2,806,855.85</u>
<u>Local Currency Accounts</u>	KSH	KSH
NCBA Bank [A/c No.1005363717] - KSHS	26,881,382	20,021,009.45
M-Pesa Balance	646,698	
Total local currency balances	27,528,080	<u>20,021,009.45</u>

10. Fund Balance Brought Forward

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank accounts	20,021,009	2,172,654
Total	20,021,009	2,172,654

11. Prior Year adjustment

	Balance b/f Previous FY (audited financial statements)	Adjustments	Adjusted balance b/f Previous FY
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Imprests and advances	-	-	-
Deposits and retentions	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

There were no prior year adjustments.

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project’s Special Deposit Account(s) as of 30th June 2024 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	2023/2024	2022/2023
	USD	USD
(i) A/C Name [A/c No.1583580368]		
Opening balance	2,806,855.85	3,512,669.74
Total amount deposited in the account	12,812,796.76	8,286,080.11
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>12,857,982.71</u>	<u>8,991,894.00</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>2,761,669.90</u>	<u>2,806,855.85</u>

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

Other Important Disclosures (Continued)

12. External Assistance

	FY 2023/2024	FY 2022/2023
Description	USD	USD
External assistance received as grants	12,812,796.76	8,286,080.11
Total	12,812,796.76	8,286,080.11

a). External assistance relating to loans and grants

	FY 2023/2024	FY 2022/2023
Description	USD	USD
External assistance received as grants	12,812,796.76	8,286,080.11
Total	12,812,796.76	8,286,080.11

*To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023, working towards a malaria-free Kenya
Annual Report and Financial Statements for the financial year ended 30th June, 2024*

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2023/2024	FY 2022/2023
Description		USD	USD
Undrawn external assistance - grants	To pay procurements up to 31 st December, 2024	8,445,264.00	3,414,549.12
Total		8,445,264.00	3,414,549.12

(This is a disclosure of the assistance not yet received as per donor agreements)

c) Classes of providers of external assistance


	FY 2023/2024	FY 2022/2023
Description	USD	USD
Multilateral donors	12,812,796.76	8,286,080.11
Total	12,812,796.76	8,286,080.11

To reduce malaria incidences in Kenya

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
118	Unsupported counterpart funding balances	The funding balances have been fully supported and submitted to the auditors for review	Not Resolved	We expect this issue to be fully cleared by 10 th September, 2024
119	Budgetary control and performance	This issue has been satisfactorily addressed in our responses to the auditors.	Not Resolved	We expect the issue to be fully cleared by 10 th September, 2024.



.....
Dr. Chris Kiptoo, CBS
Principal Secretary
National Treasury



.....
Feisal M. Awer
Project Coordinator

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

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	399,794,402	138,174,827	261,619,575	35	Delayed/prolonged procurements made it impossible to realize these receipts
Proceeds from domestic and foreign grants	1,356,390,308	707,089,885	649,300,423	52	Delayed/prolonged KEMSA procurements made it impossible to realize these receipts as some contracts could not be completed within the financial year
Miscellaneous receipts		711,913	(711,913)	-	N/A
Total Receipts	1,756,184,710	845,976,625	910,208,085	48	
Payments					
Compensation of employees	29,000,114	20,969,756	8,030,358	72	There was an error where the budget was increased by KShs.8,000,000



	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
Purchase of goods and services	1,702,947,308	781,418,278	921,529,030	46	Prolonged KEMSA procurements (upto 8 months) made it impossible for some contracts to be completed within the financial year
Social security benefits	24,237,288	13,273,555	10,963,733	55	There was an error where the budget was increased instead of being reduced
Acquisition of non-financial assets	-	16,463,965	(16,463,965)	-	There was budget cut in supplementary 2
Other grants and transfers	-	6,344,000	(6,344,000)	-	The budget figures were not incorporated into our budget
Total payments	1,756,184,710	838,469,554	917,715,156	48	

