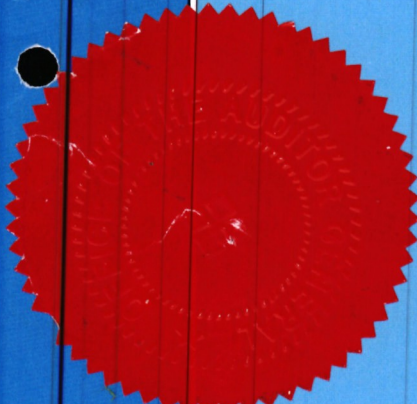


Enhancing Accountability



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 23 FEB 2021	DAY. Tuesday
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CLERK-AT THE-TABLE:	Mainah Njanjiku

PARLIAMENT
OF KENYA
LIBRARY


THE AUDITOR-GENERAL

ON

**EAST AFRICA PUBLIC HEALTH
LABORATORY NETWORKING PROJECT
(EAPHLN)
CREDIT NO.5616-KE**

**FOR THE YEAR ENDED
30 JUNE, 2020**

MINISTRY OF HEALTH

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 23 FEB 2021	
DAY:	
TABLED BY:	
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Project Name: EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT

Implementing Entity: MINISTRY OF HEALTH

PROJECT CREDIT NUMBER: 5616 KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

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EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is **EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT**,

Objective: The key objective of the project is to establish a network of efficient, quality and accessible Public Health Laboratory for the diagnosis and surveillance of the communicable and non-communicable diseases.

Address: The project headquarters offices are National Public Health Laboratory Building, Kenyatta National Hospital grounds, Nairobi, Kenya.

The address of its registered office is:

National Public Health Laboratory
P.O. Box 20750, Code 00202,
NAIROBI, KENYA.

The project also has no other offices or branches.

Contacts: The following are the project contacts

Telephone: (254) 020/272560/4
E-mail: info@eaphln.or.ke
Website: www.eaphln-ecsahc.org/kenya

1.2 Project Information

Project Start Date:	The project start date is 01 March, 2016
Project End Date:	The project end date is 30 September, 2020
Project Manager:	The project manager is Mr Mamo Umuro
Project Sponsor:	The project sponsor is World Bank

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Health.
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EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
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Project number	5616-KE
Strategic goals of the project	The strategic goals of the project are as follows: (i) To strengthen diagnosis and surveillance capacity, promoting innovations and specialised service delivery. (ii) Supporting training and capacity building for laboratory professionals including mentorship, pre-service and continuing professional development. (iii) Fostering knowledge sharing and south-south collaboration and promoting evidence based approaches.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Construction of Laboratories, (ii) Disease surveillance and diagnosis and, (iii) Training and capacity building
Other important background information of the project	The disbursement of funds for the project was delayed until March 2017. This was occasioned by delay in closing of the earlier loan.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Diagnosis of diseases. (ii) Surveillance of communicable and non-communicable diseases.
Project duration	The project started on 1st March 2016 and is expected to run until 30 September 2020

1.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya

Haile Selassie Avenue,

P.O Box 60000-00200

NAIROBI, KENYA.

1.5 Auditors

The project is audited by the **Office of the Auditor General,**
P.O. Box 30084- 00100
NAIROBI.

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
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1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Mr. Mamo Umuro	Project Manager	MSC	Foresees the overall implementation of the project.
Mr Thomas Gachuki	Project coordinator	BSC	Deputises the project manager
Mr Bernard Muture	Head of monitoring, evaluation and operations.	MPH,BSC	Day to day running of operations of the project, monitoring of project implementation.
Rose Gakuya	Project Accountant	BCOM,CPA{K}	Responsible for financial management. Preparation of quarterly and annual reports as required.
Lena Mutua	Procurement Officer	BBM	Procurement of goods and services

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1.7 Funding summary

The Project is for duration of Four (4) years from 1 March 2016 to 30 September 2020 with an approved budget of US\$ 10,000,000 equivalents to Kshs 1,000,000,000.00 as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30. 06. 2020)		Undrawn balance to date (30 06 2020)	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
World Bank- IDA	10,000,000	1,000,000,000	9,953,634.79	995,363,479	-	-
-	-	-	-	-	-	-
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-

[The project has no counterpart funding]

1.8 Summary of Overall Project Performance:

The East Africa Public Health Laboratory Network Project (EAPHLNP) is a regional World Bank funded Project implemented from 2010 in five East African countries. The project aimed to establish a network of efficient, high quality, accessible public health laboratories for the diagnosis and surveillance of Tuberculosis (TB) and other communicable diseases. The project was implemented through three components; **Component I** aimed at strengthening the capacity to diagnose communicable diseases of public health importance and share information to mount an effective regional response, **Component II** involved supporting joint training and capacity building to expand the pool of qualified laboratory personal and **Component III** sought to fund joint operational research, promote knowledge sharing to enhance the evidence base for the investments and support regional coordination and program management.

