

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 APR 2023	DAY: TUESDAY
TABLED BY:	Hon Owen Bayo, MP Deputy leader - Majority
CLERK-AT THE TABLE:	Esther Ngunya

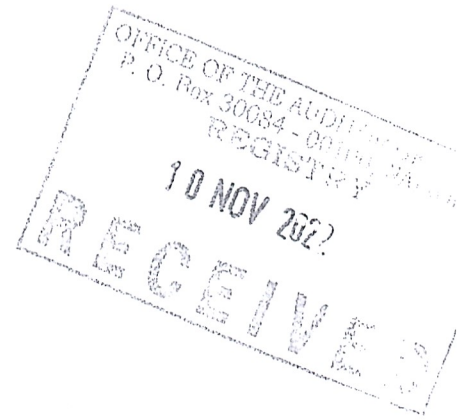
THE AUDITOR-GENERAL

ON

**GLOBAL FUND HIV AIDS PROGRAM
GRANT NO. KEN-H-TNT GA 2065**

**FOR THE YEAR ENDED
30 JUNE, 2022**

MINISTRY OF HEALTH



PROJECT NAME: GLOBAL FUND HIV AIDS & STI PROGRAM

IMPLEMENTING ENTITY: MINISTRY OF HEALTH

PROJECT GRANT/CREDIT NUMBER: KEN-H-TNT 2065

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

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***Global Fund Tuberculosis Grant
Reports and Financial Statements
For the financial year ended June 30, 2020***

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1. Project Information and Overall Performance

1.1 Name and registered office

Name

The project's official name is Global Fund HIV AIDS Program KEN-H-TNT 2065

Objective

The key objective of the project is to reduce morbidity and mortality due to HIV/ AIDS and Sexually Transmitted Infections in Kenya

Address

The project headquarters offices are in Nairobi, Kenya (Afya Annex Building, KNH Grounds)

The address of its registered office is:

National Aids and STI Control Program (NASCOP)
Ministry of Health
P.O Box 30016-00100
NAIROBI

The project also has offices/branches as follows:

NASCOP is a Division within the Ministry of Health and is the sub recipient implementing the grant. It has no other office or branches. In the implementation of county activities the program works with the CHMT with the following focal point officers: County Directors of Health, County AIDS/ HIV Coordinators, County Health Records officers, County Nutritionists, County Pharmacists, County Medical Lab technologists among others in the 47 Counties.

Contacts:

The following are the project contacts

P.O. Box 30016- 00100
NAIROBI
Telephone: (254) 705 951 531
E-mail: head@nascop.or.ke
Website: www.nascop.or.ke

Project information and overall performance (continued)

1.2 Project Information

Project Start Date:	The project start date is 01/07/2021
Project End Date:	The project end date is 30/06/2024
Project Manager:	The project manager is Dr. Andrew Mulwa
Project Sponsor:	The project sponsor is The Global Fund

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Health
Project number	KEN-H-TNT 2065
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ol style="list-style-type: none"> I. Reduce new HIV, STI and Viral Hepatitis infections through increased access to testing for HIV, syphilis and viral hepatitis, implementation of high impact interventions for reduction of HIV, STI and viral hepatitis, elimination of mother to child transmission of HIV, syphilis and viral hepatitis, comprehensive HIV programming targeting key populations, scaling up HIV prevention interventions targeting adolescent girls and young women and prevention of HIV infection in the health setting.

	<ul style="list-style-type: none"> II. Reduce morbidity and mortality due to HIV through; increased access and retention on ART III. scaling up treatment of STIs and HCV IV. Increase access to ART treatment by provision of high-quality optimal ART regimens to improve adherence and viral load suppression. V. strengthening quality monitoring and pharmacovigilance, commodity security VI. strengthening screening and management of co morbidities and linkage of HIV, STI and VH response to Universal Health Coverage VII. iii) Strengthen strategic information to drive progress towards achievement of goals
<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) Policy formulation, Capacity building of health care providers through technical assistance, on job training and mentorship, quality management and standards, advocacy and awareness creation, coordination and partnerships and use of strategic information for decision making.
<p>Other important background information of the project</p>	<p>The project is implemented at National and County levels. NASCOP in collaboration with the counties are responsible for implementation of interventions at National and county levels. Level of effort in the counties will vary depending on HIV burden, level of partner support and concentration of key drivers of new HIV infections.</p> <p>The quantification of HIV commodities required for the country is undertaken by NASCOP while the National treasury is responsible for procurement of commodities.</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Differentiated HIV Testing Services (ii) HIV Treatment, care, and support, including Lab, Nutrition and commodity interventions.