Annex 3: Reconciliation of inter-entity transfers

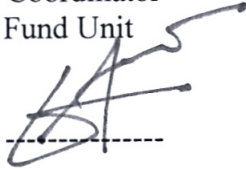
Project Name:				
Break down of transfers from the National Treasury				
A.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		N/A	138,494,459.05	2023/2024
		Total	138,494,459.05	
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			None	
		Total	-	
C.	Others			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	Payments done through Special Account		629,068,082.41	
	Exchequer releases	08.09.2023	50,924,751.35	2023/2024
	Exchequer releases	17.04.2024	12,657,078.50	2023/2024
	Exchequer releases	26.06.2024	14,439,972.95	2023/2024
		Total	707,089,885.21	
		Total (A+B+C)	845,584,344.26	

*To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2025 Working towards a malaria-free Kenya
Annual Report and Financial Statements for the financial year ended 30th June, 2024*

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Coordinator
Global Fund Unit

Sign



Head of Accounting Unit
National Treasury

Sign-----

Annex 4a: Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
		a	b	c=a-b		
1. Chemoquip Ltd		1,660,888.00		1,660,888.00		There was budget cuts and therefore we could not process the payments
2. Crystal Suppliers (EA) Ltd	23.06.2023	6,500,000.00	-	6,500,000.00	-	There was budget cuts and therefore we could not process the payments
3. Faram	27.03.2023	10,207,983.67		10,207,983.67	-	There was budget cuts and therefore we could not process the payments
4. Healthlearn Resources Media	06.07.2021	9,543,294.22	1,256,425.00	8,286,869.22	1,256,425.00	There was budget cuts and therefore we could not process the payments
5. Meril Diagnostic Private Ltd	30.01.2024	35,365,200.00	-	783,528.37	-	There was budget cuts and therefore we could not process the payments

*To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2025. Working towards a malaria-free Kenya
Annual Report and Financial Statements for the financial year ended 30th June, 2024*

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
6. Precise Labs Africa Limited	24.04.2023	3,007,200.00	-	3,007,200.00	-	There was budget cuts and therefore we could not process the payments
7. Queseven Ltd	18.09.2023	13,584,900.00		13,584,900.00	-	There was budget cuts and therefore we could not process the payments
8. Sai Pharmaceuticals Kenya Ltd	13.07.2023	67,603,305.00	38,448,253.00	29,155,052.00	38,448,253.00	There was budget cuts and therefore we could not process the payments
9. Ultralab EA	18.01.2023 and 08.06.2023		3,487,925.00	3,487,925.00	-	There was budget cuts and therefore we could not process the payments
10. KEMSA (Combined)	Various dates	12,059,311.98		12,059,311.98	-	
Grand Total				88,733,658.24		

To reduce malaria incidence and deaths by at least 75 per cent of the 2016 levels by 2023, working towards a malaria-free Kenya Annual Report and Financial Statements for the financial year ended 30th June, 2024

Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023/24	Donations in form of assets (KShs) 2023/24	*Purchases/ Additions in the Year (KShs) 2023/24	**Disposals in the Year (KShs) 2023/24	Transfers in/(out) Kshs 2023/24	Closing Cost (KShs) 2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)-(d)+(-)d
Purchase of Motor vehicle (CPF)			13,577,179			13,577,179
Purchase of ICT networking and Communication equipment			2,886,785.60			2,886,785.60
Total			16,463,964.60			16,463,964.60

Notes

* Purchases/Additions in the year reconciled to the amount in the Statement of Receipts and Payments

*ICT networking and communication equipment was procured by KEMSA on behalf of Malaria Program at State Department for Public Health and Professional Standards.