The Project met the Project Development Objective and achieved key project indicators. Key achievements of the project include; construction of Seven (7) new state-of-the-art laboratories that serve as a strong platform for strengthening laboratory services to diagnose communicable and non-communicable infections to address multiple public health challenges in the country, procurement of ultra-modern laboratory equipment and adoption of new technologies greatly enhanced the diagnostic capacities of the labs, installed incinerators in five (5) sites to manage medical waste, supported laboratory Quality Management resulting to International (ISO) accreditation of 10 laboratories, expanded scope of testing including GeneXpert for TB drug resistance, COVID-19 testing and cancer screening. Turnaround time for diagnosis of rifampicin

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

resistant TB was reduced to 24 hours positively contributing to early patient care for resistant TB suspects and reduction of transmission of MDR TB to the community.

During the current COVID-19 pandemic, the project sites are part of the testing sites in the country. Testing at the sites has reduced turnaround time to 24 hours, potentially reducing the rate of transmission and contributing to slowing down the spread. Testing at the sites has also helped in cost reduction for sample referral and contributed to sample integrity that would otherwise be compromised during transportation

The project supported strengthening of disease surveillance and response capacity through training of health workers on IDSR/IHR, supported disease outbreak response and confirmation of diseases of Public Health importance e.g. Cholera, Covid-19, Dengue fever, Kala-azar.

Under training and capacity building, the project supported training of over 2500 health professionals in various disciplines to improve capacity for service delivery including 18 attending long-term training programs at Higher Diploma, Bachelor's and master's degree levels in fields such as epidemiology and others

Three regional multi-country studies on Malaria, TB diagnostics and enteric pathogens were conducted through project support which informed policy on TB diagnostics while 14 Offshoot studies were conducted, and results presented in various scientific forums.

1.9 Summary of Project Compliance:

The project has been paying withholding taxes from the suppliers of goods and services to the Kenya Revenue Authority and has complied with National Environmental Management Authority requirements for the Environmental and Social Impact Assessment.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

The Project Development Objective (PDO) plan 2010-2020 was to:

Establish a network of efficient, high quality, accessible public health laboratories for the diagnosis and surveillance of Tuberculosis (TB) and other communicable diseases through;

- Enhancing access to diagnostic services for vulnerable groups to contain the spread of diseases in cross border areas.
 - Improving capacity to provide specialized diagnostic services and conduct drug resistance monitoring at regional level;
 - Improving capacity for disease surveillance and emergency preparedness efforts through the availability of timely laboratory data to provide early warning of public health events;
- Established platform for conducting training and research

The project was implemented through three components;

Component #1-Regional Diagnostic and Surveillance Capacity was to provide support to create and render functional a regional laboratory network which aims to enhance access to diagnostic services for vulnerable groups; improve capacity to provide specialized diagnostic services and conduct drug resistance monitoring; and strengthen laboratory based disease surveillance to provide early warning of public health events.

Component #2-Joint Training and Capacity Building aimed to support training and capacity building for laboratory personnel, in order to increase the pool of experts in the sub-region and to improve the effectiveness of public health laboratories.

Component #3-Joint Operational Research and Knowledge Sharing/Regional Coordination and Program Management was to finance operational research and knowledge sharing activities, which aimed to evaluate the impact of the new TB diagnostic technologies, assess drug resistance patterns for endemic diseases, and ascertain feasibility of using mobile phone technologies for surveillance reporting; and support regional coordination and program management functions.

Progress on attainment of Strategic development objectives

Achievements

The Project met the Project Development Objective and achieved key project indicators. Key achievements of the project include; construction of Seven (7) new state-of-the-art laboratories that serve as a strong platform for strengthening laboratory services to diagnose communicable and non-communicable infections to address multiple public health challenges in the country, procurement of ultra-modern laboratory equipment and adoption of new technologies greatly enhanced the diagnostic capacities of the labs, installed incinerators in five (5) sites to manage medical waste, supported laboratory Quality Management resulting to International (ISO) accreditation of 10 laboratories, expanded scope of testing including genexpert for TB drug resistance, COVID-19 testing and cancer screening. Turnaround time for diagnosis of rifampicin

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

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Under training and capacity building, the project supported training of over 2500 health professionals in various disciplines to improve capacity for service delivery including 18 attending long-term training programs at Higher Diploma, Bachelor's and Master's degree levels in fields such as epidemiology and others

Three regional multi-country studies on Malaria, TB diagnostics and enteric pathogens were conducted through project support which informed policy on TB diagnostics while 14 Offshoot studies were conducted and results presented in various scientific forums.

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
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Component	Investment area	Achievement	
Strengthening Regional Diagnostic and Surveillance and Capacity	Laboratory Infrastructure	Constructed 7 new state-of-the-art laboratories	
	Equipment and new diagnostic technologies	Procured ultra-modern laboratory equipment to improve diagnostic services such as Molecular (Genexpert, COVID-19 testing, LPA,HPV-cancer screening)	
	Waste Management	Installation of incinerators in five (5) sites	
	Quality Management System	8 out of 10 Laboratories ISO 15189 accredited, 2 laboratories ISO 17025 accredited, Supported NMRL to implement a National Microbiology proficiency (EQA) testing program, the PT scheme ISO 17043 Accredited	
	Expansion of Laboratory testing services	Expanded the scope of testing at the satellite and National laboratories to include but not limited to molecular, microbiology, Drug susceptibility Testing, COVID-19 and Genexpert	
	Improved TB and Rif resistance detection at the sites	Close to 100,000 Genexpert tests conducted of which 11,607 (12.4%) were MTB positive. Of the MTB positive samples, 442 (3.8%) were Rif Resistant which is indicative of MDR TB.	
	Supported Disease surveillance and response	Trained health workers on IDSR/IHR, supported disease outbreak response confirmed several diseases of Public Health importance e.g. Cholera, Covid-19, Dengue fever, Kala-azar, Provided IEC materials, sample collection and testing materials, supported surveillance data management	
	Cross-border and joint outbreak responses	Established cross border committees, Led regional team in various cross-border and joint outbreak responses	
	Training and Capacity Building	Training and capacity building	Trained 2309 health professionals in various disciplines to improve capacity for service delivery
		Recruitment of staff	Recruited 41 staff (Medical Laboratory technologists, a microbiologist, a virologist, driver and ICT staff) to boost the human resource capacity at the sites

