





mai'sha!

National AIDS Control Council

NATIONAL AIDS CONTROL COUNCIL

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014**

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



NATIONAL AIDS CONTROL COUNCIL

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NATIONAL AIDS CONTROL COUNCIL

1. KEY ENTITY INFORMATION AND MANAGEMENT

1.1 Background

The National AIDS Control Council (NACC) was established under Section 3 of the State Corporations Act Cap 446 through the National AIDS Control Council Order, 1999 published vide Legal Notice No. 170 of 1999. NACC is a non-commercial organization with a mandate to coordinate the national response to HIV and AIDS. NACC is classified as a Semi-Autonomous Agency (SAGA) in the Ministry of Health.

1.1.1 Our Vision

A HIV Free Society

1.1.2 Our Mission

To provide Policy and Strategic Framework for mobilizing and coordinating resources for prevention of HIV transmission and provision of care and support to the infected and affected people in Kenya

1.1.3 Our Mandate

NACC is a National HIV and AIDS coordinating agency with the following three main mandates:

- a. Provision of Policy and Strategic Framework
- b. Coordination of Multi-sectoral HIV and AIDS Response in Kenya
- c. Mobilization of technical and financial resources



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1.1.4 Our Strategy – What guides us

i. Strategic Plan

Since its inception, the NACC has implemented three strategic plans operating under the “three ones” principles namely:

- 1) One agreed HIV and AIDS Action Framework to coordinate partners.
- 2) One National AIDS Coordinating Authority for a multi-sectoral response.
- 3) One agreed country Monitoring and Evaluation (M&E) Framework.

The Kenya National AIDS Strategic Plan III, that NACC was responsible for ensuring delivery came to an end during the year being reported on June 30th 2014.

ii. Performance contracting

The National AIDS Control Council (NACC) is one of the first Public Agencies that begun the process of Performance Contracting in 2005/06. During the years that followed, the NACC has continued to record good progress in the Annual report of Performance Contracting evaluation among all Public Agencies.

NACC’s Performance per Criteria Category

Performance Year	Composite Score	Remarks
2005/2006	2.6932	Very Good
2006/2007	2.7078	Good
2007/2008	2.7504	Good
2008/2009	2.3703	Very Good
2009/2010	2.5308	Good
2010/2011	2.3893	Very Good
2011/12	2.8899	Very Good
2012/13	2.8475	Very Good
2013/14	3.0076	Good

Performance Contracting is one of the key deliverable the Council has continuously implemented in its bid to fulfil its mandate. The Council has a well established performance contracting mechanism used to enhance service delivery, improve customer satisfaction, and employee performance which ultimately impacts the HIV and AIDS response.

In addition, HIV is a performance contracting sub-indicator for all Government Agencies. This is in line with the Government directive on agencies required to submit quarterly performance reports. The NACC uses the sectoral online reporting tool, that is filled by all reporting agents to capture information on HIV interventions which are used as HIV Prevention Performance Indicators. These indicators are important to measuring GoK contribution to the HIV response outside of the Health Sector.





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iii. Work Plan and Objectives

During the period under review the National AIDS Control Council implemented the 2013/2014 work plan with the following overall Objectives:

1. To provide policy and strategic framework for mobilizing and coordinating resources to prevent new HIV infections, improvement of quality of life of those infected and affected
2. To mobilize, coordinate and provide technical support to all stakeholders and NACC county and sub county structures to participate effectively in the National HIV response
3. To coordinate stakeholders in policy formulation and strategic response to HIV and AIDS
4. To provide leadership in the development and implementation of policies and systems in Human Resource, finance and administration and MIS.

1.1.5 Our Commitments

NACC is committed to provide the leadership and coordination that will ensure that the Kenyan Society is free from HIV and AIDS and its negative impact.

1.1.6 Our Commitment to Quality Service

We recognize the diversity of our stakeholders. As such we are committed to providing our services without discrimination; irrespective of ethnic or regional origin, religion or gender and in accordance with the principles of diligence and fairness. In particular, we shall respect People Living with HIV and AIDS besides observing the internationally recognized GIPA Principles.

1.1.7 Our Commitment to the Community

We recognize that our core business is to coordinate HIV and AIDS response and mitigate its negative impact on the community. This makes us part and parcel of the community. In this regard, we shall endeavour to improve our environment and the local communities that we interact with.

1.1.8 Our Commitment to Stakeholders/Customers

We shall promptly respond to our customers requests offering services in a friendly and professional manner. We will work with our stakeholders to continuously improve our services while upholding the values of trust, integrity, honesty and confidentiality.

1.2 KEY MANAGEMENT

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

- 1) The Council (also referred to as the board)
- 2) The management team



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1.3 FIDUCIARY OVERSIGHT ARRANGEMENTS

1.4 Council Committees

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

- i. **Executive Committee:** Provide strategic leadership on the Mandates of the Council; Liaise and co-ordinate all matters related to external donor funding and ensure strong partnership in matters of HIV and AIDS co-ordination; Promote dialogue with Development Partners for purposes of marshalling resources for purposes of HIV and AIDS; Ensure that the Public Ethics Act is adhered to in matters pertaining to the Council at all times.
- ii. **Finance and Administration Committee:** Ensures prudent management of Financial resources; administer and keep under review the rules and regulations governing financial management of the Council's funds; Provide a Framework for coordination, resource mobilization and allocation/distribution and Coordinate all matters related to external donor funding.
- iii. **Programmes Committee:** Reviews, assesses and recommends all the programmes, projects and plans submitted to the Council and monitors and evaluates all programme activities and promote dissemination of information.
- iv. **Audit Committee:** Provide general oversight role with regard to governance, accountability, and transparency at the Council. Strengthen overall audit functions within the Council through constant review of operational risks and actions taken by the management to address the risk; Review and follow up both Internal and External audit reports.

1.5 Parliamentary/Development Partners Oversight committees

The NACC Presents its Audited Financial Statements to the Parliamentary Investment Committee (PIC) and the Inspectorate of State Corporations.

The respective Donors also provide their operation manual with clearly spelt fiduciary arrangements that revolve around accountability, verification and value for money.



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2. NACC DETAILS

1.6 NACC Headquarters

P.O. Box 61307
9th Floor, Landmark Plaza
Arwings Kodhek Road
Nairobi, KENYA

1.7 Contacts

Telephone: (254) 20 2896 000
E-mail: communication@nacc.or.ke
Website: www.nacc.or.ke

1.8 Bankers

- i Citibank N.A
Upper hill Branch
PO Box 30711-00100
NAIROBI
- ii. Barclays Bank of Kenya Ltd
NIC Branch
PO Box 18060
NAIROBI
- iii. Standard Chartered Bank Ltd
Kenyatta Avenue Branch
PO Box 40310
NAIROBI
Kenya
- iv. Cfc-Stanbic Bank Ltd
Kenyatta Avenue Branch
PO Box 30550-00100
NAIROBI
Kenya



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- v. NIC Bank Ltd
NIC House Branch
PO Box 44599-00100
NAIROBI
Kenya

- vi. Co-operative Bank Ltd
Upper Hill Branch
PO Box 30415-00100
NAIROBI
Kenya

1.9 INDEPENDENT AUDITORS

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

1.10 PRINCIPAL LEGAL ADVISER

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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2 THE NACC COUNCIL

No	FULL NAMES OF DIRECTORS/ CHAIRMAN	DESIGNATION	CONSTITUENCY	APPOINTMENT DATE	
				FROM	UPTO
1.	Prof. Mary N. Getui	Chairperson	Chairperson, National AIDS Control Council	May 27, 2012	May 27, 2015
2.	Prof. Fred Segor	Member	Principal Secretary, Ministry of Health	October 1, 2009	
3.	Dr. Khadijah Kassachoon	Member	Principal Secretary, Ministry of Health	October 1, 2009	
4.	Amb. (Dr) Monica Kathina Juma	Member	Principal Secretary, State Department of Interior in the Ministry of Interior and Coordination	October 1, 2009	
5.	Joseph Kinyua	Member	Principal Secretary, National Treasury	October 1, 2009	
6.	Dr. Kamau Thugge	Member	Principal Secretary, National Treasury	October 1, 2009	
7.	Mrs. Rukia Subow	Member	The National Chairman Maendeleo ya Wanawake Organization (MYWO).	October 1, 2009	
8.	Rahab Mwikali Muiu (Mrs.) HSC	Member	The National Chairman Maendeleo ya Wanawake Organization (MYWO).	October 1, 2009	
9.	Eng. Erastus Kabutu Mwongera, CBS, FIEK,RCE	Member	Federation of Kenya Employers	October 1, 2009	
10.	Peter Linus Barasa Kubebea	Member	Nominated Member	November 9, 2012	November 9, 2015
11.	Dr. Charles W. Kariuki	Member	Nominated Member	November 26, 2012	November 25, 2015
12.	Dorothy Obare Onyango	Member	Director, Women Fighting AIDS in Kenya	October 1, 2009	
13.	Wilson Kipsang Kipkazi	Member	Chair, The National Council of NGOs	October 1, 2009	

