

REPUBLIC OF KENYA



Paper laid
By Hon Aden Duale,
Leader of Majority on
Wed 19/11/14
AD

KENYA NATIONAL AUDIT OFFICE



REPORT

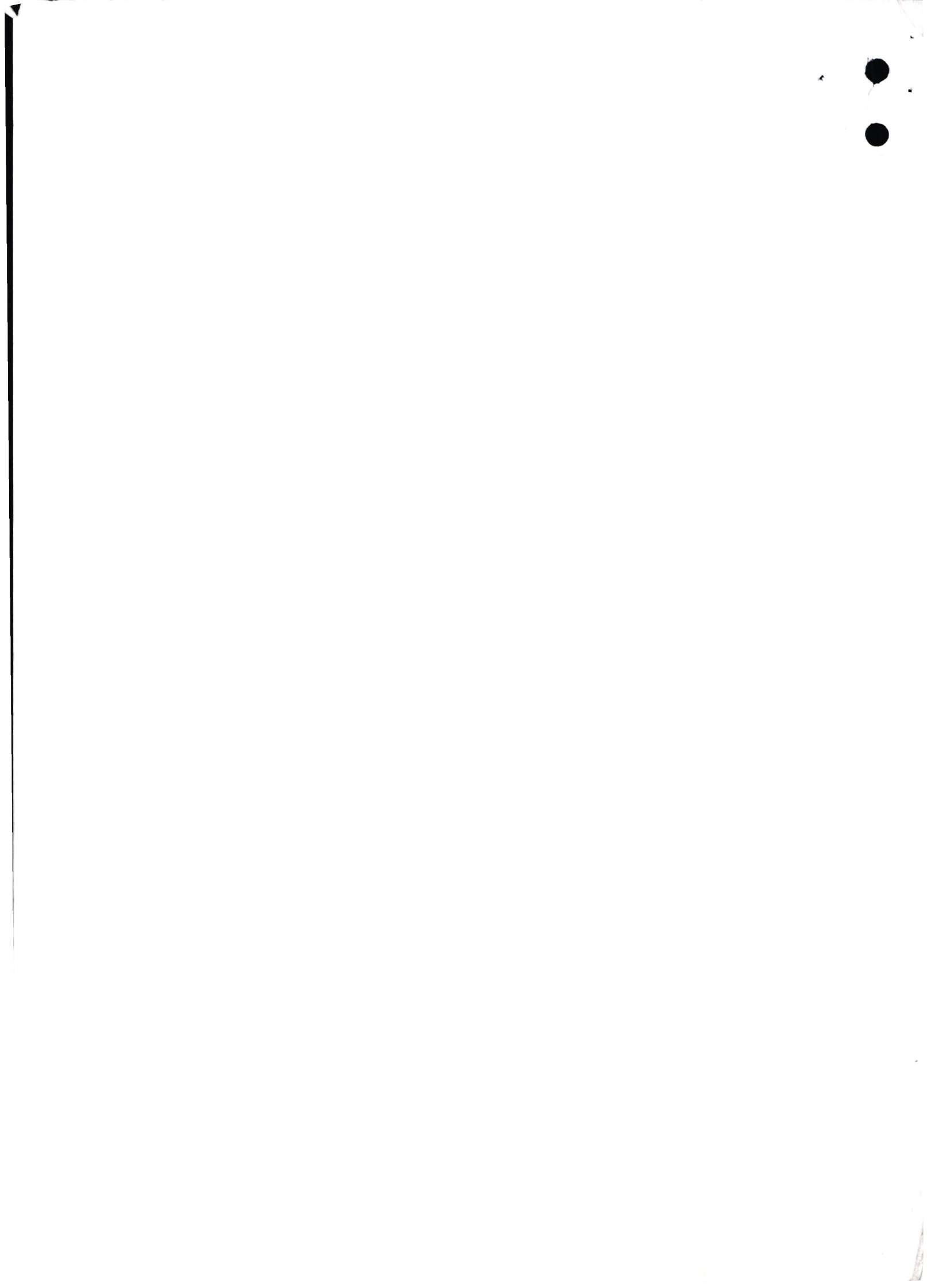
OF

THE AUDITOR-GENERAL

ON

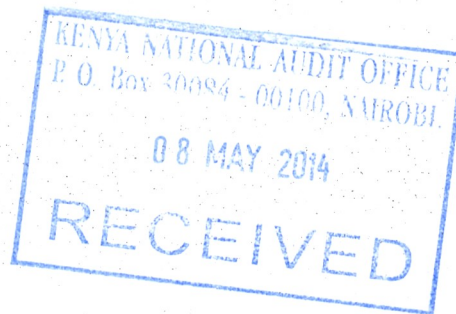
THE FINANCIAL STATEMENTS OF
NATIONAL AIDS CONTROL COUNCIL

FOR THE YEAR ENDED
30 JUNE 2013





NATIONAL AIDS CONTROL COUNCIL



ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2013

ACRONYMS

ACUs	AIDS Control Units
AMREF	African Medical and Research Foundation
CACCs	Constituency AIDS Control Committees
CBO	Community Based Organization
COBPAR	Community Based Programme Activity Reporting
CSOs	Civil Society Organizations
DACC	District AIDS Control Committee
DFID	Department For International Development
DTCs	District Technical Committee
FBOs	Faith Based Organizations
FMA	Financial Management Agency
FO	Field Officer
GIPA	Greater Involvement of People with AIDS
GLIA	Great Lakes Initiative on HIV and AIDS
IDA	International Development Agency
IEC	Information, Education and Communication
IFRs	Interim Financial Reports
IFRS	International Financial Reporting Standards
KARSCOM	Kenya HIV and AIDS Research Coordination Mechanism
KDHS	Kenya Demographic and Health Survey
KEMSA	Kenya Medical Supplies Agency
KNAC	Kenya National AIDS Commission Bill
KNASA	Kenya National AIDS Spending Assessment
KNASP	Kenya National AIDS Strategic Plan
KPSAN	Kenya Private Sector Advisory Network
M & E	Monitoring and Evaluation
MARPs	Most at Risk Populations
MPER	Ministerial Public Expenditure Review
NACC	National AIDS Control Council
NASCOP	National AIDS & STI Control Programme
NGOs	Non Governmental Organizations
PLHIV	People living with HIV (PLHIV)
TOWA	Total War Against HIV & AIDS
UCLA	University of California
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNGASS	United Nations General Assembly Special Session on HIV and AIDS
USAID	United States Agency for International Development