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

Component	Investment area	Achievement
Operational Research, Knowledge Sharing, Project Coordination and Management	Operational Research	Implemented three multi-country studies on Malaria, TB diagnostics and enteric pathogens, 14 Offshoot studies conducted and presented papers in various scientific forums
	Information Communication Technology (ICT)	Procured Computers, Servers, video conference facilities, biometric access control and other ICT equipment for project sites
	Laboratory Information System (LIMS)	Installed laboratory information systems for all the satellite laboratories to manage and share data. AMR and COVID-19 data transmitted online to NPHL Server from sites
	Project coordination and management	Disbursed facility improvement funds annually and Performance Based Financing (PBF) to project sites to improve quality management system

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile -

The project sites have state of the art laboratory infrastructure, modern equipped, and a pool of highly trained personnel and are internationally recognized through ISO accreditation. This will help in attracting interest and resources from Government, Non-Governmental Organizations, Programs, Research and Training organization among others. The established microbiology proficiency testing scheme at the National Public Health Laboratory will help to sustain provision of External Quality Assurance (EQA) to the sites. Further, the established Centre of Excellence for training, equipment calibration and certification at the National Public Health Laboratory will help sustain equipment functionality to avoid downtime and service interruptions. National and County Governments will continue supporting the facilities from their annual budgets to deliver services to the public.

2. Environmental performance

The regional project triggered need for an Environmental Assessment due to the construction of laboratories as well as the potential generation of medical waste at the completed laboratories. Also, the Bank's Safeguard Policy on Indigenous People was triggered premised on the assumption that the projects may affect vulnerable and marginalized populations and therefore an Indigenous Peoples Policy Framework was prepared.

For each of the project sites, an Environmental and Social Impact Assessment (ESIA) was conducted prior to initiation of construction and the reports were approved by both the World Bank and the National Environmental Management Authority (NEMA). After construction of the first five laboratories, an environmental and social audit (ESA) was conducted in 2017 at each site to ensure due diligence in the application of safeguards were followed during construction and to plan for mitigating and/or addressing any potential adverse risks during the operational phase. The reports were approved by the World Bank and NEMA and are disclosed in-country at the MOH and NPHL websites.

3. Employee welfare

The project is run by the Ministry of Health employees whose welfare is catered for by the Civil Service Regulations.

4. Market place practices-

EAPHNLP is a network of efficient and accessible Public Health laboratories that give service to the communities that are living within, in diagnosis and surveillance of tuberculosis and other communicable disease.

5. Community Engagements

Being a Public Health project, EAPHLNP enhanced access of services to communities and helped control and response to disease outbreaks e.g. Cholera, Dengue, Chikungunya among others and the ongoing COVID-19 pandemic. Component 1 of the project was to provide

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
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support to create and render functional a regional laboratory network which aimed to enhance access to diagnostic services for vulnerable and marginalized groups and strengthen laboratory based disease surveillance to provide early warning of public health events. The testing workload steadily increased at the project sites from about 100,000 to two million annually with beneficiaries rising to over 1.2 million annually. Among the beneficiaries, about 60% were female.

Some of the project sites held health camps and outreach services targeting vulnerable and marginalized people. Kitale conducted an outreach service targeting the Dorobo in Mt. Elgon while Wajir did the same targeting marginalized persons living in manyattas in the outskirts.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Ministry of Health and the *Project Manager* East Africa Public Health Laboratory Network 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 (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

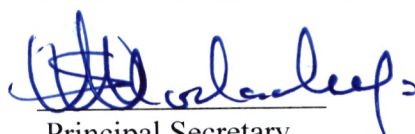
The *Principal Secretary* for the Ministry of Health and the *Project Manager* for East Africa Public Health Laboratory Network Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting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

The *Principal Secretary* for the Ministry of Health and the *Project Manager* for East Africa Public Health Laboratory Network Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2020, and of the Project's financial position as at that date. The *Principal Secretary* for Health and the *Project Manager* for East Africa Public Health Laboratory Network Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the Ministry of Health and the *Project Manager* for East Africa Public Health Laboratory Network 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/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

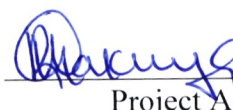
The Project financial statements were approved by the *Principal Secretary* for the Ministry of Health and the *Project Manager* for East Africa Public Health Laboratory Network Project on _____ 2020 and signed by them.