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No	FULL NAMES OF DIRECTORS/ CHAIRMAN	DESIGNATION	CONSTITUENCY	APPOINTMENT DATE	
				FROM	UPTO
14.	Rev Dr.Charles Kibicho	Member	Chairperson National Council of Churches in Kenya	October 1, 2009	
15.	Rev. Canon Rosemary Mbogo	Member	Chairperson National Council of Churches in Kenya	October 1, 2009	
16.	His Eminence John Cardinal Njue	Member	Chairman of the Kenya Conference of Catholic Bishops (KCCB)	October 1, 2009	
17.	Francisca Galgitele	Member	Nominated Member	November 9, 2012	November 9, 2015
18.	Prof. Abdulghafur El-Busaidy	Member	Chairman, Supreme Council of Kenya Muslims	October 1, 2009	
19.	Mwanamaka Amani Mabruki,	Member	PS, State Department of Devolution	October 1, 2009	
20.	Ken Wafula	Member	The National Council of NGOs	October 1, 2009	
21.	Ms. Catherine Murithi	Member	The National Council of NGOs	October 1, 2009	
22.	Prof. Alloys S.S Orago	Secretary	Director, National AIDS Control Council	February 11, 2012	February 11, 2013
23.	Mr.John Kamigwi	Secretary	Ag, Director, National AIDS Control Council	February 12, 2013	May 4, 2014
24.	Dr. Nduku Kilonzo	Secretary	Director, National AIDS Control Council	May 5, 2014	May 4, 2017

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2.1 Council Members Profile



Prof. Mary N. Getui is the Chairperson, National AIDS Control Council (NACC). She holds a Doctor of Philosophy (PhD) from Kenyatta University, a Master of Arts (Religious Studies) and Bachelor of Education (Arts) from University of Nairobi. She teaches at the Catholic University of Eastern Africa, where she serves as Director Quality Assurance. Previously she worked at Kenyatta University and held the position of Head of Department, Director Board of Undergraduate Studies and Dean School of Humanities and Social Sciences. Prof. Getui has published widely on religion, culture, gender, education and more recently on health.



Dr. Khadijja Kasachoon is the Principal Secretary, Ministry of Health, where she heads the different departments and aligned State parastatals and institutions, such as National Hospital Insurance Fund (NHIF), National AIDS Control Council (NACC), Kenya Medical Supplies Agency (KEMSA), Kenya Medical Research Institute (KEMRI), Pharmacy and Poisons Board (PPB), National Cancer Institute (NCI), Kenya Medical Training College (KMTTC), Medical Practitioners & Dentists Board, Kenyatta National Hospital (KNH) and Moi Teaching & Referral Hospital.

Prior to her appointment as Principal Secretary, Health Dr. Kassachoon was Principal Secretary, State Department of Livestock in the Ministry of Agriculture, Livestock and Fisheries. She has also worked in other Government agencies like Kenya Bureau of Standards (KEBS), Kenya Accreditation Services (KENAS) and the United Nations Office (UNONS). She is a specialist in systems management. Dr. Kassachoon holds Master of Business Administration Degree and Bachelor of Veterinary Medicine Degree and is pursuing a PhD in Business Management at the University of Nairobi.



Dr. Kamau Thugge is the Principal Secretary at the National Treasury. He holds a Doctor of Philosophy (PhD) from John Hopkins University, USA. He also holds a Bachelor of Arts (Economics) from Colorado College, USA and a Masters in Economics from John Hopkins University, USA. He has oversight responsibility for the National Treasury. He has previously worked in the Ministry of Finance as Head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance he worked with the International Monetary Fund (IMF) both in the policy making Departments and non-policy making Departments as Economist/Senior Economist and Deputy Division chief.



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Amb (Dr.) Monica Kathina Juma is the Principal Secretary, State Department of Interior in the Ministry of Interior and Coordination National Government. She holds a Doctor of Philosophy (PhD) from the University of Oxford, Masters of Arts (MA) and Bachelor of Arts (BA) from the University of Nairobi and a Certificate in Refugee Studies from Oxford University. She has previously served as Principal Secretary, Ministry of Defense, Kenya's Ambassador for Extra Ordinary and Plenipotentiary to the Federal Democratic Republic of Ethiopia, the Republic of Djibouti and Permanent Representative to the African Union.



Ms. Mwanamaka Amani Mabruki is the Principal Secretary, State Department of Devolution. She holds Masters and Bachelor's degree in Economics from the University of Nairobi. She has previously served as the Principal Secretary, State Department of East African Affairs. She has also worked in other Government Agencies like the Kenya Ports Authority, Kenya Revenue Authority and Ministry of Finance



Eng. Erastus Kabutu Mwongera, CBS, FIEK, RCE is a registered Consulting Engineer, Fellow of the Institution of Engineers of Kenya. He is the Chairman of Sameer Africa Ltd and serves in the Management Board of Federation of Kenya Employers as Immediate Past Chairman. He has served as Permanent Secretary for 12 years in the Government of Kenya and as a member of the Task Force on Performance Contracting for 6 years. He is a Senior Partner of EM Baseline Consultants, an Engineering and Management Consultant Firm.



Rahab Mwikali Muiu is the National Chairperson Maendeleo ya Wanawake Organization (MYWO). She holds a certificate from the Kenya Government Secretarial College. She is a member of UNDP Team of Eminent Person (TEP) renowned Kenyan Entrepreneur who pioneered the weaving and marketing of Kenyan handicrafts especially the 'Kiondo' abroad. She has been instrumental in empowering Kenyan women through trade especially former Kitui and Machakos Districts which are among origins of handicrafts.



His Eminence John Cardinal Njue is a Catholic Cardinal. He holds a Masters in Pastoral Theology. Cardinal Njue is the Archbishop of the Catholic Archdiocese of Nairobi and Chairman of the Kenya Conference of Catholic Bishops (KCCB). He has wide experience in administration and Governance in various boards, local and international.



Rev. Canon Rosemary Mbogo is the Chairperson of National Council of Churches in Kenya. She holds a Masters of Arts in Theology and Biblical Counseling, and a Bachelor of Arts in Education. She is currently the Provincial Secretary of the Anglican Church of Kenya, and serves on St. Paul's University Council. Rev. Canon Mbogo has previously served as the Mission Director of ACK, Director Institute of Christian Ministry, International Leadership University, and as high school Principal for 12 years. She has wide experience in administration, human resource and leadership skills.



Prof. Abdulghafur H.S. El-Busaidy is the Chairman, Supreme Council of Kenya Muslims (SUPKEM). He holds a doctorate in Applied Physical Chemistry from University of Trondheim-NTH-Norway. He is a lecturer, and has very wide experience in teaching chemistry in various institutions including Kenya Science Teachers College (K.S.T.C) and the University of Nairobi. He is currently a member of the academic board of the biological and physical sciences colleges. Prof. El-Busaidy is the first chairman and founder member of the Kenya Chemical Society. He is also a researcher and has designed and supervised various research projects. He has also published widely in the area of chemistry. Prof. El-Busaidy is a board member of various local and international organizations.



Dorothy Obare Onyango is the Executive Director WOFAK. She holds a Bachelor of Arts in Development Studies and Social Work. She has worked as a Program Director, Ken Wide Media Ltd, served in the Board of NEPHAK for 4 years. She is also a board member of National Council of Children's Services and current Chair of Pan African Women's Coalition. Dorothy is also the NGO representative to the Kenya Coordinating Mechanism (KCM). Previously she served as the global chair for the International Committee of Women Living with HIV for a period of 5 years.