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	<ul style="list-style-type: none"> (iii) HIV Prevention. Key and Vulnerable populations (iv) Prevention of mother to child transmission of HIV (v) Programs to reducing human rights-related barriers to HIV/TB services (vi) RSSH: Program specific Health management information systems and M&E
Project duration	The project started on 1st July 2021 and is expected to run until 30 June 2024

Project Information and Overall Performance (Continued)

1.4 Bankers

The following are the bankers for the current year:

Co-operative Bank of Kenya
Nairobi Business Centre – Branch

1.5 Auditors

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

1.6 Roles and Responsibilities

The following are the roles and Responsibilities of the key stakeholders who will be involved on the project

Names	Title designation	Key qualification	Responsibilities
Dr. Andrew M. Mulwa	Ag. Director preventive and promotive Health service	Bachelors in Medicine and Surgery. Masters in Strategic Management	Ag. Director preventive and Promotive Health services
Dr. Nazila Ganatra	Head, National strategic public health programs.	Masters in public Health/ Masters in epidemiology	Head, National strategic public health programs.
Dr Rose Wafula	Head NASCOP	Master in International Health	Program head: NASCOP Oversight authority and grant implementation
Dr Newton A. Omale	Global Fund Manager	Masters in pharmaceuticals and Medicine control. BPharm	Global Fund Manager: Technical Officer in charge of Coordination of grant implementation.

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Dr Sospeter Gitonga	Commodity Manager	Masters in Pharmacoepidemiology and pharmacovigilance BPharm	Pharmacist: in charge of procurement of commodities for grant activities
CPA Albert Kamau	Project Finance Officer	Bachelor of Business Administration (Finance option) CPA (K)	Program Finance Officer.
CPA Shem O. Owala	Principal Accountant	Masters in Business Administration (Finance option) CPA (K) SMC SLDP	Program Accountant.

1.7 Funding summary

The Project is for duration of 3 years from 1st July 2021 to 30th June 2024 with an approved budget of US\$ 19,420,319 equivalent to Kshs 2,101,252,823 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 June 2022)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency Kshs	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant						
The Global Fund	19,420,319	2,101,252,823	0	0	19,420,319	2,101,252,823
Total	19,420,319	2,101,252,823	0	0	19,420,319	2,101,252,823

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Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2022)		Cumulative amount paid to date – (30 th June 2022)	Unutilised balance to date (30 th June 2022)	
	Donor currency (A)	Kshs (A')		Donor currency (A)-(B)	Kshs (A')-(B')
(i) Grant					
19,420,319	2,101,252,823	0	0	19,420,319	2,101,252,823
19,420,319	2,101,252,823	0	0	19,420,319	2,101,252,823

Project information and overall performance (continued)

1.8 Summary of Overall Project Performance:

i) The Budget for the reporting financial year is Ksh.506,431,590. The actual expenditure for the period is Ksh.306,416,211 which represents 61% absorption rate. This being the initial year of NFM 3 grant implementation, the cumulative expenditure to date remains Ksh. 306,416,211.

ii) Value- for- money achievements

The program has continued to improve on the efficiency in implementation hence the realisation of savings in implemented activities. The layering of national and county led implementation also supports the program to undertake a wide scope of implementation since the county teams are critical in providing additional capacity to spearhead implementation at sub-county and facility level.

iii) The absorption rate since commencement of the project

The absorption rate for this financial year was 61%, this is the first year of implementation of NFM3 grant. We anticipate that implementation will pick up in the second year of implementation.

iv) Implementation challenges and recommended way forward.

- a) The Treatment guideline launch delayed and hence affecting implementation of some activities related to capacity building of healthcare workers.
- b) The two impact surveys for AGYW and KP estimates with budgets in Year were awaiting Ethics review committee approval to undertake the surveys. This is in line with best practise standards on undertaking studies with human subject involvement. The planning process took longer since implementation involved building consensus with stakeholder on the variables to be measured in the study.
- c) The program launched Year procurements for various goods and services, however some were not responsive and therefore were not executed. The procurement process was re-launched, and we anticipate responsive bids that will increase absorption of funds.