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
- 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

LAWYERS/ADVOCATES

The Attorney General
Sheria House
PO Box 40112
NAIROBI
Kenya

Independent Auditor

The Auditor General
Kenya National Audit Office
PO Box 30084-00100
NAIROBI

MEMBERS OF THE COUNCIL

1	Prof. Mary Getui	Chairman	Chairman, National AIDS Control Council
2	Mr. John Konchella	Member	Principal Secretary Ministry of Devolution and Planning
3	Rev. Canon Rosemary Mbogo	Member	Chairperson National Council of Churches of Kenya
4	Prof. Fred H. K. Segor	Member	Principal Secretary Ministry of Health
5	Dr. Kamau Thugge	Member	Principal Secretary The National Treasury
6	Mr. Mutea Iringo	Member	Principal Secretary Ministry of Interior and Coordination of National Government
7	Mr. Andrew A. O. Mondoh	Member (retired)	Permanent Secretary, Ministry of State for Special Programmes
8	Mr. F. T. Kimemia	Member (retired)	Permanent Secretary, Provincial Administration & National Security Office of the President
9	Rev. Dr. Charles Kibicho	Member	Chairman, National Council of Churches of Kenya
10	Ms. Mary W. Ngari	Member (retired)	Permanent Secretary, Ministry of Medical Services
11	Ms. Dorothy Onyango	Member	Director, Women Fighting AIDS in Kenya
12	His Eminence John Cardinal Njue	Member	Chairman, Kenya Episcopal Conference
13	Ms. Rukia Subow	Member	National Chairperson, Maendeleo Ya Wanawake Organization
14	Mr. Joseph Kinyua	Member (retired)	Permanent Secretary, Ministry of Finance
15	Mr. Mark Bor	Member (retired)	Permanent Secretary, Ministry of Public Health and Sanitation
16	Eng. Erastus Mwongera	Member	Chairman, Federation of Kenya Employers
17	Prof. Abdulghafur El- Busaidy	Member	Chairman, Supreme Council of Kenya Muslims
18	Ken Wafula	Member	The National Council of NGOs
19	Peter Linus Barasa Kubebea	Member	Nominated
20	Ms. Francesca Galgitele	Member	Nominated
21	Dr. Charles Wacira Kariuki	Member	Nominated
22	Dr. Abdullahi I. Ali	Member (retired)	Nominated
24	Mr. Philip G. Godana	Member (retired)	Nominated
25	Prof. Alloys Orago	Secretary	Director National AIDS Control Council

SENIOR MANAGEMENT

NO	NAME	DESIGNATION
1.	Prof. Alloys Orago	Director NACC
2.	Dennis Kamuren	Deputy Director (Finance & Administration)
3.	John Kamigwi	Deputy Director (Policy, Strategy & Communication)
4.	Dr. Sobbie Mulindi	Deputy Director (Co-ordination and Support)
5.	Gregory Weere	Head Human Resources and Administration
6.	Norman Mwangi	Head Finance
7.	Chris Msando	Head Management Information Systems
8.	Jennifer Wambua	Head Communication
9.	Dr. Patrick Mureithi	Head Monitoring and Evaluation
10.	Regina Ombam	Head Strategy Development
11.	Dr. Francis Muu	Head Technical Support
12.	Dr. Bathsheba Osoro	Head Stakeholder Coordination
13.	Patrick Obura	Head Internal Audit
14.	Daniel Konyango	Head Legal Services
15.	Edwin Kimutai	Ag Head Special Programmes

CHAIRMAN'S REPORT

The National AIDS Control Council (NACC) in collaboration with other stakeholders continues to spearhead the coordination of HIV and AIDS programs in the country for a multi-sectoral response against the pandemic. Significant progress has been made over the years in the fight against HIV and AIDS through advocacy and social mobilization programmes that have played a key role in empowering communities and developing stakeholders' commitment in the fight against HIV and AIDS in the country. I am pleased to present the report of the year mended June 30, 2013 which highlights a number of achievements in the implementation of the third Kenya National AIDS Strategic Plan 2009/10 – 2012/2013 (KNASP III).

The country's top leadership has continued to support HIV and AIDS programming in the country through the National AIDS Control Council (NACC). I thank the NACC Secretariat and 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.

The following key milestones were achieved during the period under review:

1. GOVERNMENT POLICY

During the year under review, the National AIDS Control Council developed a Draft Position Paper on the implications of the new Constitution on the management of HIV and AIDS, and on the future position on NACC in the discharge of its mandate in the new constitutional order. In the new constitutional dispensation, the Government is operating in a devolved structure of governance. In this respect, the National AIDS Control Council has initiated a process of aligning its decentralised structures.

The NACC has been working with decentralized structures at Constituency, District and Provincial levels since 1999 and experience has shown that this is the best practice to respond to the HIV epidemic at the community level. The NACC is supporting the establishment of the 47 County AIDS Committees to mainstream HIV and AIDS in the functions of the County governments and provide technical oversight to the 290 Constituency AIDS Control Committees.

The KNAC bill was also developed. The Bill seeks to empower the National AIDS Control Council to not only coordinate HIV and AIDS programs but also to regulate, supervise, monitor and evaluate programs of the multi-sectoral response against HIV and AIDS in the country. The processing of the Bill involved the participation of key stakeholders. It is now in Parliament for further action.

2. THE BOARD ACTIVITIES

The NACC Board consists of 17 members representing various stakeholders. The Board has four committees, namely:

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

During the period under review, the Council held 4 Full Council meetings, 7 Special Council meetings and 19 Committee meetings, which specifically included 4 Audit Committee meetings, 4 Programme Committee, 4 Finance and Administration Committee and 7 Executive Committee meetings.

3. MAJOR MILESTONES

The NACC developed the following documents that will support the Multi-sectoral implementation of the national HIV response in the country:

3.1 Coordinating Authority

To address the principle of one National HIV and AIDS Coordination Authority, the NACC which was established by the Government through Legal Notice 170 of November 26, 1999, continues to coordinate the fight against HIV and AIDS in Kenya. Good progress was made on the revised Kenya AIDS Control Bill 2013. The Bill aims at further strengthening the NACC to address such challenges like ensuring compliance in reporting by all stakeholders, holding key stakeholders accountable for strategic results and sustainable domestic financing of the national HIV and AIDS response.