Principal Secretary
Susan N. Mochache, CBS



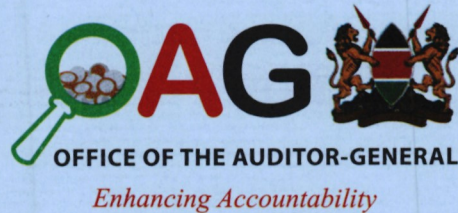
Project Manager
Mamo Umuro



Project Accountant:
Rose Gakuya
ICPAK Member No. 9925

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EAST AFRICA PUBLIC HEALTH LABORATORY NETWORKING PROJECT (EAPHLN) CREDIT NO.5616-KE FOR THE YEAR ENDED 30 JUNE, 2020 – MINISTRY OF HEALTH

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of East Africa Public Health Laboratory Networking Project (Credit No.5616-KE) set out on pages 1 to 18, which comprise the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the statements of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, 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 East Africa Public Health Laboratory Networking Project (Credit No.5616-KE) as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement Credit No.5616-KE dated 10 November, 2015 between the International Development Association and the Republic of Kenya and the Public Finance Management Act, 2012.

In addition, the special accounts statement presents fairly the special accounts transaction and the closing balance has been reconciled with the books of account.

Basis for Opinion

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

Key Audit Matters

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

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects approved receipts budget and actual on comparable basis of Kshs.545,617,042 and Kshs.448,510,623 respectively resulting to an under-collection of Kshs.97,106,419. Similarly, the project expended an amount of Kshs.751,103,948 against an approved budget of Kshs.466,088,888 resulting to an under expenditure of Kshs.265,014.610 or 32% of the budget. Management has not explained why the project had budgeted for a deficit budget where the anticipated payments had exceeded the receipts by Kshs.205,486,906. The under expenditure is indicative that some planned activities and programs were not undertaken during the year.

Management has attributed the low absorption to the transfer of funds to a Referral Hospital in Eldoret and at Marsabit for administration from the laboratories and inadequacy of the fund balance to purchase the goods and services that had been envisaged.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with

the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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


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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu

AUDITOR-GENERAL

Nairobi

21 December, 2020

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT

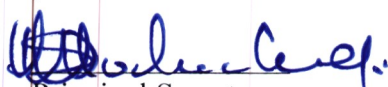
Reports and Financial Statements

For the financial year ended June 30, 2020

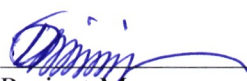
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2020.

	Note	2019/20		2018/19		Cumulative to-date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Transfer from Government entities	8.3		-	-	-	5,990,000
Loan from external development partners	8.4	435,786,617	-	203,030,478	-	1,020,093,060
Miscellaneous receipts	8.5	12,724,006	-	-	-	16,244,398
TOTAL RECEIPTS		448,510,623	-	203,030,478	-	1,042,327,458
PAYMENTS						
Purchase of goods and services	8.6	184,354,678	-	119,303,788	-	462,168,007
Acquisition of non-financial assets	8.7	44,941,089	-	58,355,606	-	113,790,645
Transfers to other government entities	8.8	225,986,546	-	119,864,578	-	389,165,142
Other grants and transfers and payments	8.9	10,806,575	-	12,612,950	-	49,699,975
TOTAL PAYMENTS		466,088,888	-	310,136,922	-	1,014,823,769
SURPLUS/(DEFICIT)		(17,578,265)	-	(107,106,444)	-	27,503,689

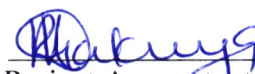
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Principal Secretary
Susan N. Mochache, CBS
Date:



Project Manager
Mamo Umuro
Date:



Project Accountant
Rose Gakuya
Date: 17/12/2020
ICPAK Member No.9925

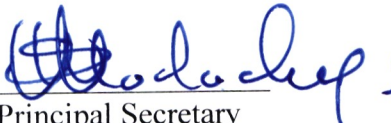
(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)


Included in the cumulative of miscellaneous receipts is a prior year adjustment of Kshs 85,340 that was received in the bank in financial year 2016/2017 and was only adjusted in the financial assets and liability and not in the statement of receipts and payments.

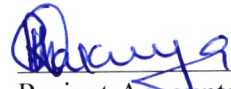
7. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2020

	Note	2019/20	2018/19
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8.10	27,503,689	45,081,954
Total Cash and Cash Equivalents		27,503,689	45,081,954
Imprest and Advances	-	0	0
TOTAL FINANCIAL ASSETS		27,503,689	45,081,954
REPRESENTED BY			
Fund balance b/fwd	8.11	45,081,954	152,188,398
Surplus/(Deficit) for the year		(17,578,265)	(107,106,444)
NET FINANCIAL POSITION		27,503,689	45,081,954

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2020 and signed by:


Principal Secretary
Susan N. Mochache, CBS
Date:


Project Manager
Mamo Umuro
Date:


Project Accountant
Rose Gakuya
Date: 17/12/2020
ICPAK Member No. 9925


EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

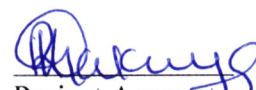
8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2020