- d) Some policy documents e.g., HTS operational plan, PSEF for HIV service delivery are undergoing adjustments and finalization after stakeholders' feedback. Once these policy documents are validated and rolled out for implementation it will also facilitate expedited implementation of the grant

1.9 Project Compliance

The National HIV AIDS program (NAS COP) has continued to comply with both donor and government regulations in force from time to time and has not had any significant case of non-compliance.

2. Statement of Performance against Project's Predetermined Objectives

Key development Objectives:

The Project will contribute to achievement of the following objectives as defined in the Kenya AIDS strategic framework II 2020/2021- 2024/2025:

- a) Reduced new HIV infections by 75%.
- b) Reduced AIDS related mortality by 50%.
- c) Micro- eliminate Viral hepatitis and reduce incidence of sexually transmitted infections.
- d) Reduced HIV related stigma and discrimination by less than 25%.
- e) Increased domestic financing of the HIV response to 50%.

Specific objectives include:

- a) Achieve 95% retention in care (ART) annually.
- b) Achieve 95% of PLHIV on ART virally suppressed.
- c) Reduce mother to child transmission of HIV to less than 5%.

Progress on attainment of strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement:

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Programmatic performance as per NFM3 framework indicators

Below we provide the progress on attaining the stated objectives:

The Programmatic Performance shows progress towards achievement of the grant objectives from as at June 2022.

Programmatic performance as per NFM3 framework indicators

Indicator	Target	Achieved	Comment
Percentage of HIV-positive results among the total HIV tests performed during the reporting period	2.11%	2.50%	Although there was erratic supply of HIV tests kits, the program continued to implement targeted HIV testing approaches as well as redistribution of the available kits to ensure prioritized populations such as pregnant and breastfeeding women are reached.
Percentage of pregnant women who know their HIV status	84%	81%	This is a coverage indicator that measures the proportion of Pregnant and breastfeeding women who know their HIV status against the estimated Pregnant and breastfeeding women. During this reporting period, 1,340,036 out of 1,653,270 pregnant women knew their HIV status. This is attributed to efforts by the program and stakeholders conducted advocacy forums at the national, county and community level to advocate for uptake of ANC services, hospital delivery as well as post-natal care. In addition, there as a deliberate effort by the program to ensure that HIV testing kits were available for this population.
Percentage of HIV-positive women who received ART during pregnancy and/or labour and delivery	93.5%	86%	The indicator measures coverage of ART among HIV positive pregnant and breastfeeding women against the PMTCT need. 49,904 HIV positive pregnant and breastfeeding women were initiated on ART against the PMTCT need of 58,042
Percentage of HIV-exposed infants receiving a virological test for HIV within 2 months of birth	80%	34%	18,235/53830 HIV exposed infants had a virological test within 2 months of birth. The performance of this indicator is attributed to stock outs of EID/VL commodities
Number of medical male circumcisions performed according to national standards	97,220	55,686	This represents medical male circumcisions that were conducted between July 2021 to June 2022 in the 13 VMMC priority counties mainly Busia,

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				Kisumu, Homabay, Siaya, Migori, Nandi, Kericho, West pokot, Nakuru, Nairobi, Turkana, Mombasa, and Marsabit. The performance is attributed to a rapid Results initiative targeting children above 10 years of age that was conducted during the school holidays. The program also continued to advocate for VMMC during technical working group and stakeholder meetings at National and sub national levels.
Timeliness of facility reporting: Percentage of submitted facility monthly reports (for the reporting period) that are received on time per the national guidelines	90%	91.0%		The indicator measures reporting rates for HIV and TB treatment reports (MOH 731-3) in KHIS. Performance is attributed to collective efforts by the program, county governments and Partners to improve reporting rates.
TB/HIV-7 Percentage of PLHIV on ART who initiated TB preventive therapy among those eligible during the reporting period	79.30%	61%		The performance is attributed to low stocks of TPT
TCS-1.1 ^(M) Percentage of people on ART among all people living with HIV at the end of the reporting period	83.20%	78%		The program and stakeholders agreed to use 1,122,334 as number of PLHIVs on ART pending finalization of the ART data verification exercise. HIV 2021 preliminary estimates indicate that 1,432,815 persons are living with HIV.