*The motor vehicle was procured using GoK Counterpart funds and can be located at Global Fund Unit, National Treasury

Annex 6: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

There were no payments related to Climate Relevant Expenditures

Annex 7: Reporting Disaster Management Expenditure

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

There was no expenditure related to Disaster Management

Annex 8: Analysis of Specialized Materials and Services

Date	Payee	Donor Currency (USD)	Equivalent KShs.
02.05.24	IPCA Laboratories Limited	1,442,220.00	190,715,711.47
02.05.24	IPCA Laboratories Limited	396,750.00	52,465,267.80
18.06.24	Macleods Pharmaceuticals Ltd	293,575.00	38,483,836.67
18.06.24	Macleods Pharmaceuticals Ltd	321,854.15	42,190,862.78
18.06.24	IPCA Laboratories Limited	142,229.14	18,644,377.05
18.06.24	Steplabs Technical Services	784,456.25	102,831,938.00
	Total	3,381,084.54	445,331,993.77
	GoK Counterpart Funding Payments		
30.08.23	Tridem Pharma Kenya Limited		3,168,838.80
30.08.23	Sai Pharmaceuticals Limited		16,836,482.20
31.08.23	Sai Pharmaceuticals		27,721,080.00
21.11.23	Equatorial Nut Processors Ltd		2,233,980.30
21.11.23	Surgipath Services E.A. Ltd		1,065,600.00
28.11.23	Precise Lab Africa Limited		1,295,000.00
30.04.24	Nairobi Enterprises Ltd		1,135,795.65
30.04.24	Tridem Pharma Kenya Limited		61,016,878.70
30.06.24	Commissioner of VAT (Various)		715,760.80
	Total		115,189,416.45
	Grand Total	3,381,084.54	560,521,410.22

Annex 9: Analysis of Other Operating Payments

Quarters	Payee	Donor Currency (USD)	Equivalent KShs.
Q 1	Kenya Medical Supplies Authority	37,757.01	5,622,117.85
Q 2	Kenya Medical Supplies Authority	1,273.01	192,969.22
Q 4	Kenya Medical Supplies Authority	904,865.98	175,034,215.98
	Total	943,896.00	180,849,303.05
Date	GoK Counterpart Funding		
03.08.23	Kenya Medical Supplies Authority		925,502.05
31.08.23	Kenya Medical Supplies Authority		174,710.05
30.08.23	Kenya Medical Supplies Authority		171,866.15
31.08.23	Kenya Medical Supplies Authority		2,277,500.25
31.08.23	Kenya Medical Supplies Authority		500,000.65
05.12.23	Kenya Medical Supplies Authority		75,110.00
05.12.23	Kenya Medical Supplies Authority		129,570.90
05.12.23	Kenya Medical Supplies Authority		61,804.80
29.04.24	Kenya Medical Supplies Authority		3,418,798.75
	Total		7,734,863.60
	Grand Total		188,584,166.65

Annex 9: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2024
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)
- iv. Trial Balance



Annex 2: Financial Statements cash basis and commitments reconciliation template

30TH JUNE 2024

THE NATIONAL TREASURY, GLOBAL FUND PROGRAM

THE NATIONAL TREASURY
GLOBAL FUND PROGRAM
MALARIA GRANT NO. KEN-M-TNT

Financial Statements cash basis and commitments reconciliation template

Guiding note

The Financial statements included in Figure 1 here below, represent an illustrative financial statement which the Principal Recipients are expected to provide to their auditors for the Special Purpose Grant Financial Statements audit.

Mandatory statements

All statements as required by the Auditing Guidelines and the Terms of reference **must** be provided to the auditors by the Principal Recipients for them to carry out their work appropriately, namely:

- i. The format of the "Income and Expenditures statement" in Figure 1 is mandatory and **must** be used by all Principal Recipients;
- ii. Similarly, notes providing specific information on the accounting principles used in the preparation of the Financial Statements are **mandatory**;
- iii. Supplemental schedule of commitments (**Note 9**) **must** be provided and audited;
- iv. The different tables on SRs advances (**Notes 11**) and Fixed assets (**Note 12**) must be provided.

Other notes

The notes to the financial statements are integral parts of the financial statements. The Principal Recipient must ensure that notes are provided wherever they would provide additional information to the stakeholder's understanding of the financial statements. The following could be cases where a note to the financial statements would be expected: material amount, significant change from previous year, significant variance with the budget, etc.