		2019/20	2018/19
	Note	KShs	KShs
Receipts for operating activities			
Transfer from Government entities	-	-	-
Proceeds from domestic and foreign grants			-
Receipts from previous period	8.5	12,724,006	-
Payments for operating activities			
Compensation of employees			-
Purchase of goods and services	8.6	184,354,678	119,303,788
Transfers to other government entities	8.8	225,986,546	119,864,578
Other grants and transfers	8.9	10,806,575	12,612,950
Net cash flow from operating activities		(421,147,799)	(251,781,316)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8.7	44,941,089	58,355,606
Net cash flows from Investing Activities		(44,941,089)	(58,355,606)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	8.4	435,786,617	203,030,478
Net cash flow from financing activities		435,786,617	203,030,478
NET INCREASE IN CASH AND CASH EQUIVALENT		(17,578,265)	(107,106,444)
Cash and cash equivalent at BEGINNING of the year		45,081,954	152,188,398
Cash and cash equivalent at END of the year		27,503,689	45,081,954

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2020 and signed by:

Principal Secretary
Susan N. Mochache, CBS


Project Manager
Mamo Umuro

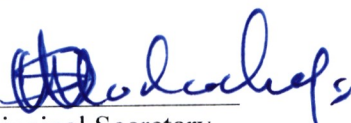

Project Accountant
Rose Gakuya
ICPAK Member No. 9925

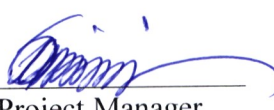
EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

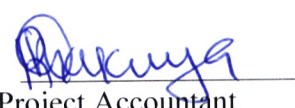
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	0
Proceeds from domestic and foreign grants	-	-	-	-	-	0
Proceeds from borrowings	545,617,042	-	545,617,042	435,786,617	109,830,425	80
Receipts from previous period	-	-	-	12,724,006	(12,724,006)	100
Total Receipts	545,617,042	-	545,617,042	448,510,623	97,106,419	82
Payments						
Purchase of goods and services	244,248,218	-	244,248,218	184,354,678	59,893,540	76
Acquisition of non-financial assets	270,062,159	-	270,062,159	44,941,089	225,121,070	17
Transfers to other government entities	20,500,000	205,486,546	225,986,546	225,986,546	0	100
Other grants and transfers	10,807,025	-	10,807,025	10,806,575	450	100
Total Payments	545,617,402	205,486,546	751,103,948	466,088,888	265,014,610	62

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


Principal Secretary
Name: Susan N. Mochache, CBS
Date:


Project Manager
Name: Mamo Umuro
Date:


Project Accountant
Name: Rose W. Gakuya
Date: 17/12/2020
ICPAK Member No:9925

10. NOTES TO THE FINANCIAL STATEMENTS

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

8.1. Basis of Preparation

8.1.1. Statement of compliance and basis of preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

8.1.2. Reporting entity

The financial statements are for the East Africa Public Health Laboratory Network Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

8.1.3. Reporting currency

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

8.2. Significant Accounting Policies

a) Recognition of receipts

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

• Transfers from the Exchequer

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

• External Assistance

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

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

• **Other receipts**

These relates to receipts from unspent AIE 's from Malindi, Busia and Machakos. These are recognised in the financial statements the time associated cash is received.

b) Recognition of payments

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

• **Use of goods and services**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **Repayment of borrowing (principal amount)**

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

• **Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

c) In-kind donations

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

d) Cash and cash equivalents

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

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

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

f) Pending bills

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

g) Budget

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

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

h) 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.

During the year no Kshs being loan disbursements were received in form of direct payments from third parties.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) 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 the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

j) 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.

k) 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, 2020.

l) Errors

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

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.3. RECEIPTS FROM GOVERNMENT OF KENYA

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

<i>Counterpart funding through Ministry</i>			
	=	=	=
<i>Other transfers from government entities</i>			
Ministry of Health	-	-	5,990,000
		-	5,990,000
Appropriations-in-Aid	-	-	-
Total	=	=	<u>5,990,000</u>

[No counterpart funding and Appropriations-in- Aid for the project]

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.4. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2020 we received funding from development partners in form of loan negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency (USD)	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	FY19/20	FY18/19
Loans Received from Multilateral Donors (International Organisations)						
World Bank IDA	31/10/2019	966,000	99,362,760	-	99,362,760	203,030,478
	09/01/2020	996,800	102,770,080		102,770,080	
	07/02/2020	2,313,587.92	233,140,255		233,140,255	
	29/06/2020	4,990.49	513,522		513,522	
Total		4,281,378.41	435,786,617	-	435,786,617	203,030,478

Included in the amount in loan received is USD 4,990.49 equivalent to Kshs 513,522 being funds paid to the project previously held by the ministry of Health due to lack of budget.