3. Environmental and Sustainability reporting

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

1. Sustainability strategy and profile

The program adheres to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

- The Program works in close collaboration with the counties to implement service delivery interventions that can be implemented within existing government structures and systems in such a way, if the donor funding is reduced county government will continue with service delivery components.
- Human resource capacity
- Increased focus on integration in programming e.g., HIV and NCD, GBV and mental health. This supports in increase services to the clients as well as pooling the human resource capacity and funding to offer comprehensive service package to client. This draws efficiencies in cross programming.
- Domestic financing has increased for the allocation to procure ARVs and related HIV commodities.
- Ongoing discussion with the UHC secretariat to cover HIV related services as part of the essential package.

2. Environmental performance

The program adopts and implements Ministry of Health waste management plan (2016-2021) which was developed by the Ministry together with partners and NEMA.

3. Employee welfare

The program through the Ministry of Health ensures that the recruitment process is adhered to according the Public Service Regulations. Taking cognizance of gender ratio, Minority communities and People with disabilities are given priorities.

Capacity building of all officers through in house training and continuous professional developments to enhance improved service delivery to the citizens.

Staff Performance Appraisal system (SPAS) is predicated upon the principle of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions.

The program endeavour to comply with Occupational Safety and Health Act of 2007, (OSHA)

4. Market place practices-

a) Responsible Supply chain and supplier relations-

This program have ensured that all procurement prior to their implementation, a market survey is done to guide on the optimal market prices. The suppliers are subjected to the lowest bidder given the chance other requirements for example statutory notwithstanding. The suppliers have been treated responsibly by honouring contracts paying them with the stipulated timeliness.

b) Responsible ethical practices

The program ensured that all the suppliers were treated as required by the public procurement asset disposal act 2005 and public procurement regulations 2006 so as to maintain ethical and anti- corruption practices and responsible political involvement.

c) Regulatory impact assessment

The program further ensured that all the suppliers who supplied in this financial year were issued with Tax exemption certificates as this is a Tax exempted provider.

5. Community Engagements

The program has been working closely with PLHIV in development of guidelines and technical working group meetings. Community members are engaged in monitoring of the program through the HIV interagency coordinating committees. During this reporting period, the program engaged youth peer educators in mobilization of young persons in and out of school to improve uptake of HIV testing and linkage of those who test positive to care and treatment.

4. Statement of Project Management responsibilities

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for *Global fund HIV AIDS program* 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, 2022.

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 coordinator* for *Global fund HIV/AIDS Program* 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.

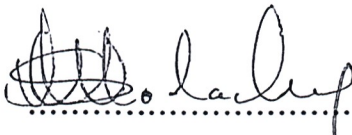
The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for *Global fund HIV/AIDS Program* are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2022, and of the Project's financial position as at that date. The *Principal Secretary* for Health and the *Project Coordinator* for *Global fund HIV/AIDS Program* 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.


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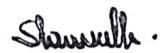
The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for *Global fund HIV/AIDS Program* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial 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 Coordinator* for *Global fund HIV/AIDS Program* on 10th Nov. 2022 and signed by them.

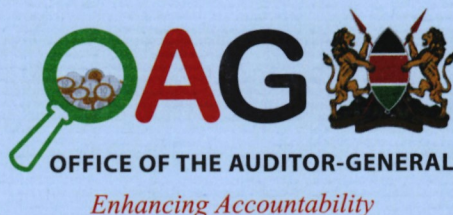

.....
Ms. Susan Mochache CBS
Principal Secretary


.....
Dr. Andrew Mulwa
Project Coordinator


.....
CPA Shem O. Owala
Project Accountant
ICPAK Member No: 20468

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON GLOBAL FUND HIV AIDS PROGRAM GRANT NO. KEN-H-TNT GA 2065 FOR THE YEAR ENDED 30 JUNE, 2022 - MINISTRY OF HEALTH

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Global Fund HIV/AIDS Program Grant No. KEN-H-TNT GA 2065 set out on pages 21 to 46, which comprise of the

statement of financial assets as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Global Fund HIV/AIDS Program Grant No. KEN-H-TNT GA 2065 as at 30 June, 2022, 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 Public Finance Management Act, 2012 and Grant Agreement No. KEN-H-TNT GA 2065 dated 14 June, 2021 between the Global Fund and the Republic of Kenya.

Basis for Qualified Opinion

Unsupported Bank Balance

The statement of financial assets reflects bank balance of Kshs.158,324,015 as disclosed in Note 5.A to the financial statements. However, the bank reconciliation statement for the month of June, 2022 reflects payments in bank statements not yet recorded in cash book of Kshs.612,500 which were not supported by payment vouchers.