Figure 1: Income and Expenditures Statement

Gant Number	KEN-M-TNT
Accounting Methodology	Cash
Grant's Currency	USD
Implementation Period Start Date	1-Jul-21
Implementation Period End Date	30-Jun-24

Period of Financial Reporting	Beginning Date:	1-Jul-23	End Date:	30-Jun-24
Cumulative Period of Financial Reporting	Beginning Date:	1-Jul-21	End Date:	30-Jun-24

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

	Current Period				Cumulative Period			
	Budget	Actual	Variance	Commitments	Budget	Actual	Variance	Notes
Sources of Grant funds								
Opening grant cash balance		5,525,215.87			-	-		
Receipts from Global fund	30,882,106.75	34,182,420.59	-	-	39,595,229.76	53,747,281.64	(14,152,051.88)	xxx
Transfers from NFM2	-	-	-	-	-	1,281,465.81	(1,281,465.81)	
Transfers from closed grants					-	17,837.26		
Interest		106,572.94				215,079.06		
Other receipts		-				214.00		
Total sources of Grant Funds	30,882,106.75	39,814,209.40	-	-	39,595,229.76	55,261,877.77	(15,433,517.69)	
	=====	=====	=====	=====	=====	=====	=====	
Uses of Grant Funds								
1.0 Human Resources (HR)	270,537.70	246,763.28	23,774.42		811,612.04	601,012.56	210,599.48	xxx
2.0 Travel related costs (TRC)	18,102.34	9,854.37	8,247.97		89,853.68	20,763.31	69,090.36	xxx
3.0 External Professional services	-	-	-		-	-	-	
4.0 Health Products (HPPP)	652,700.00	2,596,634.14	(1,943,934.14)		6,889,565.00	5,528,141.65	1,361,423.35	
5.0 Health Products (HPNP)	29,076,994.50	24,125,474.10	4,951,520.40		30,327,294.50	25,719,294.10	4,608,000.40	
6.0 Health Products (HPE)	-	-	-		-	-	-	
7.0 Procurement and Supply-Chain	856,692.72	1,419,564.85	(562,872.13)		1,455,665.92	1,814,996.98	(359,331.06)	

Previous year		
Budget	Actual	variance
	4,286,000.05	
5,389,270.63	10,142,374.75	(4,753,104.12)
-	-	-
	56,162.51	
	214.00	
5,389,270.63	14,484,751.32	(4,753,104.12)
=====	=====	=====
270,537.17	178,507.59	92,029.57
31,225.89	4,847.56	26,378.33
-	-	-
3,894,100.00	2,309,703.51	1,584,396.49
810,000.00	1,105,920.00	(295,920.00)
-	-	-
376,328.00	308,930.81	67,397.19

8.0 Infrastructure (INF)	-	-	-	-	-	-	-
9.0 Non-health equipment (NHP)	7,079.57	-	7,079.57		21,238.71	1,209.76	20,028.95
10.0 Communication Material	-	-	-		-	-	-
11.0 Program Administration	-	-	-		-	-	-
12.0 Living support (LSCTP)	-	-	-		-	-	-
13.0 Payment for Results	-	-	-		-	-	-
Total uses of Grant Funds	30,882,106.83	28,398,290.74	2,483,816.09		39,595,229.84	33,685,418.36	5,909,811.49
Total commitments at 30.06.2023							
Transfers to SR		7,736,261.30				17,872,233.74	
Net exchange gain/loss		23,061.48				41,855.08	
Bank Charges		5,812.14				11,586.85	
Net grant cash balance	=	3,650,783.75				3,650,783.75	xxx

-	-	-
7,079.57	-	7,079.57
-	-	-
-	-	-
-	-	-
-	-	-
5,389,270.63	3,907,909.47	1,481,361.16
	5,031,054.30	
	15,280.83	
	5,290.85	
	5,525,215.87	

Notes to the financial statements

All amounts are in US\$

Note 1: Basis of accounting

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

Note 2: Disbursements/Receipts

Receipts comprises amounts advanced and reimbursed by the Global Fund under the grant agreement during the period [July 1, 2023 to June 30, 2024] to the Principal Recipient and to third parties. Receipts from Global Fund were in United States Dollars.