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Wilson Kipsang Kipkazi is a commissioner of Poverty Eradication Commission. He is a holder of B.A Degree in Community Development and Resource Mobilization from European Business School. He previously worked as a Director of Kenya Cooperative Creameries, and as a Chairman of Kenya Bankers Savings and Credit Cooperative Society. He also worked as a Director of Kenya National Chamber of Commerce and Industry.



Peter Linus Barasa Kubebea holds a Masters in Business Management, and a Bachelor in Business Administration, an advanced Diploma in Financial Management and an Advanced Diploma in Human Resource Management. He was the Financial Controller-Lonrho East Africa Ltd, Financial Manager-National Social Security Fund, General Manager-Export Processing Zone, Senior Deputy Secretary – Ministry of Education, Chairman- National Taxpayers Association.



Dr. C. Wacira Kariuki holds a Bachelor of Pharmacy degree. He is currently a consultant in infection control and also consulting for WHO Somalia in developing a drug supply chain. He has previously worked with the Ministry of Health as a Pharmacist in Kenyatta National Hospital in charge of the Sterile Preparation Unit. He has also worked with Crescent Medical Aid, and was in charge of rolling out 12 medical clinics in various slums in Nairobi, overseeing STD & HIV prevention programmes in slum areas, condom introduction to CSWs in Pumwani and surrounding areas and managing Family Planning and Vaccination programs in the slum areas. He sat in the original National AIDS Committee and he is the immediate Chairman of Nyeri Provincial General Hospital.





Ms. Francesca Galgitele is a Teacher by profession, She holds a Bachelor of Education degree from the Kenya Methodist University. She has taught at Nanyuki Primary School and is currently teaching in South Horr Primary School in Samburu North.



Dr. Nduku Kilonzo is the Director of the National AIDS Control Council. A Doctor of Philosophy (PhD) holder in Tropical Medicine Gender and Health from the University of Liverpool, Liverpool School of Tropical Medicine (LSTM), Dr. Kilonzo has been involved in the development of innovative, quality-assured HIV Testing and Counseling program in Kenya, Malawi, Botswana and Cote d'Ivoire (Ivory Coast). As the Director, Dr. Kilonzo is responsible for the reduction of HIV infections and HIV related morbidity, raising resources, coordinating all HIV implementing and development partners and engagement of sector and counties for HIV planning, prioritization and resource allocation and the one M & E framework for HIV in Kenya. Her primary research and publications have been in the area of sexual violence and HIV Prevention. Nduku has over 20 peer reviewed publications and book chapters and has been the team leader in developing the Kenya National HIV Testing and Counselling Report 2011/12. She is currently an Advisor in Gender and Rights Advocacy Panel to the WHO, an editor of Reproductive Health Matters, a peer reviewed journal and member of the Public Health Association of Kenya.



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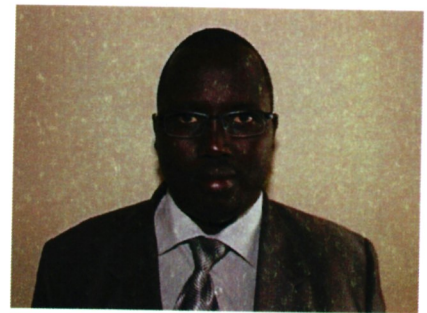
3 MANAGEMENT TEAM

3.1 Senior Management



Dr. Nduku Kilonzo is the Director of the National AIDS Control Council. A Doctor of Philosophy (PhD) holder in Tropical Medicine Gender and Health from the University of Liverpool, Liverpool School of Tropical Medicine (LSTM), Dr. Kilonzo has been involved in the development of innovative, quality-assured HIV Testing and Counseling program in Kenya, Malawi, Botswana and Cote d'Ivoire (Ivory Coast). As the Director, Dr. Kilonzo is responsible for the reduction of HIV infections and HIV related morbidity, raising resources, coordinating all HIV implementing and development partners and engagement of sector and counties for HIV planning, prioritization and resource allocation and the one M & E framework for HIV in Kenya. Her primary research and publications have been in the area of sexual violence and HIV Prevention. Nduku has over 20 peer reviewed publications and book chapters and has been the team leader in developing the Kenya National HIV Testing and Counselling Report 2011/12. She is currently an Advisor in Gender and Rights Advocacy Panel to the WHO, an editor of Reproductive Health Matters, a peer reviewed journal and member of the Public Health Association of Kenya.

Kamuren Dennis K is the Deputy Director, Finance & Administration. He holds a Masters of Business Administration from University of Nairobi, a Bachelor of Arts from Kenyatta University, Post Graduate Certificate in Corruption Studies Hong Kong University and member of institutes of Certified Public Accountants and Secretaries of Kenya. He has over fifteen years experience in managerial, operational and financial experience at management levels. He also has huge experience in Systems Implementation, Corporate Governance, World Bank Disbursements and Accountability processes. He is a qualified ISO Lead Auditor from Bureau Veritas.



John Kamigwi Mwangi is the Deputy Director, Policy Strategy and Communication at NACC. He holds Masters of Economics and Social Studies (Health Planning & Development) from University of Wales (UK); Bachelor of Philosophy (Economics) and Bachelor of Arts (Economics) from University of Nairobi. As a Senior Health Economist, John has served for over fifteen (15) years at senior level in the public sector in Kenya, both in Coordination of HIV and AIDS Programmes and in general development planning and review with a focus on Health Development.

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Dr. Patrick Muriithi is Head, Monitoring and Evaluation and is currently Ag. Deputy Director, Coordination and Support. He holds a Masters in Public Health from University of Nairobi and a Bachelor of Dental Surgery (BDS) from University of Nairobi.

Dr. Emmy J. Chesire is the Senior HIV Prevention Advisor at the NACC/UNAIDS. She

holds a Doctor of Philosophy in Public Health from JKUAT, Master of Public Health in Community Health and Nutrition from Kenyatta University and Master in Education in Primary Health Care from University of Manchester, United Kingdom. Emmy Has over 29 years experience in Public Service having served in various positions including Chief Principal/College Principal at the Kenya Medical Training College, Nairobi Campus and Karen College of Nutrition, Nairobi



Ms. Regina A. Ombam is Head of Strategy Development at the NACC. She holds a Masters in Public Administration, Masters of Arts in Economics from University of Nairobi and Bachelor of Arts in Anthropology, University of Nairobi. She is an Economist by profession with over 20 years of professional work experience majority in Kenya's public sector having served as a lecturer at the University of Nairobi, Economist in the Roads Sector and Policy Analyst at the Anti-Corruption Commission. Regina is currently pursuing her PhD programme in Economics at the University of Nairobi.



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Gregory Weere is the Head, HR & Administration. He holds a Master of Arts in Organizational Behaviour, Bachelor of Arts in Industrial Psychology (Honours) from Punjab University, a Higher Diploma in Human Resource Management and a PG diploma in Guidance and Counselling. Mr. Weere has over 13 years rich experience and achievements in Human Resources and Administration having previously headed the HR & Administration of the World Vision (K) microfinance (Vision Fund), Kenya Civil Aviation Authority as the Manager, Manpower Development and Recruitment and the National museums of Kenya.



Christopher Msando is Head, MIS. He holds a Bachelor of Science from Murdoch University, Australia and is currently pursuing and MBA in Strategic Management from University of Nairobi. He holds a Diploma of Business (Computing and Information technology) from Alexander Institute of Technology, and is a Cisco Certified Network Associate from Murdoch University.

Jennifer Wambua is Head of Communication at the NACC. She holds a Masters in Communication Studies from Nairobi University, a Bachelor of Science in Information Sciences from Moi University and postgraduate diploma in mass communication from Kenya Institute of Mass Communication. Jennifer Has 20 years experience in Information, Communication and Public Relations. She is a member of the Public Relations Society of Kenya (PRSK).



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Patrick Obura is Head of Internal Audit. He holds a Master of Business Administration (Finance) from University of Nairobi, a Bachelor of Arts in Anthropology from University of Nairobi and is a CPA (K). Patrick has over 8 years experience in Auditing having worked with PKF Kenya (Accountants & Business Advisers) from 2006 until when he joined NACC in 2008 as an Internal Audit Assistant where he rose to the Current Level of Head, Internal Audit. Patrick has been instrumental in computerisation of auditing processes in NACC

Dr. Bathsheba Osoro is Head, Stakeholders' Coordination. She holds a Doctor of Philosophy in Counselling from Washington International University, Master of Education in Counselling Psychology from the University of British Columbia and Bachelor of Arts (Education) from University of Nairobi. Dr. Osoro has over 25 years of work experience in the Public Service.