8.5. MISCELLANEOUS RECEIPTS

	FY 2019/20			2018/18	Cumulative to- date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
	KShs	KShs	KShs		
Other receipts not classified elsewhere	12,724,006	-	12,724,006	-	16,244,398
	12,724,006	-	12,724,006	-	16,244,398

Comprises of: Retention money	5,653,376.80
Refund from Ministry of Health	7,003,763.70
Imprest surrendered in cash	66,665.00
Over surrendered cash	200.00
TOTAL	<u>12,724,005.50</u>

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.6 PURCHASE OF GOODS AND SERVICES

	FY 2019/20			FY 2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Domestic travel and subsistence	7,817,741	-	7,817,741	5,804,153	34,229,707
Foreign travel and subsistence	-	-	-	1,011,430	4,012,835
Training payments	8,990,400	-	8,990,400	5,465,250	53,822,903
Hospitality supplies and services	6,530,259	-	6,530,259	16,200,690	76,185,588
Specialized materials and services	158,462,313	-	158,462,313	86,874,113	287,175,587
Routine maintenance – vehicles and other transport equipment	2,553,965	-	2,553,965	3,948,152	6,741,387
Total	184,354,678	=	184,354,678	119,303,788	462,168,008

[Hospitality supplies and services include expenses paid to hotels that provided catering and conference facilities during the capacity building and other project management workshops]

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
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8.7 ACQUISITION OF NON-FINANCIAL ASSETS

	FY 2019/20			FY 2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Computers	<u>25,416,301</u>				<u>25,416,301</u>
Furniture and Equipment	<u>19,524,788</u>				<u>19,524,788</u>
Construction of BSL Labs				<u>58,355,606</u>	<u>68,849,556</u>
Total	<u>44,941,089</u>	<u>-</u>	<u>44,941,089</u>	<u>58,355,606</u>	<u>113,790,645</u>

[There was acquisition of non-financial assets i.e. computers and laboratory software, and furniture and equipment's for the labs.]

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.8 TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

	FY 2019/20			FY 2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
KEMSA	-	-	-	85,864,578	105,886,903
TOTAL	-	-	-	85,864,578	105,886,903
Transfers to Lab. construction					
Transfer to Lab sites	205,486,546	-	205,486,546	-	205,486,546
Transfer to Lab sites	20,500,000		20,500,000	34,000,000	77,791,693
TOTAL	<u>225,986,546</u>	=	<u>225,986,546</u>	<u>34,000,000</u>	<u>283,278,239</u>
GRAND TOTAL	<u>225,986,546</u>	=	<u>225,986,546</u>	<u>119,864,578</u>	<u>389,165,142</u>

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts.

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.9 OTHER GRANTS AND TRANSFERS AND PAYMENTS

	FY 2019/20			FY 2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Transfer to ECSA	10,806,575	0	10,806,575	12,612,950	49,699,975
Total	<u>10,806,575</u>	<u>0</u>	<u>10,806,575</u>	<u>12,612,950</u>	<u>49,699,975</u>

[This is subscription fees to the East, Central and South Africa- Health Community]

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.10. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts (Note 8.13A)	27,503,689	45,081,954
Cash equivalents (short-term deposits) (Note 8.13C)	-	-
Total	<u>27,503,689</u>	<u>45,081,954</u>

The project has One number of project accounts spread within the project implementation area and one number of foreign currency designated accounts managed by the National Treasury as listed below:

8.10 A Bank Accounts

Project Bank Accounts

	2019/20	2018/19
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No ...]	-	-
NIC Bank A/c. No. 1111000303	-	320,046,886
Total Foreign Currency balances	-	320,046,886
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No. 1000198858]	27,503,689	45,081,954
Total local currency balances	27,503,689	45,081,954
Total bank account balances	27,503,689	45,081,954

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2018 are not included in the Statement of Financial Assets since they are below the line items and 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 that were 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

	2019/20	2018/19
	KShs	KShs
(i) A/C Name [A/c No 1111000303]		
Opening balance	-	1,350,121
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance (as per SDA bank account reconciliation attached)		
(ii) A/c Name [A/c No 1111000303]		
Opening balance (as per the SDA reconciliation)		
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	1,760,149
Closing balance (as per SDA bank account reconciliation attached)	-	3,110,270

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Appendix xx* support these closing balances.

8.11. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	27,503,689	45,081,954
Outstanding imprests and advances	-	-
Total	27,503,689	45,081,954

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)
9. PENDING ACCOUNTS PAYABLE (See Annex 2A)

	2019/20	2018/19
	KShs	KShs
Supply of services	0	3,751,086
Supply of goods	0	1,668,750
Total	0	5,419,836

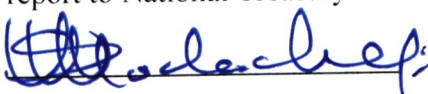
9.1 PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Status: (Resolve / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

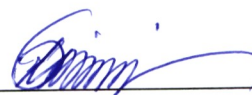
Guidance Notes:

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

(v) 

Principal Secretary

Date



Project Manager

Date

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

11. OTHER IMPORTANT DISCLOSURES

**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS
 STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings	545,617,042	-	545,617,042	435,786,617	109,830,425	82
Receipts from previous period	-	-	-	12,724,006	(12,724,006)	100
Total Receipts	545,617,042	-	545,617,042	448,510,623	97,106,419	82
Payments						
Purchase of goods and services	244,248,218	-	244,248,218	184,354,678	59,893,540	76
Acquisition of non-financial assets	270,062,159	-	270,062,159	44,941,089	225,121,070	17
Transfers to other government entities	20,500,000	205,486,546	225,986,546	225,986,546	0	100
Other grants and transfers	10,806,575	-	10,806,575	10,806,575	0	100
Total Payments	545,617,402	205,486,546	751,103,948	466,088,888	79,528,514	85