3.2 Kenya National HIV and AIDS Strategic Plan III (KNASP III)

The work on KNASP III ETR and drafting of KNASP IV started during the year and will be done in two phases. The concept note for the two phases and the Terms of Reference for the consultants were finalized as recommended by ICC. The recruitment of the consultants was undertaken. Key partners have been requested to support the process and so far UNAIDS, World Vision, Health policy support have agreed to support some areas in the development process.

Concept note and TORs to undertake Kenya National AIDS Spending Assessment (KNASA) developed as part of the unit costing at national and county level of programs. Works on Efficiency and Effectiveness (E2) ongoing and draft report is available. This will help the KNASP IV drafting team to identify sustainable efficiency and effectiveness strategies for the HIV response.

3.3 National Monitoring and Evaluation (M & E) Framework

The NACC has a well established National Monitoring and Evaluation Framework that guides the generation of reports and evidence based results that help in tracking the utilization of resources and the impact of HIV and AIDS projects implementation. The information generated plays an important role in informing other programs and enhances accountability in resource management during project implementation. The NACC uses the COBPAP forms to generate such information from the groups involved in project implementation. Quarterly TOWA reports were submitted to the World Bank. To enhance reporting, the Sectoral HIV and AIDS online reporting tool was launched and 1000 Sectoral HIV and AIDS reporting tools printed while 6,588 copies of COBPAP forms were printed during the year under review.

The NACC also continued to support the coordinated Performance Audit of TOWA Project funded Project Sub-Implementers (PSIs); where over 1,800 PSIs were audited. The M&E division finalized the design and procurement of new Independent TOWA Project Performance Auditors who commenced work in late June 2013. They were expected to audit 1500 PSI under Round 5 Call for Proposals by end of August 2013.

The 2nd National Biennial HIV and AIDS Research Conference was successfully completed and held in May 2013; approximately 400 participants attended the Conference.

3.4 Performance Contract 2012/2013

During the year under review, the Senior Management held several meetings to discuss the Performance Contract 2012/13 FY. The NACC continues to strive to provide efficient and quality services to the public in line with the performance contract requirements.

In the contract, under financial & stewardship indicators, NACC's development expenditure for 2012/2013 was Ksh. 2,247,103,959 while the recurrent expenditure was Ksh. 277,751,382. During the period under review, the NACC mobilized funds from sources other than the exchequer amounting to Ksh. 72,537,151. Other delivery areas were Customer Satisfaction and Community Based Programme Activity Reporting (COBPAP) that stood above 100%.

The non-financial indicators stood at 100% except for environmental sustainability that stood at 80%. In addition, qualitative/dynamic indicators such as repairs, maintenance, disability and gender mainstreaming and prevention of drug & substance abuse in NACC all stood at 100%. During the period under review, the NACC achieved its ISO 9001:2008 recertification through continual improvement in service delivery.

3.5 Customer Satisfaction Survey

The NACC holds its stakeholders in high esteem and thus strives to render services in an accurate, timely and professional manner. Most of the NACC stakeholders were happy with services rendered according to the Customer Satisfaction Survey of 2012/2013. During the period under consideration, the satisfaction index rose from 84.7% in 2012 to 87.1% in 2013. This follows the implementation of recommendations made to the NACC.

3.6 The HIV and AIDS Prevention and Control Act, 2006

This Act was passed by Parliament in 2006, gazetted in 2007 and made operational in 2009. It was an important step in strengthening the human rights framework necessary to support Universal Access to services. New members of the HIV and AIDS Tribunal were sworn in by Chief Justice marking another milestone in the implementation of the Act. It provides an opportunity to reduce HIV related stigma and discrimination against People Living with HIV (PLHIV). Since the launch of the HIV and AIDS Equity Tribunal, the number of people seeking justice from the Tribunal has been increasing steadily. In 2012/2013, over 115 cases were filed, heard and determined.

The HIV and AIDS Tribunal has provided an avenue for People living With HIV and AIDS facing stigma and discrimination access to justice.

4. CHALLENGES

As I mentioned earlier Kenya has made significant progress in the fight against HIV and AIDS. However, dwindling donor funds and donors' change of priorities may have devastating effects and may reverse the gains made this far in the fight against the pandemic. Donor funds account for about 85% of HIV and AIDS programme funding in the country while the Government contributes 15%. As part of its mandate of mobilizing and coordinating resources for HIV and AIDS prevention and response in the country, The NACC initiated the Kenya National AIDS Commission Bill 2012 (KNAC Bill) that seeks to strengthen and empower the Council. The Bill also proposes that the Government allocates 1% of the National budget to fund HIV and AIDS programmes to enhance sustainable financing and reduce over reliance on donor funds.

The recent claims by a section of herbalists, preachers and others that they have a cure for HIV and AIDS continue to pose a serious challenge on ART program and adherence. Many people could be abandoning treatment to seek 'perceived cure' which is not scientifically proven thus putting the ART program in jeopardy. The Council remains committed to ensuring that treatment is adhered to which is a key strategy for HIV prevention. The Council is also working with other stakeholders and researchers to ensure that such proclamation do not affect ART Program in the country. Through

research, it is hoped that some more milestones will be made on prevention or even cure.

5. CONCLUSION

Once again, we express deep appreciation to the Government of Kenya for the commitment and seriousness with which it is responding to the Total War against HIV and AIDS. The Council also deeply appreciates the involvement of Development Partners and other Strategic Partners such as the Non-Governmental Organizations (NGOs), Faith based Organizations (FBOs), Civil Society Organizations (CSOs) and Public and Private Organizations who are important partners in implementing the national HIV response as provided in the Kenya National HIV and AIDS Strategic Plan.

We are also grateful to the Parliamentary Committee on Health, County Women Representatives, Women Members of Parliament, the County Governors, Members of Parliament as well as the Senators who have continued to keep the HIV and AIDS agenda high within their jurisdiction, and also for their continued commitment in the fight against the AIDS pandemic. There are many others who might not have been highlighted here, but their quiet efforts towards prevention, treatment, care and support deserve a salute.

Let us stand together for “an HIV Free Society.”