Edwin Chumo Kimutai is Head, Special Programmes at the NACC. He holds a Masters of Public Health and Epidemiology from Kenyatta University, an advanced management and leadership from AMREF Training institute and Diploma in Environmental Health Sciences from Kenya Medical Training College. Edwin Served for close to ten years as Senior Public Health Officer Ministry of Health, National UNV (Programme Officer HIV & AIDS).



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Kenneth O. Nyamolo is currently the Head Finance. He holds a Master of Business Administration (Finance major) from Nairobi University, Bachelors degree in Environmental Studies (**Community Development**) and is a Certified Public Accountant of Kenya (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Kenneth has over 10 years experience in Finance & Accounting having worked both in the Private and Public sectors. He serves in the Legislative Affairs Work Stream of the Public Policy & Governance Committee of the ICPAK.

Catherine Njeri Kimuri is Legal Officer and currently Ag. Head, Legal Services at the NACC. She holds a Masters of Laws from Reading University and a Bachelor of Laws from University of Nairobi.



Clauder N. Musi is Head of Procurement at the NACC. He holds a Masters in Commerce from Shivachi University in Kolapur a Bachelor of Commerce from Indore Christian College -DAVV University in India and Advanced Diploma in Purchasing & Supply (CIPS). Mr. Musi has 18 years experience in public procurement systems having participated in the review of the Public Procurement and Disposal Bill 2003, 2004 and 2005 and the Public Procurement and Disposal Regulations in 2006.





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Hannington Onyango is Programme Officer - Field Operations and currently Ag. Head, Technical Support. He holds a Master of Science in Health Systems Management from Kenya Methodist University and is currently pursuing Masters in Public Health at Kenyatta University. He holds a Bachelor of Science in fisheries from Moi University and a diploma in Healthcare services from Kenya Institute of Management.





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3. CHAIRMAN'S STATEMENT

The Government of Kenya, through its national and county Governments is responsible for the HIV response as espoused in the strategies developed every 5 years. The delivery of this mandate is vested in NACC. The NACC plays a critical role in coordinating development and implementation of HIV and AIDS policies, coordinating of stakeholders to guide programme and resources utilization, strengthening of governance and management accountability measures in HIV programmes, development of norms, providing technical assistance to programme implementation and securing resources for the HIV response.

In the last financial year, NACC was placed in the Ministry of Health, from the Office of the President and retained its mandate of stakeholder coordination. Through a competitive process, the Board of NACC recruited a new Director to oversee management of the Secretariat.

Kenya's HIV response is guided by the National AIDS Strategic Plan and performance of the third plan was evaluated through an end term review.

The GOK provided NACC with resources to facilitate delivery of the NACC mandate. NACC mobilized funds from sources other than the exchequer amounting to Ksh. 328.8 Million compared to the annual target of Ksh. 191.1 million. In particular, NACC implemented the final year of Kenya's Total War against AIDS (TOWA) project, a World Bank Credit that received a satisfactory rating during the year. The UN joint team on HIV and AIDS provided technical support to the delivery of the HIV response through Civil Society Organizations and through other Government agencies. The NACC received Global Fund resources that were utilized in mass media campaign to promote HIV treatment through vernacular TV and radio stations.

The NACC continued to host the HIV and AIDS Equity Tribunal with office space as well as assistance in developing and dissemination of their strategy at national and community level. The NACC funded a national HIV and AIDS Stigma survey to guide future implementation of programmes.

The Kenya National AIDS Authority (KNAA) Bill, 2012 was introduced in Parliament on June 2012 and underwent the 1st reading. However, it did not proceed beyond that by the time the 10th Parliament was dissolved. During the period under review, the NACC revised a draft Kenya AIDS Control Authority Bill 2013 to restructure the organization to fit into the new governance structure as provided under the Constitution. The process is continuing.

I thank the NACC Secretariat and the Board for working round the clock to ensure that planned activities were implemented in a timely and efficient manner during this period and that challenges were promptly acknowledged and addressed.





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4.1 Government Policy

In the MTP II (2013-2017) under the Social Pillar the government recognizes that HIV and AIDS has adverse socio-economic impact and that the pandemic has the potential to derail the achievement of Vision 2030. The epidemic has been shown to lower labour productivity, contributes to morbidity and mortality and nets more households into poverty. The HIV and AIDS prevalence currently stands at 5.6% and it is projected to be 5% in 2015 and 4% in 2017. HIV and AIDS alone has been cited to contribute 29.3% of deaths in Kenya. The prevalence seems to have stabilized at 6% on average and a lot needs to be done in order to bring the prevalence rate down.

One of the strategic objectives under the special programmes on HIV and AIDS is to enhance the capacity of the NACC. The prioritized programmes/ activities in fighting HIV and AIDS include:

- HIV and AIDS prevention
- Care and support for the infected and affected
- Mitigation of adverse socio-economic impact of HIV and AIDS.

The challenges in halting the spread of HIV include risky sexual behaviour. For instance, those who are in marriage and in steady relationships contribute over 44% of new HIV infections. This calls for re examination of lifestyle choices and behaviour change.

Sustainable financing of HIV and AIDS is also a challenge as the country relies heavily on donor support. It is appreciated that the Government is conscious of this situation and is committed to give due address.

At the same time, great milestones have been achieved including:

- Operationalization of HIV and AIDS Tribunal
- Beyond Zero Campaign (spearheaded by the First Lady - Her Excellency Dr. Margaret Kenyatta)
- Documentation of HIV and AIDS county burden.
- NACC and stakeholders are working on modalities to establish a Trust Fund for HIV and AIDS and non- communicable diseases.

The fight against HIV and AIDS will make strides if each one of us regards it as "own business". On this premise depends a healthy individual; a healthy Kenya. The NACC board is committed to achieving zero new infections, zero stigma and discrimination and zero HIV related deaths.

A handwritten signature in blue ink, appearing to read "Mary Getui".

Prof. Mary N. Getui, MBS

CHAIRMAN

NATIONAL AIDS CONTROL COUNCIL

4. REPORT OF THE CHIEF EXECUTIVE OFFICER

This Annual Report and Accounts of the National AIDS Control Council represents the period ended June 30, 2014. In the year, the Ministry of Health supported the NACC in delivering its role as a coordinating agency.

4.1 Major Milestones

The milestones described below are aligned to the NACC mandate.

4.1.1 Providing a Policy Framework

Report of the End Term Review of KNASP III: The Kenya National Strategic Plan III covered the period 2009/10-2012/2013 and functioned as an overarching framework for domestic implementers supported by the Government of Kenya, Development Partners and the UN to harmonize, mobilize, utilize, and account for their strategic plans against HIV and AIDS. Progress against KNASP III goals were to be measured at the end of the life cycle. In the reporting year, an end term review of the performance of the HIV response that NACC coordinates was undertaken. Performance was rated as follows:

Goal	KNASP III end term review rating
Reductions in new infections by at least 50%	<ul style="list-style-type: none"> • New adult infections reduced by 7% • Prevalence reduced from 6.3% to 5.6% • Children’s new infections reduced by 44%
Reductions in AIDS related deaths by 25% Noticeable reductions in overall HIV related mortality	<ul style="list-style-type: none"> • HIV treatment coverage increased from 64% to 78%
Reduced socio-economic impact at household and community level	OVC programs increased

HIV Prevention Summit: The Third National HIV Prevention Summit, themed “HIV Prevention: Everyone’s Business” was held in collaboration with Development Partners and other stakeholders and was used to provide County input and guidance into the HIV prevention roadmap.

Kenya National HIV Prevention Revolution Roadmap: The Kenya National HIV Prevention Revolution Road Map was launched and will guide Counties in development, implementation and budgeting for the HIV response in their respective counties. The roadmap characterizes sources of new infections, coverage of services and optimal combination of services and cost requirements to reduce Kenya’s new infections by 80% by 2030. It gives each County Government guidance for investment in costed, targeted interventions for the highest impact. The HIV prevention goals are aligned with the Kenya Vision 2030 Blue print, including five-year milestones. The Roadmap has



NATIONAL AIDS CONTROL COUNCIL

been described as a Visionary document. The leading Global Medical Journal, *The Lancet* in August 2014 noted “we applaud the Ministry of Health Kenya and Collaborators for their vision, leadership and application of epidemiological evidence to bend the curve”. *The Economist* in August also quoted the Roadmap.