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

Explain all variance below 90% and above 100%

- (i) *The underutilisation of funds in the acquisition of assets is because funds for constructions were transferred to Eldoret MTRH and Marsabit for administration from the labs.*
- (ii) **The purchase of goods and services was 76% since funds available could not be enough to purchase the goods and services that had been budgeted.**

EAST AFRICA PUBLIC HEALTH LABORATORY NETWORK PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2020

ANNEX 2A - ANALYSIS OF PENDING BILLS

#	Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance		Comments
					2020	2019	
		a	b	c	d=a-c		
1	ACK KAJIADO TENEBO HOUSE				115,600		
2	M/S BRECON HUB				90,000		
3	M/S ESTEC LIMITED				103,298		
4	M/S AEGIS DEVELOPMENT				3,442,188		
5	TOPSCORE ENTERPRISES				170,000		
6	M/S SILKROAD AGENCIES				1,498,750		
	TOTAL				5,419,836		

*East Africa Public Health Laboratory Network Project
Statement of Budget Performance
For the year ended June 30, 2019*

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Buildings and structures	58,355,606	-	-	-	58,355,606
Computers	-	25,416,301	-	-	25,416,301
Furniture and office equipment	-	19,524,788	-	-	19,524,788
Total	58,355,606	44,941,089	-	-	103,296,695

Notes

** There were computers purchased in the year and laboratory software for the labs. Furniture's and office equipment were also procured for the laboratories.*

APPENDICES

- i. Bank Reconciliations
- ii. Certificate of Balances
- iii. Special Deposit Account(s) reconciliation statement(s)

PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES

CHEQUE NO.	Date	PAYEE	AMOUNT sh.	cts.	DATE CLEARED	AMOUNT sh.	cts
	6/30/2020	DICKSON NYAKUNDI	29,400.00	-	2/7/2020	29,400.00	-
	6/30/2020	SAMUEL MURITHI	29,400.00	-	1/7/2020	29,400.00	-
	6/30/2020	ELIZABETH MUTHAMI	29,400.00	-	2/7/2020	29,400.00	-
	6/30/2020	RICHARD GICHANA	50,400.00	-	2/7/2020	50,400.00	-
	6/30/2020	MAMO UMURO	63,000.00	-	2/7/2020	63,000.00	-
	6/30/2020	DR. PATRICK AMOTH	75,600.00	-	2/7/2020	75,600.00	-
	6/30/2020	BERNARD MUTURE	100,800.00	-	2/7/2020	100,800.00	-
	6/30/2020	THOMAS GACHUKI	126,000.00	-	2/7/2020	126,000.00	-
	6/30/2020	LONGROCK TOURS	238,481.00	-	1/7/2020	238,481.00	-
	6/30/2020	LYNDAH MAKAYOTTO	277,600.00	-	2/7/2020	277,600.00	-
	6/30/2020	THE KYAKA HOTEL LTD	260,775.00	-	3/7/2020	260,775.00	-
	6/30/2020	VAT	4,575.00	-	2/7/2020	4,575.00	-
	6/30/2020	ECOSUSTAINABILITY HUB	147,413.80	-	3/7/2020	147,413.80	-
	6/30/2020	VAT	2,586.20	-	2/7/2020	2,586.20	-
	6/30/2020	ROYA INVESTMENT LTD	221,120.70	-	1/7/2020	221,120.70	-
	6/30/2020	M & D DIAGNOSTIC LTD	982,758.60	-	2/7/2020	982,758.60	-
	6/30/2020	VAT	17,241.40	-	1/7/2020	17,241.40	-
	6/30/2020	FARAM EA LTD	1,140,000.00	-	6/7/2020	1,140,000.00	-
	6/30/2020	VAT	20,000.00	-	3/7/2020	20,000.00	-
	6/30/2020	SAFARICOM LTD	1,600,800.00	-	1/7/2020	1,600,800.00	-
	6/30/2020	LABWARE EA LTD	3,438,598.70	-	2/7/2020	3,438,598.70	-
	6/30/2020	FIRST QUALITY SUPPLIES	2,541,042.30	-	1/7/2020	2,541,042.30	-
	6/30/2020	PRISTIM SUPPLIES LTD	3,501,480.50	-	1/7/2020	3,501,480.50	-
	6/30/2020	SCIENCESCOPE LTD	10,533,039.85	-	1/7/2020	10,533,039.85	-
	6/30/2020	ALLIED MEDICAL SUPPLIES	13,044,680.95	-	1/7/2020	13,044,680.95	-
	6/30/2020	ELFORD MERCHANTS	89,116.55	-	9/7/2020	89,116.55	-
	6/30/2020	VAT	1,563.45	-	8/7/2020	1,563.45	-
	6/30/2020	EAT & TELL CAFÉ LTD	257,974.15	-	7/7/2020	257,974.15	-