Prof. Mary N. Getui, MBS

CHAIRMAN

DIRECTOR'S REPORT

1. INTRODUCTION

It is my pleasure to present the Annual Report and Accounts of the National AIDS Control Council for the period ended June 30, 2013. During the period under review, the National AIDS Control Council focused on overseeing the implementation of the third Kenya National AIDS Strategic Plan as well as the HIV and AIDS Prevention and Control Act, 2006. A number of milestones were achieved that will improve the quality of life of people living with and affected by HIV and AIDS in Kenya.

2. HIV AND AIDS PROGRAMMATIC MILESTONES

Some of the important programmatic and administrative achievements during the period are detailed here below:

2.1 THE PUBLIC SECTOR

The NACC has continued to coordinate HIV and AIDS Mainstreaming in the public sector. During the year under review the National AIDS Control Council Conducted Public Sector TOWA reports review & support visits in Rift Valley, Eastern and Central Regions and also the Establishment of a Technical Working Group on Cost-Benefit of HIV and AIDS workplace programs. Recognizing the important role ACUs and sub-ACUs play in the HIV and AIDS program coordination and implementation, the National AIDS Control Council supported the drafting of HIV and AIDS Mainstreaming Standards for Local Authorities and the Development of the NCPWDs work place policy on HIV and AIDS. Also the Council through the Public Sector Division reviewed Kimathi University Peer Education TOT and Ministry of Justice and Constitutional Affairs Human Rights Manuals.

The Public Sector HIV and AIDS entities funded under TOWA were as follows:

1. Ministry of Roads
2. Ministry of Medical Services
3. Ministry of Public Works
4. Ministry of Public Health and Sanitation
5. Ministry of Education
6. Ministry of Fisheries

7. National AIDS and STI Control Programme
8. Ministry of Livestock Development
9. Teachers Service Commission
10. Commission for Higher Education
11. Ministry of Agriculture
12. Ministry of Cooperatives Development and Marketing
13. Kenya Prisons Service
14. Ministry of State for Public Service
15. Administration Police
16. Kenya Police Department
17. Ministry of State for Provincial Administration and Internal Security.

2.2 THE PRIVATE SECTOR

The NACC partners with the private sector for HIV and AIDS programming and implementation in the country. It's against this backdrop that the NACC held the following activities:

- Supported the Informal sector national steering committee meetings on HIV&AIDS
- Supported the Private stakeholder review and planning workshop regarding national HIV&AIDS response workshop
- Supported the Drafting of the Fourth National Policy on HIV at Work
- CoC training of CACCs in Central, western, South Rift, Eastern and Nairobi on the Code of Conduct Flow Chart and Capacity Assessment tools for Implementers
- Networking and Partnerships developed

2.3 SUPPORT TO THE CIVIL SOCIETY

During the year under review the NACC supported the verification and editing of the HIV and AIDS Competency Guidelines by the Verification and Validation committee. The Faith Based Organizations (FBO) National Action Plan printed and shared with the FBO TWG and Faith Communities. Also Work plan and Budgets drawn by Faith Communities and FBOs on dissemination of FBO National Action Plan and its launch is scheduled later in the next financial year. The NACC in collaboration with other stakeholders supported held a training workshop on the Code of Conduct(CoC) for

CACCs in Central,Western,South rift, Eastern and Nairobi regions on the CoC flow Chart and Capacity Assessment tools for Implementers.

2.4 TECHNICAL SUPPORT

During the year under review the funds under the Global Fund Round 7 phase 2 project were disbursed to sub recipients and implementation is ongoing. 38 organizations received funding out of 42 that carried out phase 1.

The Guidelines for Field Operations at NACC devolved structures was completed, presented to Senior management. The first 100 copies have been printed and used during the NACC-Parliamentary Committee on Health meeting. Field Coordinators workshop bringing together all CACC Coordinators and Field Office staff was held. This meeting was instrumental in the coordination of TOWA project as it provided a clear way forward on how to deal with TOWA project bottlenecks. Mopping-up TOWA Project field sub-project/ field activities through the TOWA Rapid Results Initiative (RRI) resulting in about 554 Project Sub Implementers (PSIs) that hitherto could not access TOWA funds due to various reasons being cleared and hence being eligible for funding across the country.

Programme implementers play an important role in project implementation and building their capacity to improve service delivery is paramount. For this, a total of 1045 CBOs staff were had their capacity built.

Implementing the Kenya National Strategic Plan remains a key priority in the HIV and AIDS interventions. Coordination meetings bringing together technical people who reviewed progress made in the implementation of the KNASP III were held in all the 9 regions. The pillar meetings that doubled as ETR for KNASP III not only brought to the fore the achievements recorded in the implementation during the life of the KNASP III but also will be used to inform the development of the KNASP IV.

2.5 GENDER MAINSTREAMING

The National AIDS Control Council supported the finalization of the 2013/14 UNFPA supported work plan at NACC for onward submission to the Treasury towards mobilization of financial resources for programme implementation. The NACC also supported the participation in the Annual East African Health and Scientific International Conference in Kigali Rwanda where a presentation on Sexual and Gender Based Violence with recommendations to undertake to strengthen SGBV responses was made and also in the planning process in the 57th Annual Meeting for the Commission on the status of Women in New York and also supported the planning process of the second Biennial HIV and AIDS Research Conference.

2.6 WORKING WITH DEVELOPMENT PARTNERS

During the period under review, the NACC held successful monthly consultative meetings with various development partners to enhance resources allocated to HIV and AIDS programmes as well as to improve coordination of activities carried out by all. The following were highlights from Donor consultative meetings:

- Global Fund Round 10 application – US\$ 345 million to support HIV treatment, Reagents, Condoms and Blood safety programmes
- World Bank - additional financing of TOWA – US\$ 55 million to support Condoms, LLIN and community responses.
- DfID – to improve TOWA project coordination under AMREF Maanisha and the United Nations.
- USAID – to improve access to HIV treatment.
- UN Joint Team – to improve coordination of the National Response to HIV and AIDS.
- International AIDS Conference on Effectiveness, Efficiency and Sustainability successfully held in Nairobi
- AMREF and UCLA to support e- learning for implementers

2.7 IMPLEMENTATION OF KENYA NATIONAL AIDS STRATEGIC PLAN (KNASP III) AND DEVELOPMENT OF KNASP IV

The development of an evidence based KNASP IV 2014/15 – 2017/18 has been initiated and will be informed by the End of Term Review of KNASP III and other key building blocks which include the Second Kenya AIDS Indicator Survey, Kenya AIDS Spending Assessment study and other studies on HIV and AIDS that have been undertaken.