In the circumstances, the accuracy and completeness of bank balance of Kshs.158,324,015 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Global Fund HIV/AIDS Program Grant No. KEN-H-TNT GA 2065 Management in accordance with ISSAI 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 qualified opinion.

Emphasis of Matter

Failure to Receive Initial Grant

The funding summary Paragraph 1.7 indicates approved budget of USD.19,420,319 equivalent to Kshs.2,101,252,823 for a duration of three (3) years starting from 01 July, 2021 to 30 June, 2024. Included in the amount is USD.4,680,571 equivalent Kshs.506,431,590 for financial year 2021/2022 as disclosed in the statement of comparison of budget and actual amounts but which was not received.

In the circumstances, the Project may not absorb the entire amount of USD.19,420,319 equivalent to Kshs.2,101,252,823 thereby not achieving the objectives of reducing new HIV, STI and viral hepatitis infections, reducing morbidity and mortality due to HIV, scaling up treatment of STIs and HCV and increasing access to ART treatment.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Unliquidated Commitments

Other important disclosures reflect pending accounts payables of Kshs.7,451,470. The amount includes opening balance of Kshs.29,842,515 being payables from the closed grant KEN-T-TNT 1547. However, there was no evidence of negotiation to include this amount in the budgeting and programmatic planning in grant KEN-T-TNT 2065 being the next grant as required in Paragraph 23 of Global Fund guidelines for grant budgeting, 2019.

In the circumstances, Management was in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm

that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of an Asset Register

During the year under review, Management did not provide a fixed asset register but presented an asset verification report which did not include details of dates of purchase and prices. In addition, fixed assets items were aggregated without giving details of the individual asset name, tag number and location

In the circumstances, the effectiveness of fixed assets internal controls could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Financing Agreement dated 14 June, 2021, I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

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 controls, 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 to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability 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 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 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 November, 2022

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR
ENDED JUNE 30, 2022

Statement of Receipts and Payments for the year ended 30th June 2022.

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total
2021-2022				
Receipts		Kshs.	Kshs.	Kshs.
Proceeds from domestic and foreign grants	1	463,412,680	0	463,412,680
Miscellaneous receipts	2	4,783,025	0	463,412,680
Total receipts		468,195,705	0	468,195,705
Payments				
Compensation to employees	3	87,618,535	0	87,618,535
Purchase of goods and services	4	218,797,676	0	218,797,676
Total payments		306,416,211	0	306,416,211
Surplus/ (deficit)		161,779,494	0	161,779,494

**Global Fund Tuberculosis Grant
Reports and Financial Statements
For the financial year ended June 30, 2020**

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

Disclosure: The Program did not receive any disbursement for this financial year under review hence the program had been using in country balance from NFM2 for financial year 2021/2022.



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**Ms. Susan Mochache CBS
Principal Secretary**



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**Dr. Andrew Mulwa
Project Coordinator**



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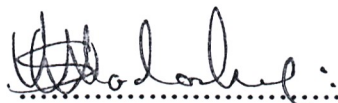
**CPA Shem O. Owala
Project Accountant
ICPAK Member No: 20468**

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR
ENDED JUNE 30, 2022

7. Statement of Financial Assets as at 30th June 2022

Description	Note	2021-2022
		Kshs
Financial Assets		
Cash and Cash equivalents		
Bank Balances	5.A	158,324,015
Cash Balances	5. B	3,125,479
Total Cash and Cash equivalents		161,449,494
Imprests and Advances	6	330,000
Total Financial Assets		<u>161,779,494</u>
Financial Liabilities		
Represented By		
Fund Balance B/fwd.		0
Prior Year adjustments		0
Surplus/(Deficit) for the Year		161,779,494)
Net Financial Position		<u>161,779,494</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10th Nov 2022 and signed by:



Ms. Susan Mochache CBS
Principal Secretary



Dr. Andrew Mulwa
Project Coordinator



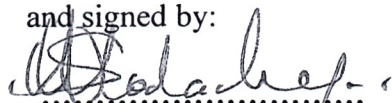
Shem O. Owala
Project Accountant
ICPAK Member No: 20468