4.2 Coordination of the HIV Response

First Lady’s Beyond Zero Campaign: The National AIDS Control Council supported the development and launch of the First Lady’s strategy on HIV Control, maternal and child health during the World AIDS Day 2013. The *Beyond Zero Campaign* is championed by Her Excellency Mrs. Margaret Kenyatta and will contribute to Kenya’s commitment to eliminating mother to Child transmission. The NACC contributed Ksh. 500,000 to support the First Lady half marathon. During the period, the NACC supported county forums for Spouses of Governors to catalyse implementation of the campaign.

Faith Based Organizations: Eight (8) County Inter Faith Technical Working Groups with clear TORs were established to promote HIV education among faith communities. Consultations with SUPKEM leaders and Muslim Clerics, needs assessment and training on HIV and drug use, HIV among men who have sex with men were undertaken resulting in an agreed Declaration and an Action Plan.

Youth Networks: Twenty three (23) County Youth HIV and AIDS Networks aimed at developing individual capacities and group youth leadership in order to promote HIV prevention were established.

Most At Risk Populations (MARPs): The NACC developed a policy on key populations to strengthen programming, including providing technical assistance for the MSM Pre-Summit which informed the HIV prevention summit. During the First International Condom Day, 1,029, 000 condoms and 30, 500 lubricants were distributed.

4.3 Coordinating Information

Communication through Mass Media: NACC reached at least 6 million viewers and 21 million through radio broadcasts. In addition, at least 485 people were reached with HIV and AIDS messages through face book and 499 through twitter. The NACC website was regularly updated.

ASK Shows: During the period under review the NACC provided information, advocacy to over 4,000 individuals in four ASK shows and received awards as itemized below.

NATIONAL AIDS CONTROL COUNCIL

SHOW	POSITION 1	POSITION 2	POSITION 3
NAKURU	1	4	-
MERU	1	3	
KISUMU	3	1	-
MOMBASA	3	1	-
TOTAL	7	6	-

Capacity Building of Various Groups

Through a partnership between NACC and St Pauls University's NGO Training Institute and with funding from Bristol Myers Squibb, twenty seven (27) ACU heads and over 200 CBO and CSO staff from 8 counties were trained. The AMREF/NACC training collaboration was under review.

4.4 One Monitoring and Evaluation Framework

An M&E framework (2009/10-2012/13) was developed according to the three one's principle that guided monitoring of the implementation of KNASP III. It clearly indicated the different data sources both routine and non routine with specific timelines attached to them. Some of the routine data sources included; the COBPAR through which CSOs were expected to report on a quarterly basis with an average of 7,000 CSOs reporting annually. The HIV sectoral mainstreaming reporting tool was used by public sector institutions to report on a quarterly basis and an average of 200 public sector institutions reported on a quarterly basis. An online reporting system for the public sector was developed and is being rolled out to all public sector institutions.

Non routine data sources included evaluations and surveys such as the KAIS 2007, KDHS 2008-09, KAIS 2012 and the current KDHS 2014 whose data collection is still ongoing. NACC is a member of both the Technical working group and the steering committee of the KDHS 2014. During the same period, NACC has continued to submit the Global AIDS Response Progress report (GARPR) formerly known as UNGASS as per the Global reporting requirements. The 2013 GARPR report was submitted on March 31, 2014 as per the guidelines.

Research was coordinated through the Kenya AIDS Research Coordinating Mechanism (KARSCOM) which had a clear strategy on HIV Research in the country. The first and second Biennial HIV and AIDS Research Conferences were held successfully on May 2011 and May 2013 respectively. Research catalogues were then developed covering the periods 2000-2005 and 2005-2011 that captured Key HIV and AIDS Researches and evaluations conducted in the country for those periods. Currently, an update is being undertaken to produce the Research Catalogue for the period 2011-2014.



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The Kenya HIV and AIDS Strategic Framework (KASF) is being developed with an M&E framework to monitor its implementation. Also being developed is a Research agenda to further guide HIV and AIDS Research in the country with clear Research priorities as per KASF thematic areas.

Compliance with set Budget: During the year under review, the rate of compliance with the set budget for the NACC was 100% while utilization rate of allocated funds was measured at 82%.

Customer Satisfaction Survey: During the period under review, the Customer Satisfaction Index was 88.46% and the survey report was disseminated in seven County forums.

The NACC service Charter was designed and printed in Braille. It was distributed in 47 Counties and 210 constituencies. Eleven (11) online Maisha Bulletins were developed and 5,000 hard copies disseminated.

UN Support on Resources: Technical Assistance and financial support for review of the KNASP III, the HIV prevention summit, the development of the roadmap, production and dissemination of information, stakeholder meetings and consultations and reviews of policy documents were provided to the NACC by various agencies of the UN including UNAIDS, WHO, UNDP, UNICEF, UNWOMEN, ILO.

In particular, the UNAIDS supported the development and dissemination of HIV estimates and County profiles. Four (4) staff of the NACC were seconded by the UN agencies to the NACC.

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

Dr. Nduku Kilonzo
DIRECTOR NACC



NATIONAL AIDS CONTROL COUNCIL

5. STATEMENT OF CORPORATE GOVERNANCE

The National AIDS Control Council is responsible for the overall management of the organization and is accountable to its stakeholders for ensuring that the organization complies with the law and the highest standards of best practices in corporate governance and quality service delivery. The Council is committed to integrity in accordance with the generally accepted corporate practices and endorse the developed principles of good corporate governance.

THE NACC COUNCIL

The Council is made up of 15 members representing various stakeholders. The membership is on the basis of constituent representation covering the key sectors mainly Public and Private Sectors, People Living with HIV (PLHIV), Women representatives, Faith Based Organizations and experts in HIV related issues.

The Full Council meets at least four times in a year. The Council has delegated authority for conduct of day-to-day business to the Director. The Council, nonetheless, retains responsibility for establishing and maintaining overall policy direction, internal controls, operational and compliance issues as well as implementing strategies for the long term success in the fight against HIV and AIDS.

COMMITTEES OF THE COUNCIL

The Council has four standing committees, which meet regularly under the terms of reference set by the Council. They are:

- (i)** Executive Committee
- (ii)** Finance and Administration Committee
- (iii)** Programmes Committee
- (iv)** Audit Committee

(i) EXECUTIVE COMMITTEE

The Executive Committee is made up of the chairs of the various committees and is chaired by the Council Chairman. For emerging and urgent issues that require Council decision, the Executive Committee makes such decisions on behalf of the Council.

(ii) FINANCE AND ADMINISTRATION COMMITTEE

The Finance and Administration Committee of the Council ensures effective financial and personnel management of NACC. They therefore review and monitor the budget of the institution. The Committee also reviews procurement plan and its administration as per Government and Donor





NATIONAL AIDS CONTROL COUNCIL

regulations. On a quarterly basis, NACC Secretariat presents a management report to the Committee.

(iii) PROGRAMMES COMMITTEE

The Programmes Committee is responsible for formulating and recommending to the Council principles and policies for the technical operations, reviewing implementation policies and programs of NACC to ensure consistency. The Committee is also responsible for conducting systematic program reviews at the request of the Council and making recommendations with respect to all proposals by management for new programs, or major changes to programs. This is the Committee that review all the programmatic issues of HIV and AIDS for the Council.

(iv) AUDIT COMMITTEE

The Council has constituted an Audit Committee which meets four times a year or as necessary. Its responsibilities include review of the integrity of the financial statements and formal announcements relating to the organizations financial performance, accounting standards, maintaining oversight on internal control systems. The NACC Head of Internal Audit is the Secretary to the committee.

(v) INTERNAL CONTROLS AND INTERNAL AUDIT FUNCTION

The NACC has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for transactions and for ensuring compliance with laws and regulations that have significant implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the organization remains structured to ensure appropriate segregation of duties. In reviewing the effectiveness of the systems of internal control, the Council takes into account the results of all the work carried out to audit and review the activities of the institution. Monthly meetings for management and quarterly meetings by Council to review financial status of the institution are held to monitor performance and to agree on measures for improvement.