The work on KNASP III ETR and drafting of KNASP IV is ongoing and will be done in two phases. The concept note for the two phases and the Terms of Reference for the consultants were finalized as recommended by ICC. The recruitment of the consultants is being undertaken. Key partners have been requested to support the process and UNAIDS has agreed to support Lead consultant while Health Policy Project (HPP) will support Costing and Social Feasibility study consultants and World Vision are willing to support the Pillar county forums.

Concept note and TORs to undertake Kenya National AIDS Spending Assessment (KNASA) developed as part of the unit costing at national and county level of programs. Works on Efficiency and Effectiveness (E2) ongoing and draft report is available. This will help the KNASP IV drafting team to identify sustainable efficiency and effectiveness strategies for the HIV response.

2.8 COMMUNICATION.

During the year under Review the NACC strived to enhance communication both internally and externally to its stakeholders in the NACC developed IEC materials such as T-shirts, posters, bookmarks and banners for use during 2nd Biennial conference. Several copies of Maisha newsletter which highlights several program activities that the National AIDS Control Council undertakes in collaboration with stakeholders were produced and distributed to different publics and stakeholders.

Customer Service Charters for Field Offices and CACC Offices have already been designed and printed awaiting distribution to the various Field and CACC offices.. The Customer Service Charter was also translated into Braille.

The development of the NACC Corporate Social Responsibility (CSR) policy is ongoing and the consultant is expected to hand in the final report. The Customer Service Charter

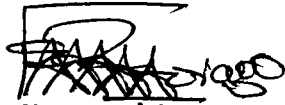
was disseminated to all NACC staff during the annual staff retreat and to some Group of representatives from the Marginalized Communities to enable them renders services as stipulated in the charter. Notice Boards for all the CACC offices have been distributed. This is meant to increase the NACCs visibility and enhance accessibility and service Delivery key in the fight against AIDS pandemic. A CSR Policy Document is ready and is awaiting presentation to the NACC Board for adoption before printing. The NACC supported the airing of a documentary on KTN on Advocacy for HIV and AIDS sustainable financing debate series.

The NACC also supported International Organization on Migration (IOM) TOT training on HIV in emergencies to equip stakeholders with necessary planning skills during emergencies to ensure HIV and AIDS program continuity. This covered North Rift, South Rift, Nyanza, and Coast regions; and draft guidelines have already been submitted by the consultant and being reviewed for finalization. A CSR Policy Document is ready and is awaiting presentation to the NACC Board for adoption before printing.

The National AIDS Control Council organized the World AIDS Day 2012. The national event was commemorated on December 1, 2012 in Nakuru Town. This was the second time the event was held outside Nairobi. World AIDS Day build up activities were carried out in Kisumu, Eldoret, Nakuru, Embu, Meru, Nairobi and Mombasa. The events during World AIDS Day were aired on 10 vernacular stations to inform the public about the various build up activities throughout the country. Supplements were placed in the Nation and Standard newspapers and IEC materials including T-shirts, caps, fliers, banners, and condom mascots, were developed and distributed throughout the country. The NACC also exhibited in various ASK Shows including Kakamega, Kisumu, Kitale, Mombasa, and Nairobi as part of social mobilization efforts to build stakeholders commitment in the fight against HIV and AIDS.

2.9 CONCLUSION

In conclusion, I take this opportunity to thank the then Ministry of State for Special Programmes for the support provided. I thank the Council Members and Development Partners for making it possible to carry out my mandate. I also wish to thank all members of staff of the NACC Secretariat and the Decentralized Structures for supporting the smooth running of the organization during the period under review.



Prof. Alloys S. S. Orago, MBS

DIRECTOR

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 COUNCIL

The Council is made up of 17 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 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 chaired by the Council Chairman. For emerging and urgent issues that require full 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 ensures that the tendering, procurement and disposal of assets are administered as per Government and Donor regulations. On a quarterly basis, NACC Secretariat presents a financial 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 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 membership represents the Attorney General, Ministry of Finance, Ministry of State for Special Programmes, Private Sector, Director – NACC and Head of Internal Audit who is the Secretary.

INTERNAL CONTROLS

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 by senior management to monitor performance and to agree on measures for improvement.

RISK MANAGEMENT POLICY

The NACC has prepared and adopted a Risk Management Policy. The aim of implementing this policy is to ensure that incidents that may threaten the ability of the organization to achieve its objectives are recognized early enough for suitable measures to be taken. This will guard against unethical practices that may threaten the value of the organization by promoting accountability and transparency.

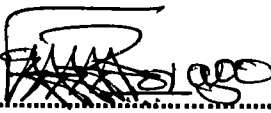
STATEMENT ON RESPONSIBILITIES OF COUNCIL

The Council Members are required as per Section 14 of the State Corporations Act Cap 446, to prepare Financial Statements that give a true and fair view of the state of affairs of the Council as at the end of the financial year and of its surplus or deficit for that year. The Council Members ensure that the Council maintains proper accounting records which disclose, with reasonable accuracy, the financial position, performance and change in the financial position of the Council. The Council Members are also responsible for safeguarding the assets of the Council.

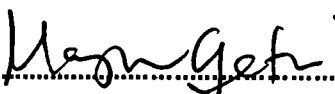
The Council Members accept responsibility of the Financial Statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, consistent with previous years, and in conformity with the International Financial Reporting Standards (IFRS).

The Council Members are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Council as at June 30, 2013, and of its surplus for the year then ended. The Council Members further confirm the completeness of the accounting records maintained by the Council which have been relied upon on the preparation of the Financial Statements as well as on the adequacy of the internal control systems.

Prof. Alloys S. S. Orago, MBS
Director/Secretary to Council


..... Date September 30, 2013

Prof. Mary N. Getui, MBS
Chairman


..... Date 30-9-2013

REPUBLIC OF KENYA

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AIDS CONTROL COUNCIL FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Aids Control Council set out on pages 18 to 28, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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

The management of National Aids Control Council is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

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 Articles 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 judgment, 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 Opinion

1. Community Initiative Expense

The Statement of Comprehensive Income for the year ended 30 June 2013 reflects operating expenses of Kshs.3,056,959,129 which, as disclosed under note 5, includes community initiative expenses of Kshs.2,041,044,654. However, the expenditure on community initiative activities has not been audited by this office which contravenes the Financing Agreement, Schedule I, Section 11(B)(4) and Section IV (B)(6). As a result, the propriety of the particular expenditure amounting to Kshs.2,041,044,654 could not be ascertained.