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR
ENDED JUNE 30, 2022

8. Statement of Cashflow for the year ended 30th June 2022

Description	Notes	2021-2022
		Kshs
Cashflow from operating activities		
Receipts		
Proceeds from domestic and foreign grants	1	463,412,680
Miscellaneous receipts	2	4,783,025
Total receipts		468,195,705
Payments		
Compensation of employees	3	87,618,535
Purchase of goods and services	4	218,797,676
Total Payments		306,416,211
Adjustments during the period		
Decrease/(increase) in accounts receivable	8	330,000
Net cash flow from operating activities		0
Net increase in cash and cash equivalent		161,449,494
Cash and cash equivalent at beginning of the year		0
Cash and cash equivalent at end of the year	7	<u>161,449,494</u>

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 10th Nov. 2022 and signed by:



Ms. Susan Mochache CBS
Principal Secretary



Dr. Andrew Mulwa
Project Coordinator



CPA Shem Owala
Project Accountant
ICPAK Member No:20468

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022

9. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2022

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						
Proceeds from domestic and foreign grants	506,431,590	0	506,431,590			100%
Miscellaneous receipts						
Total Receipts	506,431,590	0	506,431,590			100%
Payments						
Compensation to employees	91,703,520	0	91,703,520			100%
Purchase of goods and services	414,728,070	0	414,728,070			100%
Total Payments	506,431,590	0	506,431,590			100%
Surplus or Deficit						

Note: The actual amount utilized in the current financial year under review is the balance brought down from NFM2.



Ms. Susan Mochache CBS
Principal Secretary



Dr. Andrew Mulwa
Project Coordinator



CPA Shem Owala
Project Accountant
ICPAK Member No:20468

10. Significant Accounting Policies

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

10.1 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.

10.2 Reporting entity

The financial statements are for Global fund HIV AIDS Program under the Ministry of Health. The financial statements are for the reporting entity Global fund HIV AIDS Program as required by Section 81 of the PFM Act, 2012 .

10.3 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.

10.4 Recognition of receipts

Global fund HIV AIDS Program recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) 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.

ii) External Assistance

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

Significant Accounting Policies (Continued)

iii) Other receipts

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

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when 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.

v) Proceeds from borrowing

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

vi) Undrawn external assistance

These are loans and grants at 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.

10.5 Recognition of payments

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

i) Compensation to employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Significant Accounting Policies (Continued)

ii) 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.

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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.

v) 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.

10.6 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.

Significant Accounting Policies (Continued)

10.7 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.

10.8 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.

10.9 Imprests and Advances

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

10.10 Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:

Significant Accounting Policies (Continued)

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

10.11 Contingent Assets

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

10.12 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' 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.

Significant Accounting Policies (Continued)

10.13 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*.

10.14 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, Kshs Nil billion being loan disbursements were received in form of direct payments from third parties.

10.15 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.

Significant Accounting Policies (Continued)

10.16 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.

10.17 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, 2022.

10.18 Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Therefore there were no prior year adjustments.

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

Notes to the Financial Statements (Continued)

1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2022, we have not received grants from donors since we were using in country balance from NFM2 as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in Kshs
						2021-2022
			Kshs	Kshs	Kshs	Kshs
Global Fund HIV AIDS Grant		0	0	0	0	0
Transfer From NFM2 to NFM3	B/F	0	463,412,680			463,412,680
Total	N/A	0	463,412,680	0	0	463,412,680

Note- B/F from NFM2 being used as opening receipt in NFM3

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

Notes to the Financial Statements (Continued)

2. Miscellaneous receipts

	2021-2022			
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Cumulative to- date (from inception)
	Kshs	Kshs	Kshs	Kshs
Interest income	4,783,025	0	4,783,025	4,783,025
Total	4,783,025	0	4,783,025	4,783,025

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

Notes to the Financial Statements (Continued)

3. Compensation to Employees

	2021/2022			Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	
-	Kshs	Kshs	Kshs	Kshs
Basic wages of temporary employees	41,357,723	0	41,357,723	41,357,723
Personal allowances paid as part of salary	44,984,212	0	44,984,212	44,984,212
Compulsory national social security schemes-NSSF	273,200	0	273,200	273,200
Compulsory national health insurance schemes-NHIF	1,003,400	0	1,003,400	1,003,400
Total	87,618,535	0	87,618,535	87,618,535

Disclosure: Since it's the beginning of the Grant cumulative to date captures only current reporting period.