Note 3:

Expenditure represents amounts disbursed and costs incurred denominated in United States dollars (US\$).

Note 4:

Transactions in KES are translated to US dollars at the 3 months weighted average exchange rate for each quarter. For the purpose of this report, balances denominated in KES have been translated to US dollars based on the CBK exchange rate as at 30.06.2024.

Note 5: Receipts from Global Fund

Start Date			7/1/2022		7/1/2021
End Date			6/30/2023		6/30/2023
Period			Current period US\$	Prior period US\$	Cumulative US\$
Description	Date	Amount			
Disbursement 1	8/16/2021	4,208,135.25			4,208,135.25
Disbursement 2	11/30/2021	1,627,941.65			1,627,941.65
Disbursement 3	3/7/2022	3,586,409.40		3,586,409.40	
Disbursement 4	11/1/2022	3,367,907.56		3,367,907.56	
Disbursement 5	11/1/2022	244,771.86		244,771.86	
Disbursement 6	12/1/2022	1,085,095.19		94,368.42	
Disbursement 7	12/1/2022	94,368.42		1,085,095.19	
Disbursement 8	4/4/2023	379,603.32		379,603.32	
Disbursement 9	4/4/2023	387,867.01		387,867.01	
Disbursement 10	5/9/2023	2,726,466.75		2,726,466.75	
Disbursement 11	6/29/2023	1,856,294.64		1,856,294.64	

Disbursement 12	25.08.2023	4,486,752.89	4,486,752.89		
Disbursement 13	20.03.2024	6,452,071.71	6,452,071.71		
Disbursement 14	30.06.2024	23,243,595.99	23,243,595.99		
Total		53,747,281.64	34,182,420.59	13,728,784.15	5,836,076.90

Note 6: Human Resources

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

Note 7: Cash balances

Item Description		Amount US\$
PR Special Inshore Account		2,640,805.47
PR interest		797,611.88
PR Local Account (KES)		207,454.70
PR Mpesa Account (KES)		4,911.70
Net sources of Grant Funds		3,650,783.75

Note 8: Commitments at 01.07.2023

		-
Paid in current year 2024		-
Outstanding from previous year 30.06.2023		-
Commitments 30.06.2024		134,637.00
Total commitments at		134,637.00

KEN-M-TNT

BANK RECONCILIATION

AS AT 30th JUNE 2024

(IN KSHS)

Balance as per Bank Statement 30,283,079.54

Less:

1) Payments in Cash Book not Recorded in Bank Statement 3,412,095.00

2) Receipts in Bank Statement not recorded in Cash book 5,496.50

Add: 3,417,591.50

3) Payments in Bank Statement not yet recorded in Cash book 15,893.90

4) Receipts in Cash book not recorded in Bank Statement

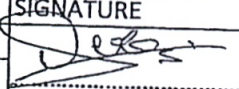
Balance as per Cash book 26,881,381.94

Balance as per Cash book (Actual) 26,881,381.94

Difference -

I certify that I have verified the Bank Balance in Cash book with Bank Statement and that the above Reconciliation is Correct.