2. Trade and Other Receivables

As disclosed in Note 9 to the financial statements, the trade and other receivables balance of Kshs.277,103,535 as at 30 June 2013 comprises advances to various committee organizations. Notable among these are advances to District Aids Coordinating Committee (DACC), Constituency Aids Control Committee (CACC's), World Aids Day and Aids Control Unit (ACU) amounting to Kshs.19,613,358, Kshs. 34,556,158, Kshs.2,161,700 and Kshs.3,697,926 respectively which have been outstanding for a long time. Similarly, advances to Field Offices (FO), Kenya Long Distance Truck Drivers Association (KLDTD), Ministry of Health – Malaria Control Support and Ministry of Health – Turkana County, amounting to Kshs.13,778,904 Kshs.105,985, Kshs.14,139,186 and Kshs.310,378 respectively had not been accounted for as at 30 June 2013.

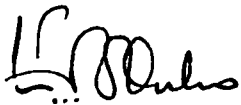
Further, Trade and Other Receivables balance includes staff imprests and staff advances of Kshs.1,660,879 and Kshs.78,258 respectively owing from former

staff of the Council and which have been outstanding for a considerably long time. Also, included in the trade and other receivables of Kshs.277,103,535 are advances of Kshs.48,273,195 to Financial Management Agency (FMA) but whose breakdown has not been availed for audit review.

Consequently the accuracy and full recoverability of the trade and other receivable balance of Kshs.277,103,535 as at 30 June 2013 could not be ascertained.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for the Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Council as at 30 June, 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the National Aids Control Order, 1999.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

NAIROBI

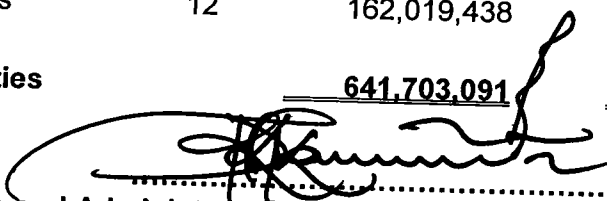
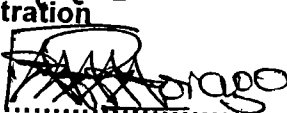
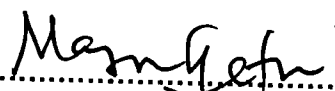
2 May 2014

**NATIONAL AIDS CONTROL COUNCIL
CONSOLIDATED FINANCIAL STATEMENTS**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Ksh.	2012 Ksh.
INCOME			
Grants Income	2	2,049,155,487	2,151,104,589
Other Income	3	19,056,360	20,024,491
TOTAL INCOME		<u>2,068,211,847</u>	<u>2,171,129,080</u>
EXPENSES			
Administrative Expenses	4	405,475,161	395,675,497
Operating expenses	5	3,056,959,129	1,883,573,964
Finance Costs	6	2,284,418	1,763,010
TOTAL EXPENSES		<u>3,464,718,707</u>	<u>2,281,012,471</u>
(DEFICIT)/SURPLUS FOR THE PERIOD		<u><u>(1,396,506,861)</u></u>	<u><u>(109,883,392)</u></u>

**NATIONAL AIDS CONTROL COUNCIL
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2013**

	Note	2013 Ksh.	2012 Ksh.
ASSETS			
<u>Non-Current Assets</u>			
Property, Plant and Equipment	7	29,897,529	34,973,450
<u>Current Assets</u>			
Inventories	8	4,053,863	9,344,905
Trade and other Receivables	9	277,103,535	1,127,824,612
Cash and Cash Equivalent	10	330,648,164	806,502,219
		611,805,562	1,943,671,736
Total Assets		<u>641,703,091</u>	<u>1,978,645,186</u>
FUNDS AND LIABILITIES			
<u>Funds</u>			
Accumulated Fund	11.1	459,561,823	459,561,823
Accumulated (deficit) / Surplus	11.2	7,284,891	1,403,791,752
Donations	11.4	12,836,939	15,276,912
Total		479,683,653	1,878,630,487
<u>Current Liabilities</u>			
Trade and other Payables	12	162,019,438	100,014,699
Total Funds and Liabilities		<u>641,703,091</u>	<u>1,978,645,186</u>
Kamuren Dennis K. Deputy Director/Finance and Administration			Date: <u>September 30, 2013</u>
Prof. Alloys S. S. Orago Director/Secretary to Council			Date: <u>September 30, 2013</u>
Prof. Mary N. Getui Chairman, National AIDS Control Council			Date: <u>30-9-2013</u>

**NATIONAL AIDS CONTROL COUNCIL
CONSOLIDATED FINANCIAL STATEMENTS**

STATEMENT OF CHANGES IN FUNDS FOR YEAR ENDED 30/06/2013

	ACCUMULATED FUNDS	SURPLUS	REVALUATION RESERVE	DONATIONS	TOTAL
Balance as at 01/07/11	459,561,823	1,528,089,618	8,282,500	23,646,149	2,019,580,090
Deficit for the year	-	(109,883,392)	-	-	(109,883,392)
Refund of GLIA un utilized funds	-	(14,414,475)	-	-	(14,414,475)
Ammortization charge	-	-	(8,282,500)	(8,369,237)	16,651,737
Balance as at 30/06/2012	459,561,823	1,403,791,752	-	15,276,912	1,878,630,487
Balance as at 01/07/12	459,561,823	1,403,791,752	-	15,276,912	1,878,630,487
Deficit for the year	-	(1,396,506,861)	-	-	(1,396,506,861)
Additional Donations :Global Fund	-	-	-	4,413,515	4,413,515
Additional Donations :TOWA	-	-	-	3,857,910	3,857,910
Ammortization charge	-	-	-	(10,711,398)	(10,711,398)
Balance as at 30/06/2013	459,561,823	7,284,891	-	12,836,939	479,683,653

The opening balance for accumulated surplus of Ksh 1,504,396,794, revaluation reserve of Ksh 23,606,087 and donations Ksh 32,015,386 have been restated to Ksh 1,528,089,618, Ksh 8,282,500 and Ksh 23,646,149 respectively. See note 13 for detailed explanation.