The Council also has in place Risk Management infrastructures that proactively identifies strategic and operational risks and prescribe appropriately mitigation measures in line with the requirements of the Treasury Circular No.3 of September 2009 and its implementation guidelines of February 2011.

In reviewing the systems of internal control, risk management and Governance processes the Council through its Internal Audit function undertakes the review of the activities of the institution based on their risk ranking and provide assurance on the efficiency and effectiveness of the processes.



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6. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

During the period under review, NACC successfully developed Corporate Social Responsibility policy to address the challenging issue of CSR amongst the various internal and external stakeholders. At the same time the NACC developed guidelines to support the implementation of CSR activities.

As part its CSR activities, the NACC supported the First Lady's half marathon that was held in the financial year under review at a cost of Ksh. 500,000.

Overall Goal of NACC CSR

The NACC wants to make a positive contribution to communities in which we belong as we strive towards an HIV free Society in Kenya both through technical, financial and staff participation.

Objectives of NACC CSR:

- i. To empower NACC as a responsible corporate entity.
- ii. To provide clear mechanisms that ensures objective identification, evaluation and selection of NACC CSR initiatives and Public Relations opportunities.
- iii. To facilitate execution of sustainable CSR initiatives for both the internal and external publics
- iv. To facilitate local and global partnership building and engagement while enjoining NACC to modern trends and technologies that ensure quality, efficient and sustainable implementation of CSR.

Prioritization of CSR activities is performed by the CSR management committee or its delegated team and approved by the NACC board during the annual and quarterly meetings. The review processes is done by the team responsible for managing CSR activities within NACC using approved criteria/guidelines. The NACC uses its decentralized structures at the County, Constituency and lower levels to engage communities, as harmonized with the devolution requirements of the Constitution of Kenya. The CSR management committee mandate allows them to work beyond these bodies during its constituency engagement undertakings.



NATIONAL AIDS CONTROL COUNCIL

Key thematic areas supported by the NACC CSR include

- a. Health
- b. Environment
- c. Education
- d. Sports
- e. Humanitarian Intervention/ natural disasters
- f. Partnership and Resource mobilization (Annual Fundraising Dinner)

During the period under review, the NACC also supported the Annual Cancer Run which was held on February 22, 2014 as part of the CSR activities at a cost of Ksh 200,000. This is in recognition of the fact that people infected with HIV have a higher risk of cancer than uninfected people.

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7. STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Public Finance Management Act, 2012 and the State Corporations Act, require the NACC Council to prepare financial statements which give a true and fair view of the state of affairs of the NACC at the end of the financial year and the operating results of the NACC for the year. The NACC Council is also required to ensure that the NACC keeps proper accounting records which disclose with reasonable accuracy the financial position of the NACC. The Council is also responsible for safeguarding the assets of the entity.

The Council Members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2014. This responsibility includes:

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

The NACC Council accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards and in the manner required by the PFM Act 2012 and the State Corporations Act. The Council Members are of the opinion that the NACC's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2014, and of the financial position as at that date. The member further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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



NATIONAL AIDS CONTROL COUNCIL

Approval of the financial statements

The NACC's financial statements were approved by the Board on September 25, 2014 and signed on its behalf by:

A handwritten signature in blue ink, which appears to read "Mary N. Getui". The signature is written in a cursive style and is positioned above a horizontal line.

Prof. Mary N. Getui
Chairman, National AIDS Control Council

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AIDS CONTROL COUNCIL FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Aids Control Council set out on pages 34 to 50, which comprise the statement of financial position as at 30 June 2014, statement of financial performance, statement of changes in net assets, 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Audit Opinion

1. Community Initiative Expenses

The statement of financial performance for the year ended 30 June 2014 reflects community initiative expenses of Kshs.512,797,070. However, the expenditure on community initiative activities has not been audited by this office which contravenes the Financing Agreement Schedule 1, Section 11(B) (4) and Section IV (B) (6). As a result, the propriety of the particular expenditure amounting to Kshs.512,797,070 for the year ended 30 June 2014 could not be ascertained.

2. Receivables from Non-exchange transactions

2.1 As disclosed in note 18 to the financial statements, the receivables from non-exchange transactions balance of Kshs.241,754,426 as at 30 June 2014 comprises advances to various committee organizations. Notable among these are advances to District Technical Committee (DTC), Constituency Aids Control Committees' (CACC'S), World Aids Day and Aids Control Unit (ACU) amounting to Kshs.19,613,358, Kshs.40,198,287, Kshs.2,161,700 and Kshs.3,697,925 respectively which have been outstanding for a considerably long period of time.

2.2 Similarly, included in advances to CBOs pre-testing/support advance of Kshs.9,914,397 are advances to Field Offices (FO), Kenya Long Distance Truck Drivers Association (KLDTD), District Medical Officer of Health – Turkana and Kenya Consortium to Fight Aids, Tuberculosis and Malaria (KECOFATUMA) amounting to Kshs.24,097,966, Kshs.105,985, Kshs.310,378 and Kshs.84,350 respectively, which had not been accounted for as at 30 June 2014.

2.3 Further, the receivables from non exchange transactions balance of Kshs.241,754,426 includes staff imprests and staff advances of Kshs.4,589,511 out of which Kshs.2,113,579 is owing from former staff of the Council and which has been outstanding for a considerably long period of time. Also, included in the receivables from non exchange transactions balance are advances of Kshs.109,752,890 to Financial Management Agency (FMA) but whose breakdown has not been availed for audit review.

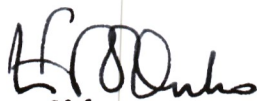
2.4 Also, the balance of receivables from non-exchange transactions of Kshs.241,754,426 as at 30 June 2014 includes other advances balance of Kshs.27,728,392. According to information available, these were expenses incurred by the two projects, but whose payments were made from GOK development

account. As at 30 June 2014, these expenditures had not been reimbursed by the two projects. The management has however indicated that, efforts are under way to have all the outstanding advances and imprests recovered.

Consequently, the accuracy and full recovery of the receivables from non exchange transactions balance of Kshs.241,754,426 as at 30 June 2014 could not be ascertained.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Council as at 30 June 2014, its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Accrual Basis) and comply with National Aids Control Council Order, 1999.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

22 April 2015

NATIONAL AIDS CONTROL COUNCIL

9. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2014

	Note	2014 Ksh	2013 Ksh
Revenue from non-exchange transactions			
Public contributions and donations	3	3,690,859	4,510,392
Transfers from other governments	4	1,976,682,332	2,049,155,487
Deffered revenue	5	68,624,002	10,711,398
		2,048,997,193	2,064,377,277
Revenue from exchange transactions			
Other income	6	25,023,524	13,499,737
		2,074,020,717	2,077,877,014
Expenses			
Employee costs	7	224,880,496	211,163,651
Depreciation and amortization expense	8	80,976,003	24,224,232
Repairs and maintenance	9	22,660,905	18,155,434
Program management expense	10	1,076,294,188	1,018,735,973
Community initiative expense	11	512,797,070	1,310,385,065
TOWA Essential Commodities	12	16,006,888	180,882,782
General expenses	13	138,783,031	159,821,744
Finance costs	14	4,918,662	2,284,418
		2,977,317,243	2,925,653,299
Other gains/(losses)			
Gain on sale of assets		-	1,046,231
Deficit for the period		(3,296,526)	(846,730,054)

The notes as set out on pages 39 to 48 form an integral part of the Financial Statements



NATIONAL AIDS CONTROL COUNCIL

10. STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

Assets	Note	2014 Ksh	2013 Ksh
Current assets			
Cash and cash equivalents	15	867,434,815	330,648,164
Inventories	16	13,250,644	4,053,863
Receivables from exchange transactions	17	23,370,543	30,778,905
Receivables from non exchange transactions	18	241,754,426	796,101,436
		1,145,810,427	1,161,582,368
Non-current assets			
Property, plant and equipment	19	197,057,373	29,897,529
Total assets		1,342,867,800	1,191,479,898
Liabilities			
Current liabilities			
Trade and other payables	20	114,612,503	134,119,302
Provisions	21	1,378,142	1,238,400
Employee benefit obligation	22	24,908,006	26,661,736
Deferred revenue	5	190,256,975	12,836,939
		331,155,626	174,856,377
		<u>1,011,712,174</u>	<u>1,016,623,521</u>
Funds and reserves			
Accumulated surplus		<u>1,011,712,174</u>	<u>1,016,623,521</u>
Total funds and liabilities		<u>1,011,712,174</u>	<u>1,016,623,521</u>