SIGNATURE DATE

 2024-07-20

DESIGNATION AAE

PAYMENTS IN CASHBOOK NOT YET IN BANK STATEMENT (UNPRESENTED CHEQUES)

DATE	ITEM	CHQ NO.	AMOUNT
26.06.24	Commissioner of Domestic Taxes	585	465,107.00
26.06.24	Commissioner of Domestic Taxes-H.L	586	51,484.00
26.06.24	NSSF	587	21,600.00
26.06.24	NHIF	588	10,200.00
26.06.24	Commissioner of Domestic Taxes - Grat	591	2,863,704.00
			3,412,095.00

PAYMENTS IN BANK STATEMENT NOT YET IN CASH BOOK

DATE	PAYEE	REF	AMOUNT
14.12.2020	Debit by bank		5,498.05
14.12.2020	Debit by bank		4,236.70
31.05.2021	Debit by bank		1,396.40
30.06.2021	Debit by bank		4,762.75
			15,893.90

RECEIPTS IN BANK STATEMENT NOT YET IN CASH BOOK

DATE	PAYEE	CHQ NO/REF	AMOUNT
14.12.2020	Credit interest		5,496.50
			5,496.50

RECEIPTS IN CASHBOOK NOT YET IN BANK STATEMENT

DATE	PAYEE	CHQ NO/REF	AMOUNT
------	-------	------------	--------

MALARIA MPESA RECONCILIATION			
AS AT 30TH JUNE, 2024			
Opening balance			(IN KSHS)
Add:			301,025.00
1)	Receipts in MMF account		2,575,000.00
Less:			2,575,000.00
3)	Payments in utility(transfer from MMF account)		2,239,827.00
	Balance as per Mpesa Statement (MMF) as at 30.06.24	636,016.00	636,198.00
	Balance as per Mpesa Statement (Utility) as at 30.06.24	182.00	
	Balance as per Cash book (Actual)		636,198.00
	Difference		-
I certify that I have verified the Bank Balance in Cash book with Bank Statement and that the above Reconciliation is Correct.			
	SIGNATURE	DESIGNATION	DATE
Prepared By:	<i>[Signature]</i>		
Approved By:	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>
MPESA RECEIPTS			
DATE	DESCRIPTION	IW/PV NO.	AMOUNT
04.06.2024	Ronald Otsola	IW5218296	924,400.00
25.06.2024	Cornelius Muthiani	IW5282952	1,146,600.00
25.06.2024	Evans Motanya	IW5282958	415,800.00
26.06.2024	Martin Munene	Refund	88,200.00
			2,575,000.00
MPESA PAYMENTS			
DATE	PAYEE	PV/IW	AMOUNT
05.05.2024	Cornelius Muthiani	LLIN	1,140,000.00
25.06.2024	Ronald Otsola		1,075,200.00
28.06.2024	Martin Munene		18,900.00
28.06.2024	Martin Munene		5,224.00
30.06.2024	M-pesa charges		503.00
			2,239,827.00



August 8, 2024

THE NATIONAL TREASURY,
P.O. BOX 30007-00100,
NAIROBI, KENYA.

REF: EA/FA/62/240"C"(3)

Dear Sir/Madam,

RE: CERTIFICATE OF BALANCES FOR MALARIA GRANT NO KEN M TNT GA 1546

We refer to your correspondence requesting us to furnish you with information regarding your state of affairs:

In response we wish to confirm the account and its respective balance with us, as at close of business on 30th June 2024 to have been as follows:

ACCOUNT NUMBER	ACCOUNT NAME	CURR	ACCOUNT BALANCE
1937110127	MALARIA GRANT NO KEN M TNT GA 1546	KES	30,283,079.54 CR

We trust that this meets your requirements.

Yours faithfully,

Authorized signatory

Alex Kitsao

Authorized signatory

Elizabeth Muraguri

NCBA Centre
Mara and Ragati Road, Upper Hill
P. O. Box 44599-00100, Nairobi, Kenya
Tel: +254 20 2884444
Mobile: +254 711 056444/+254 732 156444
Email: contact@ncbagroup.com

Date: 08/07/2024

Report of the Board of Survey on the Cash and Bank Balances of... GLOBAL FUND -MALARIA GRANT

..... as at the close of business on 30/06/2024

The Board consisting of - (Names and official titles)

CHAIRMAN: ROSE OTIENO.....

MEMBER: . BENJAMIN MULEI.....

MEMBER : WHITNEY JEBET.....