**NATIONAL AIDS CONTROL COUNCIL
CONSOLIDATED FINANCIAL STATEMENTS**

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2013

	2013	2012
	Ksh.	Ksh.
(DEFICIT)/SURPLUS FOR THE YEAR	(1,396,506,861)	(109,883,392)
Adjustments for:		
Depreciation	13,512,834	17,570,119
Donations	8,271,425	-
Gain on Disposal	(1,046,231)	-
Interest income	(13,499,737)	(17,276,443)
Refund to GLIA	-	(14,414,475)
(Deficit)/Surplus before Working Capital Changes	(1,389,268,570)	(124,004,190)
WORKING CAPITAL CHANGES		
Increase in Trade and other Payables	62,004,739	(20,672,388)
Decrease in Inventories	5,291,042	(2,305,794)
Decrease in Trade and other Receivables	850,721,077	<u>323,386,584</u>
CASH FLOWS FROM OPERATING ACTIVITIES	918,016,858	300,408,402
INVESTING ACTIVITIES		
Interest earned	13,499,737	17,276,443
Proceeds from Disposal of assets	1,046,231	-
Purchase of Fixed Assets	<u>(19,148,311)</u>	<u>(21,999,459)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	(4,602,343)	(4,723,016)
INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS	(475,854,055)	171,681,197
Cash and Cash Equivalent at the beginning	806,502,219	634,821,022
Cash and Cash Equivalent at the End	<u>330,648,164</u>	<u>806,502,219</u>

**NATIONAL AIDS CONTROL COUNCIL
CONSOLIDATED FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013

1 SIGNIFICANT ACCOUNTING POLICIES

(A) **Basis of Accounting**

The financial statements are prepared in accordance with the IFRS under the historical cost convention.

(B) **Financial Year**

The Financial Year of the National AIDS Control Council is June 30, of every year.

(C) **Revenue Recognition**

Revenue is recognized when it is probable that any future economic benefit associated with the item revenue will flow to the entity and the amount of revenue can be measured with reliability

(D) **Expenditure Recognition**

Expenses are recognized when incurred even though payments may not have been made. This excludes expenses incurred under Community Initiative Account.

(E) **Currency**

The Accounts are expressed

(F) **Foreign Currency Transactions**

Transactions denominated in foreign currency are converted into local currency as follows:

- (i) Transactions, including grants and donations received, which are expressed or denominated in a foreign currency, are converted into local currency at the market rate prevailing at the date of each transaction.
- (ii) Foreign currency assets and liabilities are converted into local currency at the exchange rates prevailing at the balance sheet date.
- (iii) Exchange differences arising from the conversion of foreign currency balances are dealt with through the income and expenditure statement.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013 (CONT'D)

(G) Community Initiative Accounting Policy

During the year, the disbursement of funds to community implementing organizations (NGOs, CBOs, FBOs), through both TOWA and Global Fund FMAs were considered as advances. Also, funds still held at the FMA-level are considered as advances.

The FMA has a responsibility of ensuring accountability of outstanding funds from the implementing organizations. NACC, through its accounting system, also maintains records to reflect amounts that have not been accounted for by NGOs/CBOs through the FMA.

(H) Donations

(i) Donations related to fixed assets are presented in the reserves as deferred income and utilized in the reduction of the carrying amount of the related asset during its useful life.

(ii) Grants or donations received to compensate expenses for the purpose of giving immediate operational support are dealt with in the Income and Expenditure Statement in the financial year.

(I) Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013 (CONT'D)

2 GRANTS INCOME

	2013	2012
	Ksh.	Ksh.
Grant		
GOK-Recurrent Grants	265,728,000	273,000,000
GOK-Development Grants	166,430,000	146,500,000
TOWA Income	1,585,526,347	1,673,017,505
UNDP/UNFPA Grants	-	19,901,481
Global Fund Grants	31,471,140	28,247,140
GLIA Grants	-	-
IRAPP Grants	-	10,438,463
	<u>2,049,155,487</u>	<u>2,151,104,589</u>

3 OTHER INCOME

Interest Earned	13,499,737	17,276,443
Other Sources	4,510,392	2,748,048
Gain on Disposal of Fixed Assets	1,046,231	-
	<u>19,056,360</u>	<u>20,024,491</u>

4 ADMINISTRATIVE EXPENSES

Council expenses	16,299,269	9,780,753
Personnel Costs	160,411,615	167,662,562
Other Personnel Costs	25,211,545	18,677,163
CACC Top-up Allowance	26,739,818	25,652,961
Gratuity Expenses	6,825,430	26,107,783
Other Administrative expense	28,174,075	19,592,622
Vehicles Repairs & Maintenance	8,689,727	8,742,470
Fuel & Lubricants	3,479,689	2,640,507
Office Equipment	6,062,283	917,721
Telephone & Internet Expenses	20,635,011	14,880,046
Postage	251,971	495,259
Stationery & Office supplies	30,678,925	29,707,805
Repairs and Renovations	3,570,724	3,839,650
Rent Service Charge & Parking	38,312,809	37,456,731
Office services	13,538,552	6,728,425
Depreciation	13,512,834	17,570,119
Insurance Services	1,635,284	3,962,921
Audit Fees	1,445,600	1,260,000
	<u>405,475,161</u>	<u>395,675,497</u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013 (CONT'D)

5 OPERATING EXPENSES

	2013 Ksh.	2012 Ksh.
Refreshments & Consumables	9,869,936	12,269,754
Travelling & Accommodation	313,898,071	206,706,448
International Travel	16,444,018	18,279,284
Community Mobilization	41,767,064	28,359,766
Advertising & Publicity	41,121,322	28,826,409
Staff Training	3,171,066	4,719,980
Casual Wages	1,001,700	203,500
Other Allowances	18,553,233	8,545,959
Consultancy Services	157,044,837	181,906,809
Printing & Publishing	12,174,126	45,247,586
Conferences & Workshops	220,988,225	123,159,913
Other Programme Training	16,784,758	14,982,637
IEC Materials	45,099,816	12,233,722
Other Program Management expenses	6,826,678	9,055,534
FMA Expense	111,169,625	117,718,522
Community Initiative Expense		
TOWA	2,041,044,654	1,071,358,141
	<u>3,056,959,129</u>	<u>1,883,573,964</u>