The Financial Statements set out on pages 34 to 48 were signed on behalf of the Council by:

Dr. Nduku Kilonzo

Director/Secretary to Council



Date

15/4/15

Prof. Mary N. Getui

Chairman, National AIDS Control Council



Date

15/4/15

NATIONAL AIDS CONTROL COUNCIL

11. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

	ACCUMULATED SURPLUS	TOTAL
Balance as at 01/07/12	1,863,353,575	1,863,353,575
Deficit for the year	(1,396,506,861)	(1,396,506,861)
Restatement*	549,776,807	549,776,807
Balance as at 30/06/2013	<u><u>1,016,623,521</u></u>	<u><u>1,016,623,521</u></u>
Balance as at 01/07/13	1,016,623,521	1,016,623,521
Deficit for the year	(3,296,526)	(3,296,526)
Refund to UNFPA	(1,614,821)	(1,614,821)
Balance as at 30/06/2014	<u><u>1,011,712,174</u></u>	<u><u>1,011,712,174</u></u>

* See note 23 for restatement

NATIONAL AIDS CONTROL COUNCIL

12. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	Ksh.	Ksh.
SURPLUS/(DEFICIT)FOR THE YEAR	(3,296,526)	(846,730,054)
Adjustments for:		
Depreciation	80,976,003	24,224,232
Deferred Revenue	(68,624,002)	(10,711,398)
Gain on Disposal	-	(1,046,231)
Interest income	(25,023,524)	(13,499,737)
Refund to UNFPA	(1,614,821)	-
(Deficit)/Surplus before Working Capital Changes	(17,582,870)	(847,763,189)
WORKING CAPITAL CHANGES		
Decrease in Trade and other Payables	(21,120,787)	62,004,739
Decrease in Inventories	(9,196,780)	5,291,042
Decrease in Trade and other Receivables	561,755,372	300,944,270
CASH FLOWS FROM OPERATING ACTIVITIES	531,437,805	368,240,051
INVESTING ACTIVITIES		
Interest earned	25,023,524	13,499,737
Proceeds from Disposal of assets	-	1,046,231
Purchase of Fixed Assets	(2,091,809)	(10,876,886)
CASH FLOWS FROM INVESTING ACTIVITIES	22,931,715	3,669,082
INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS		
CASH EQUIVALENTS	536,786,650	(475,854,055)
Cash and Cash Equivalent at the beginning	330,648,164	806,502,219
Cash and Cash Equivalent at the End	<u>867,434,815</u>	<u>330,648,164</u>
	<u>867,434,815</u>	<u>330,648,164</u>

NATIONAL AIDS CONTROL COUNCIL
 13. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 FOR THE YEAR ENDED JUNE 30, 2014

	Original budget 2013-2014	Adjustments 2013-2014	Final budget 2013-2014	Actual on comparable basis 2013-2014	Performance difference 2013-2014	Performance difference(%)
Revenue	Ksh	Ksh	Ksh	Ksh	Ksh	
Property taxes	-	-	-	-	-	
Public contributions and donations	-	-	-	-	-	
Fines, penalties and levies	-	-	-	-	-	
Licenses and permits	-	-	-	-	-	
Government grants and subsidies	1,252,699,000	932,654,000	2,185,353,000	1,976,682,332	208,670,668	10%
Rendering of services	-	-	-	-	-	
Sale of goods	-	-	-	-	-	
Finance Income	-	-	-	-	-	
Gains on disposal, rental income and agency fe	-	-	-	-	-	
Others (Sale of Tenders, Bank Interest)	-	-	-	97,338,385	(97,338,385)	
Total income	1,252,699,000	932,654,000	2,185,353,000	2,074,020,717	111,332,283	5%
Expenses						
Compensation of employees	236,900,000	-	236,900,000	224,880,496	12,019,504	5%
Goods and services	-	-	-	-	-	
Finance cost	-	-	-	-	-	
Rent paid	42,000,000	6,000,000	48,000,000	42,604,054	5,395,946	11%
Taxation paid	-	-	-	-	-	
Other payments (proram and admin costs)	973,773,000	926,654,000	1,900,453,000	1,809,832,693	90,620,307	5%
Grants and subsidies paid	-	-	-	-	-	
Total expenditure	1,252,699,000	932,654,000	2,185,353,000	2,077,317,243	108,035,757	5%
Deficit for the period	-	-	-	(3,296,526)	(3,296,526)	0%

1. The variance between the budgeted revenue and the actual receipts was due to delays in release of funds which one of the donors had pledged as support to NACC during the year.
2. The variance between the actual expenditure and budgeted rent was occasioned by fluctuations in exchange rate as the rent is payable in US Dollars.



14. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Compliance and Basis of Preparation

The NACC's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of Significant Accounting Policies

a) Revenue recognition

(i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

(ii) Revenue from exchange transactions (Interest income)

This is mainly interest earned from funds held in interest earning operating bank accounts. Interest income is recognized when received in the organizations bank account.

b) Budget information

The annual budget is prepared on the cash basis, for period covering July 1st to June 30 of the following year. For purposes of budget comparison, any variance that is below 10% is considered immaterial.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. All repair and maintenance costs are recognized in surplus or deficit as incurred.

A full year's depreciation is charged on the year of acquisition and nil on the year of disposal. The annual depreciation rates are as follows:

NATIONAL AIDS CONTROL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS CONT'D

Motor vehicles	25%
Office equipment	25%
Computer equipment	33%
Furniture and fittings	20%

Items of property plant and equipment are derecognised at disposal.

d) Inventories

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the NACC.

e) Provisions

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

The expense relating to any provision is presented in the statement of financial performance net of any reimbursements.

Contingent liabilities

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

Contingent assets

The NACC does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NACC 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

NATIONAL AIDS CONTROL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS CONT'D

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.

f) Changes in accounting policies and estimates

The NACC recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. This is the first time that NACC is preparing Financial Statements using accrual based IPSAS.

g) Employee benefits (Gratuity)

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

h) Foreign currency transactions

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

i) Related parties

The NACC regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the NACC, or vice versa. Members of key management are regarded as related parties and comprises of the Senior Officers and the NACC Council.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances comprise of amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents do not include short term cash

NATIONAL AIDS CONTROL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS CONT'D

imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Significant judgments and sources of estimation uncertainty

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

(i) *Useful lives and residual values*

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

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

(ii) *Provisions*

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

m) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.



NATIONAL AIDS CONTROL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS CONT'D

n) Segment / Branch reporting

The NACC does not have any branches/reporting segments. All the operations of the NACC are managed from the registered office. The core business of the NACC continues to be coordination of national response to HIV and AIDS in Kenya as stipulated in the legal notice no 170 of 1999.

NATIONAL AIDS CONTROL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2013/2014	2012/2013
	Ksh	Ksh
3 Public contributions and donations		
This consisted of financial support to NACC activities carried during the year.		
Other Sources	3,690,859	4,510,392
4 Transfers from government-appropriations and grants		
GOK-Recurrent	271,800,000	265,728,000
GOK-Development	288,000,000	166,430,000
TOWA - IDA Credit	1,366,335,245	1,585,526,347
UNDP/UNFPA Grants	1,270,375	-
Global Fund Grants	49,276,712	31,471,140
	<u>1,976,682,332</u>	<u>2,049,155,487</u>
5 Deferred revenue		
This refers to the value of assets donated to the organization in kind during the year		
Opening balance	12,836,939	15,276,912
Addition during the year From TOWA project	224,155,938	4,413,515
Form Global fund proje	21,888,100	3,857,910
Transferred during the year	(68,624,002)	(10,711,398)
	<u>190,256,975</u>	<u>12,836,939</u>
6 Other Income		
This represents interest earned from bank balances during the period.		
Interest Earned	25,023,524	13,499,737
7 Employee costs		
Basic Salary	96,093,683	95,314,265
House Allowance	35,682,459	35,713,375
Remuneration Allowances	22,324,909	22,143,361
Staff Gratuity	22,084,272	6,825,430
Staff Medical Insurance	18,101,321	17,186,788
Other Allowances	1,935,291	2,925,243
Non Practicing allowance	1,139,268	1,320,000
Over time allowance	48,744	465,529
Acting/Special duty Allowance	524,383	1,073,487
Leave allowance	1,461,683	1,241,355
Employer NSSF Contribution	216,000	215,000
CACC responsibility allowance	25,268,483	26,739,818
	<u>224,880,496</u>	<u>211,163,651</u>