Assembled at the office of GLOBAL FUND UNIT

At (Time) on the 3.05 P.M. (time) on the 08/07/2024

And the following cash was produced: -

Notes Sh. NIL.....

Silver Sh. NIL.....

Copper Sh. NIL.....

Cheques (as per details on reverse) Sh NIL

It was observed that cheques amounting to ShNIL

Had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the 30/06/2024

Cash on hand Sh 646,698.00

Bank Balance Sh: 26/881,381.94

Sh.....

The bank certificate of Balance showed a sum of Kshs. 30,283,079.54

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Date08/07/2024

Chairman

ROSE OTIENO

BENJAMIN MULEI

WHITNEY JEBET

Members of the Board
OGPK (L)

**MALARIA GRANT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30TH JUNE 2024
PART B**

**KEN-M-TNT GA1546
Bank Account No.1583580368 Held with NCBA**

		NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by Global Fund			31,744,811.65
	TNT		13,872,577.91	
	NMCP		17,872,233.74	
	Less			
2	Total amount justified to Global Fund			27,873,693.01
3	Outstanding amount advanced to Designated Account			3,871,118.64
	Represented by:			
4	Ending Designated Account Balance at 30.06.2024			2,761,669.90
5	Amount claimed but not credited at 30.06.2024			-
6	Amount withdrawn and not claimed as at 30.06.2024			1,109,448.74
7	Service charges (if not included in 5 & 6 above)			-
	Less			
8	Interest earning (if included in Designated Account)			-
9	Total advance to Designated Account year ended 30.06.2024			3,871,118.64

Discrepancy between total appearing on lines 3 and 9

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by Global Fund and provide reasons for not claiming the expenditures

Signature
**AUTHORIZED REPRESENTATIVE
 RESOURCES MOBILIZATION DEPARTMENT
 THE NATIONAL TREASURY**

DATE: 14-08-2024

SPECIAL ACCOUNT STATEMENT

For period ending	30TH JUNE, 2024
Account No.	1583580368
Depository Bank	NIC BANK NAIROBI
Address	NIC HOUSE BRANCH, MASABA RD, NAIROBI.
Related Loan	MALARIA GRANT KEN-M-TNT GA1546-MAIN
Credit Agreement	NO. 4568-KE
Currency	USD

Account Activity

Beginning balance of 1ST July, 2023 as per C.B.K. Ledger Account	2,806,855.85
<hr style="border-top: 1px dashed black;"/>	
Add:	
Total Amount deposited by ADB	12,812,796.76
Total Interest earnings if deposited in account	-
Total amount refunded to cover ineligible expenditure	-
<hr style="border-top: 1px dashed black;"/>	
Deduct:	
Total amount withdrawn	12,857,982.71
Total service charges if not included above in amount withdrawn	-
Ending balance on 30th June,2024	2,761,669.90

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: _____

[Handwritten Signature]

DATE _____

13/08/2024

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: _____

DATE _____

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

Run Date: 13/08/2024 Run Time: 13:07:44
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI
 STATEMENT PERIOD: From 01/07/2023 To