	6/30/2020	VAT		4,525.85	-		7/7/2020	4,525.85	-
	6/30/2020	AEGIS DEV. LTD		853,409.90	-		9/7/2020	853,409.90	-
	6/30/2020	VAT		14,972.10	-		8/7/2020	14,972.10	-
	6/30/2020	FULTON LTD		2,230,958.40	-		1/7/2020	2,230,958.40	-
	6/30/2020	SORRENTO INVESTMENT		2,899,137.95	-		9/7/2020	2,899,137.95	-
	6/30/2020	VAT		50,862.05	-		8/7/2020	50,862.05	-
	6/30/2020	PARTEC EA LTD		8,841,944.20	-		7/7/2020	8,841,944.20	-
	6/30/2020	VAT		155,121.80	-		6/7/2020	155,121.80	-
	6/30/2020	FARAM EA LTD		12,107,256.00	-		9/7/2020	12,107,256.00	-
	6/30/2020	VAT		212,408.00	-		8/7/2020	212,408.00	-
	6/30/2020	VAT		80,000.00	-		3/7/2020	80,000.00	-
	6/30/2020	VAT		7,758.60	-				
	6/30/2020	VAT		158,035.15	-				
	6/30/2020	VAT		3,879.30	-				
TOTAL				66,445,117.45					
RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK									
CHEQUE			AMOUNT			PAYEE		AMOUNT	
NO.	Date	PAYEE	sh.		cts.		sh.		cts
	6/30/2020	PS MOH	374,497.00			10/7/2020			
			-						
			374,497.00						

6th July, 2020

CERTIFICATE OF BALANCES

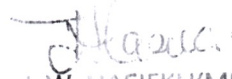
Customer : 120374 MINISTRY OF HEALTH
Balance
Date: 30-Jun-20

Account No	Account Name	Currency	Balance
1000181478	REC-MINISTRY OF HEALTH	KES	1,253,601,519.57
1000181688	DEV-MINISTRY OF HEALTH	KES	625,497,614.45
1000182156	DEP-MINISTRY OF HEALTH	KES	120,137,908.11
1000182601	CBK165-MINISTRY OF HEALTH	KES	0.00
1000187131	HEALTH SECTOR SERVICES FUND	KES	1,247,278.30
1000198858	E.A PUBLIC HEALTH LAB. NETWORK PROJ	KES	93,574,308.71
1000258756	EA CENT.OF EXC.-SKILL,ED -BIOMED S	KES	60,175,843.45
1000298488	KENYA ITALY DEBT FOR DEV (KIDDP)	KES	30,112,829.40
1000313878	TRANSFORM.HEALTH SYST. UNIVERSAL C	KES	614,776,207.00
1000327979	DANIDA PRO SUP UNIV HEALTH CARE UHC	KES	0.00
1000328037	MINISTRY OF HEALTH EQUA FUND OPER	KES	583,396,177.65
1000340614	THS UC GFF GRANT TFOA2561 KE	KES	0.00
1000340649	THS UC PHRD GRANT TFOA2792 KE	KES	0.00
1000429437	SPORTS,ART,SOCIAL DEV. FUND-HEALTH	KES	14,118,000.00
1000446684	COVID 19 EMERGENCY RESPONSE PROJECT	KES	1,542,039,220.00
1000453176	TOBACCO CONTROL FUND	KES	0.00

Account Sec
① New note in readiness
② Add Cash board of survey
③ Fit in confirmation
4/7/2020
14/7/2020



L. K. KIPSANAI
AUTHORISED SIGNATORY
BANKING SERVICES DIVISION



J. W. NASIEKU(MS)
AUTHORISED SIGNATORY
BANKING SERVICES DIVISION

MINISTRY OF HEALTH
Deputy Accountant General
13/7/2020

**EAST AFRICA PUBLIC HEALTH LABORATORY PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2020**

Credit No.: IDA LOAN NO. CREDIT NO.4732-KE/5616-KE

Bank Account No.: 1111000303 Held with NIC BANK NAIROBI

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		9,953,634.79
	Less:		
2	Total amount documented		8,249,982.85
3	Outstanding amount to be documented		1,703,651.94
	Represented by:		
4	Ending Special account Balance as at 30 June 2020		-
5	Amounts claimed but not credited as at 30 June 2020		-
6	Amounts withdrawn and not claimed		1,703,651.94
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2020		1,703,651.94

Discrepancy between total appearing on line 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 IDA and provide reasons for not claiming the expenditures

The amount appearing in line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs

Xintona

**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE: 18-08-2020

SPECIAL ACCOUNT STATEMENT

For period ending	30TH JUNE, 2020
Account No.	1000023007
Depository Bank	NIC BANK NAIROBI
Address	NIC HOUSE BRANCH, MASABA RD, NAIROBI.
Related Loan	E. A. PUBLIC HEALTH LABORATORY
Credit Agreement	4732-KE
Currency	USD

Account Activity

Beginning balance of 1ST July, 2019
as per C.B.K. Ledger Account

3,110,271.34

Add:

Total Amount deposited by ADB

1,166,116.58

Total Interest earnings if deposited in account

Total amount refunded to cover ineligible
expenditure

Deduct:

Total amount withdrawn

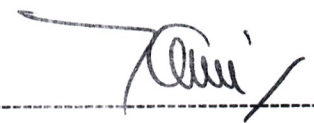
(4,276,387.92)

Total service charges if not included above in
amount withdrawn

Ending balance on 30th June,2020

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE:

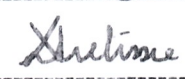


**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

DATE

10.8.2020

SIGNATURE:



DATE

18.08.2020

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2020 have been reconciled and a copy of the supporting Reconciliation Statement is attached.