NATIONAL AIDS CONTROL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2013/2014	2012/2013
8 Depreciation and amortization expense	Ksh	Ksh
Motor Vehicles Depreciation	67,237,830	9,317,076
Computer equipment depreciation	7,099,699	9,312,680
Office Equipment Depreciation	2,515,378	4,226,566
Furniture & Fittings Depreciation	4,123,096	1,367,910
	<u>80,976,003</u>	<u>24,224,232</u>
9 Repairs and maintenance		
Repairs and Maintenance General	11,622,593	2,775,231
Motor Vehicles Repairs & Maintenance	6,731,166	8,689,727
Computer repairs and maintenance	-	290,790
Office Equipment Repairs	4,202,340	6,306,336
Furniture & Fittings Repairs	104,806	93,350
	<u>22,660,905</u>	<u>18,155,434</u>
10 Program management expenses		
These were expenses incurred by NACC in executing its mandate.		
Travel expense	306,383,439	335,733,822
Design printing and publishing	52,687,576	77,400,684
Hire charges	129,299,190	217,605,937
Advertising	69,402,880	83,914,056
Conferences and Workshops	36,451,733	36,086,404
Consulting fees	482,069,370	267,995,070
	<u>1,076,294,188</u>	<u>1,018,735,973</u>
11 Community Initiative expenses		
These were expenses reported by TOWA funded PSIs during the period.		
Advocacy	53,346,687	196,412,248
BCC	99,263,057	244,048,012
Care	65,490,927	113,847,697
Community Empowerment	12,625,262	86,784,847
Counselling and Testing	146,587,682	448,378,977
Male Circumcision	4,380,614	10,092,101
Mitigation Policy	27,438,867	130,831,646
PMTCT	5,503,258	2,395,206
Protection of Human Rights	16,435,911	14,690,263
Public Sector Mainstreaming	60,949,799	61,844,670
Targetted Mitigation Programmes	20,775,506	1,059,449
	<u>512,797,070</u>	<u>1,310,385,065</u>
12 TOWA Essential Commodities		
Condoms	5,269,259	26,512,625
TB drugs	2,280,740	14,077,720
Malaria bednets	8,456,889	140,292,438
	<u>16,006,888</u>	<u>180,882,782</u>

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2013/2014	2012/2013
13 The following are included in general expenses:	Ksh	Ksh
Audit fees	1,508,000	1,445,600
Consumables	10,303,497	9,869,936
Utilities	6,199,919	6,020,382
Fuel and oil	5,837,350	3,479,689
Insurance	865,655	1,635,284
Legal expenses	21,000	219,392
Licenses and permits	3,493,081	198,499
Postage	876,961	251,971
Stationery	17,652,682	31,064,011
Rental	42,604,054	38,312,809
Security costs	1,527,840	1,264,000
Telecommunication	13,172,679	20,635,011
Training	14,704,917	18,411,356
Council Expenses	9,259,150	16,299,268
Membership and subscriptions	9,258,425	9,163,655
Other	1,497,822	1,550,880
	<u>138,783,031</u>	<u>159,821,744</u>
14 Finance Costs		
These were charges levied by banks to NACC during the year.		
Bank charges	4,918,662	2,284,418
15 Cash and cash equivalents		
GOK Operating Account	28,590,473	39,185,354
GOK-Development Account	440,856,547	211,965,307
UNDP Operating Account	2,120,131	1,542,361
UNFPA Operating Account	27,324	1,641,250
Global Fund Operating Account	54,833,539	39,043,655
TOWA Project Account	316,407,430	12,535,393
IRAPP Project Account	4,451	1,068,292
Gratuity Fund Account	24,363,320	23,666,553
Cash in hand	231,599	-
	<u>867,434,815</u>	<u>330,648,164</u>
16 Inventories		
Office consumables	13,250,644	4,053,863
17 Receivables from exchange transactions		
deposits	10,009,348	10,009,348
Prepayments	13,361,195	20,769,557
	<u>23,370,543</u>	<u>30,778,905</u>



NATIONAL AIDS CONTROL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS CONT'D

19. Property, plant and equipment

	Motor Vehicles	Computers	Office Equipment	Furniture & fittings	Total
	Ksh	Ksh	Ksh	Ksh	Ksh
Cost					
At 1 July 2012	110,140,752	92,355,209	75,008,663	52,519,629	330,024,254
Additions	11,254,630	6,319,500	963,271	610,910	19,148,311
Disposals	(4,577,011)	(13,009,046)	(2,829,391)	(965,405)	(21,380,853)
Transfers/adjustments	-	-	-	-	-
At 30 June 2013	116,818,370	85,665,663	73,142,544	52,165,134	327,791,712
Additions	231,754,979	9,158,750	340,310	6,881,809	248,135,847
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30 June 2014	348,573,349	94,824,413	73,482,853	59,046,943	575,927,559
Depreciation and impairment					
At 1 July 2012	94,713,630	82,563,605	68,415,810	49,357,759	295,050,804
Depreciation	9,317,076	9,312,680	4,226,566	1,367,910	24,224,232
Disposals	(4,577,011)	(13,009,046)	(2,829,391)	(965,405)	(21,380,853)
At 30 June 2013	99,453,694	78,867,239	69,812,985	49,760,264	297,894,182
Depreciation	67,237,830	7,099,699	2,515,378	4,123,096	80,976,003
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 June 2014	166,691,524	85,966,938	72,328,363	53,883,360	378,870,185
Net book values					
At 30 June 2014	181,881,825	8,857,475	1,154,490	5,163,583	197,057,373
At 30 June 2013	17,364,676	6,798,424	3,329,559	2,404,870	29,897,529

NATIONAL AIDS CONTROL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2013/2014 Ksh	2012/2013 Ksh
18 Receivables from non exchange transactions		
Advances		
F.O Advance	24,097,966	21,161,783
Advances to DTC	19,613,358	19,613,358
Advance to FMA	109,752,890	598,050,001
Advance to CBOs Pre-Testing/Support Advance	9,914,397	23,537,545
Advances to CACCs	40,198,287	39,632,438
Advances - World AIDS Day	2,161,700	2,161,700
ACU Advances	3,697,925	3,697,926
Staff Imprest Advances	4,589,511	4,184,804
Other advances	27,728,392	37,026,267
Revenue receivable	-	47,035,615
	<u><u>241,754,426</u></u>	<u><u>796,101,436</u></u>
20 Trade and other payables from exchange transactions		
Payable to suppliers of goods and services	100,691,821	134,119,302
Other payables	13,920,682	-
	<u><u>114,612,503</u></u>	<u><u>134,119,302</u></u>
21 Provisions		
Audit fees		
Opening balance	1,238,400	1,440,000
Payments during the year	(1,368,258)	(1,647,200)
Charge for the year	1,508,000	1,445,600
Closing balance	<u><u>1,378,142</u></u>	<u><u>1,238,400</u></u>
22 Employee benefit obligation		
Staff gratuity Payable		
Opening balance	26,661,736	69,574,748
Payments during the year	(23,838,002)	(49,738,442)
Charge for the year	22,084,272	6,825,430
Closing balance	<u><u>24,908,006</u></u>	<u><u>26,661,736</u></u>
23 Restatement		

The operating expenses for the FY 2012/13 have been restated by Ksh 549,776,806. This was occasioned by overstatement of community initiative expenses and understatement of FMA advance balance by same amount.



NATIONAL AIDS CONTROL COUNCIL

5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Community Initiative expenses had not been audited as per financing agreement.	The queried amount relates to expenses reported by Project Sub Implementers under TOWA project. In compliance with the TOWA financing agreement, the NACC in consultation with the World Bank engaged Independent Private Audit firms to undertake audit of expenditure reported by PSIs. The Audit exercise was completed by July 2013 and the reports have been available for review. KENAO has also engaged private audit firms to undertake audit of PSIs and that the exercise is currently on going.	Director NACC	Not Resolved	December 2015

Dr Nduku Kilonzo
Director

Prof Mary Getui
Chairman of the Board

Sign.....

Sign.....

Date.....
15/4/15

Date.....
15/4/15