6 FINANCE COSTS

	-	
Bank Charges	2,284,418	1,714,282
Loss on Foreign Exchange	-	48,728
	<u>2,284,418</u>	<u>1,763,010</u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013 (CONT'D)

PROPERTY, PLANT & EQUIPMENT MOVEMENT SCHEDULE FY 2012/2013

Depreciation Rate

	25%	33%	25%	20%	
	Motor Vehicles	Computers	Office Equipment	Furniture & Fittings	Total
COST/REVALUATION	Ksh	Ksh	Ksh	Ksh	Ksh
As at June 30, 2012	110,140,752	92,355,209	75,008,663	52,519,629	330,024,254
Additions during the Year	11,254,630	6,319,500	963,271	610,910.00	19,148,311
Disposals during the Year/Lost	(4,577,011)	(13,009,046)	(2,829,391)	(965,405)	(16,803,842)
As at June 30, 2013	116,818,370	85,665,663	73,142,544	52,165,134	327,791,712
DEPRECIATION					
Amortization charge					
Charge for Disposal	94,713,630	82,563,605	68,415,810	49,357,759	295,050,804
Charge for the Year	(4,577,011)	(13,009,046)	(2,829,391)	(965,405)	(21,380,853)
Donations amortized	5,241,159	4,183,580	2,790,967	1,297,128	13,512,834
Revaluation amortized	4,075,916	5,129,100	1,435,600	70,782	10,711,398
As at June 30, 2013	99,453,694	78,867,239	69,812,985	49,760,264	297,894,183
NET BOOK VALUE 30.06.2013	17,364,677	6,798,424	3,329,559	2,404,870	29,897,528
COST/REVALUATION					
Amortization charge					
Additions during the Year	96,017,231	86,584,216	73,409,860	52,013,487	308,024,794
Disposals during the Year/Lost	14,123,521	5,770,993	1,598,803	506,142	21,999,459
As at June 30, 2012	110,140,752	92,355,209	75,008,663	52,519,629	330,024,254
DEPRECIATION (Restated)					
As at June 30, 2011	79,329,681	73,616,327	63,570,679	44,312,261	260,828,948
Charge for Disposal	-	-	-	-	-
Charge for the Year	4,128,912	4,986,178	3,409,531	5,045,498	17,570,119
Donations amortized	2,972,537	3,961,100	1,435,600	-	8,369,237
Revaluation amortized	8,282,500	-	-	-	8,282,500
As at June 30, 2012	94,713,630	82,563,605	68,415,810	49,357,759	295,050,804
NET BOOK VALUE 30.06.2012	15,427,122	9,791,604	6,592,853	3,161,870	34,973,450

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013 (CONT'D)

8 INVENTORIES	2013	2012
	Ksh.	Ksh.
Inventories	4,053,863	9,344,905
9 TRADE AND OTHER RECEIVABLES		
F.O Advance	21,161,783	79,196,394
Advance DACC Control	19,613,358	19,613,358
Advance FMA Control	48,273,195	433,883,303
Advance CBOs Pre-Testing/Support Advance	23,537,545	103,043,697
Advances CACC Control	39,632,438	72,716,155
Advances Control - World AIDS Day	2,161,700	2,161,700
ACU Advances	3,697,926	3,697,926
Staff Imprest Control	4,184,804	15,566,804
Accounts Receivable	47,035,615	368,557,105
Other advances and deposits	67,805,172	29,388,170
Total Receivables	<u><u>277,103,535</u></u>	<u><u>1,127,824,612</u></u>
10 CASH AND CASH EQUIVALENTS		
GOK Operating Account	39,185,354	95,724,641
GOK-Development Account	211,965,307	225,669,840
UNDP Operating Account	1,542,361	1,153,461
UNFPA Operating Account	1,641,250	213,859
Global Fund Operating Account	39,043,655	50,336,010
GLIA Operating Account	-	-
TOWA Project Account	12,535,393	369,909,075
IRAPP Project Account	1,068,292	4,969,637
Gratuity Fund Account	23,666,553	58,525,696
Cash in hand	-	-
	<u><u>330,648,164</u></u>	<u><u>806,502,219</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2013 (CONT'D)

11 FUNDS (Restated)	2013	2012
	Ksh.	Ksh.
11.1 Accumulated fund B/F	459,561,823	459,561,823
Balance as at 30/06/2013	<u>459,561,823</u>	<u>459,561,823</u>
11.2 Accumulated surplus B/F (Restated)	1,403,791,752	1,528,089,618
Less refund to GLIA (Project closed)	-	(14,414,475)
Ammortization charge	<u>(1,396,506,861)</u>	<u>(109,883,392)</u>
	7,284,891	1,403,791,752
11.3 Revaluation Reserve B/F (Restated)	-	8,282,500
Transferred to Accumulated surplus	<u>-</u>	<u>(8,282,500)</u>
	-	-
11.4 Donations B/F (Restated)	15,276,912	23,646,149
Additions during the year	8,271,425	-
Ammortization charge	<u>(10,711,398)</u>	<u>(8,369,237)</u>
	12,836,939	15,276,912
FUNDS AS AT 30/06/13	<u><u>479,683,653</u></u>	<u><u>1,878,630,487</u></u>
12 TRADE AND OTHER PAYABLES	2013	2012
	Ksh	Ksh
Audit Fees Payable	1,238,400	1,440,000
Other Current Liabilities	134,119,302	28,999,951
Gratuity Payable	<u>26,661,736</u>	<u>69,574,748</u>
	<u>162,019,438</u>	<u>100,014,699</u>
13 RESTATEMENT		

The opening balance for accumulated surplus of Ksh 1,504,396,794, revaluation reserve of Ksh 23,606,087 and donations Ksh 32,015,386 have been restated to Ksh 1,528,089,618, Ksh 8,282,500 and Ksh 23,646,149 as follows:

1. Assets revalued in FY 2007/08 whose depreciation charge amounting to Ksh 15,323,587 had erroneously been charged to statement of comprehensive income instead of revaluation reserve.
2. Assets donated in 201/11 whose depreciation charge amounting to Ksh 8,369,237 had erroneously been charged to statement of comprehensive income instead of donations.