STATEMENT OF ACCOUNT

ACCOUNT NUMBER : 1000375086

ACCOUNT TITLE : MALARIA GRANT KEN-M-TNT GA1546-MAIN
 30/06/2024

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
	OPENING BAL :			-2,806,855.85	
NO.	Value Date	Refrence.No	Details	Debit	Credit
1	05/07/2023	FT231867XRMC	FUNDING	-1,856,294.64	0.00
2	22/08/2023	FT23234NTZZZ		0.00	352,908.88
3	30/08/2023	FT23242XG5QN	FUNDING	-4,486,752.89	0.00
4	01/09/2023	FT23244FF351		0.00	4,200,000.00
5	21/09/2023	FT232640RK8	PA 131809	0.00	4,720.92
6	21/09/2023	FT23264QPKXC	PA 131808	0.00	8,583.25
7	21/09/2023	FT23264T7C98	PA 131807	0.00	11,218.48
8	31/10/2023	FT23303NYTWF	PA131846	0.00	16,142.49
9	22/11/2023	FT233264BDPJ	PA131810	0.00	8,179.22
10	27/02/2024	FT240584G0XH	PA133164	0.00	887,388.53
11	08/04/2024	FT24099LZY04	FUNDING	-7,178.33	0.00
12	08/04/2024	FT24099NM0L7	NCBA FUNDING	-6,452,071.71	0.00
13	16/04/2024	FT24107NMSJ4	NCBA FUNDING	-10,499.19	0.00
14	03/05/2024	FT241232CSP9	PA133520	0.00	8,577.60
15	03/05/2024	FT241233T8YJ	PA133522	0.00	5,258.11
16	03/05/2024	FT241237DZ8	PA133523	0.00	4,298.26
17	03/05/2024	FT241237GVYF	PA133518	0.00	8,049.49
18	03/05/2024	FT24123C0101	PA133521	0.00	4,427.68
19	03/05/2024	FT24123TY32X	PA133519	0.00	6,764.82
20	09/05/2024	FT24130055XR	PA 133529	0.00	19,837.50
21	09/05/2024	FT241305141C	PA 133531	0.00	1,442,220.00
22	09/05/2024	FT24130824NR	PA 133530	0.00	396,750.00
23	09/05/2024	FT24130QK4LN	PA 133532	0.00	72,111.00
24	31/05/2024	FT241521QRKY	PA133146	0.00	2,648,872.77
25	11/06/2024	FT24162TL7VY	PA131695	0.00	674,887.88
26	14/06/2024	FT24166G3561	PA131696	0.00	324,920.00
27	19/06/2024	FT24171R2MF1		0.00	112,125.52
28	27/06/2024	FT24179CG83F	PA132753	0.00	784,456.25
29	27/06/2024	FT24179HNV92	PA132794	0.00	8,363.13
30	27/06/2024	FT24179NKJBY	PA132754	0.00	77,105.72
31	27/06/2024	FT24179NTBJ5	PA132751	0.00	5,429.15
32	27/06/2024	FT24179YH4QH	PA132752	0.00	2,229.14
33					7,332.39
34					4,824.53
CLOSING BALANCE :					-2761669.9

END OF ACCOUNT STATEMENT
 TAM.E.STMT.OF.ACCT.EPRM

Account 28/06 equals 1000375086
 Statement From 28/06 equals 20230701
 Statement To equals * 20240630

MALARIA TRIAL BALANCE FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2024		
	DR(KSHS)	CR(KSHS)
Balance B/F Bank		20,021,009.00
Basic salary - Contractual employees	20,969,756.00	
Telephone	100,500.00	
Travel costs	76,000.00	
Accommodation	28,634,738.00	
Daily Subsistence allowance	117,600.00	
Accommodation (CPF)	470,400.00	
Hire of training facilities	1,323,979.00	
Training (CPF)	1,522,600.00	
Catering services	31,206.00	
Supply of Medical drugs	445,331,993.77	
Supply of Medical drugs (CPF)	115,189,416.45	
Fuel oil and lubricants	161,800.00	
Contracted Professional services	180,849,303.04	
Contracted Professional services (CPF)	7,734,863.60	
Bank charges	158,086.67	
Interest earning		711,912.71
Maintenance expenses - Motor vehicles	35,424.00	
Purchase of Computers, Printers and other IT Equip		
Routine maintenance motor vehicle		
Gratuity	13,273,555.00	
Purchase of ICT networking and communication equipment	2,886,785.60	
Purchase of motor vehicle (CPF)	13,577,179.00	
GoK Counterpart funding		138,494,459.00
Exchequer (Donor)		78,021,802.80
Transfer to KCM	6,344,000.00	
Proceeds from domestic and foreign grants		629,068,082.41
Balance C/D Bank	26,881,381.94	
Balance C/D M-Pesa	646,698.00	
TOTAL	866,317,266.07	866,317,265.92