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

Notes to the Financial Statements (Continued)

4. Purchase of Goods and Services

	2021/2022			Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	
	Kshs	Kshs	Kshs	Kshs
Communication, supplies and services	10,263,000	0	10,263,000	10,263,000
Domestic travel and subsistence	1,519,130	0	1,519,130	1,519,130
Printing, advertising, and information supplies	0	0	0	0
Training payments	166,947,750	0	166,947,750	166,947,750
Hospitality supplies and services	24,533,912	0	24,533,912	24,533,912
Insurance costs	8,413,213	0	8,413,213	8,413,213
Specialized materials and services-Fuel	6,867,928	0	6,867,928	6,867,928
Other operating payments-Stationery	0	0	0	0
Routine maintenance – vehicles and other transport equipment	0	0	0	0
Bank charges, commissions	252,742.95	0	252,742.95	252,742.95
Total	<u>218,797,676</u>	0	<u>218,797,676</u>	<u>218,797,676</u>

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

Notes to the Financial Statements (Continued)

5. Cash And Cash equivalents

Description	2021-2022
	Kshs
Bank accounts (Note 5A)	158,324,014.59
Cash equivalents (short-term deposits) (Note 8.13C)	3,125,479.00
Total	<u>161,449,493.59</u>

Global fund HIV AIDS has one project accounts spread within the project implementation area and one number of foreign currency designated accounts managed by the National Treasury as listed below:

5. A Bank Accounts

Project Bank Account

Details	2021-2022
	Kshs
<u>Local Currency Account</u>	
Co-operative Bank of Kenya [A/c No.011416696726200]	158,324,014.59
Total local currency balances	<u>158,324,014.59</u>
Total bank account balances	<u>158,324,014.59</u>

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 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

Description	2021-2022
	Kshs
(i) A/C Name [A/c No.011416696726200]	
Opening balance	0
Total amount deposited in the account	463,412,680
Miscellaneous receipts	4,783,025
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>306,416,211</u>
Closing balance	<u>161,779,494</u>

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR
ENDED JUNE 30, 2022

5 B Cash equivalents (short-term deposits)

Description	2021-2022
	Kshs
Co-Operative Bank of Kenya [A/C No. 011416696726200]	158,324,014.59
MPESA	3,125,479.00
Total	<u>161,449,493.59</u>

6. Imprests and Advances

Description	2021-2022
	Kshs
Government Imprests	330,000
Total	330,000

Notes to the Financial Statements (Continued)

6B: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2022
	Kshs	Kshs	Kshs	Kshs
<i>Ambrose Juma</i>	1,219,940	28.09.2018	889,940	330,000
Total	<u>1,219,940</u>		<u>889,940</u>	<u>330,000</u>

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR
ENDED JUNE 30, 2022

7. Fund Balance Brought Forward

Description	2021-2022
	Kshs
Bank account	158,324,014.59
MPESA	3,125,479.00
Total	<u>161,449,493.59</u>

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

Notes to the Financial Statements (Continued)

8. Changes in Receivable

Description	2021- -2022
	Kshs
Opening Receivables as at 1 st July 2021	330,000
Closing account receivables as at 30 th June 2022	330,000
Change in Receivables	<u>330,000</u>

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

10. Other Important Disclosures

1. Pending Accounts Payable (See Annex 2)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Supply of services	29,842,515	1,636,771	24,127,816	7,451,470
Total	29,842,515	1,636,771	24,127,816	7,451,470

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

2. External Assistance

	2021-2022
Description	Kshs
External assistance received as grants	0
Total	0

Other Important Disclosures (Continued)

a) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2021/2022
Description		Kshs
Undrawn external assistance - grants		2,101,252,823
Total		<u>2,101,252,823</u>

b) Classes of providers of external assistance

	FY 2021/2022
Description	Kshs
Multilateral donors-The Global fund HIV AIDS	NIL
Receipts from NFM2 B/F	463,412,680
Total	463,412,680

**GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

11. Progress on follow up on prior year on Auditors Recommendation

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Unaccounted for imprest	The imprest not surrendered Kshs 330.000 relates to an officer who was robbed while travelling on duty in Marsabit County. The matter was referred to the Director of Criminal Investigations for investigation and currently the case is in court. The matter was discussed by the Public Accounts Committee (PAC) in its sitting held on 25 th November 2021. The Ministry awaits the recommendations	Not Resolved	December 2022
2.0	Purchase of good and services	The contract was signed on March 10, 2022, just days before Covid-19 was declared a pandemic and travel restrictions and lockdowns were instituted by the government. This resulted in a delay in delivery of goods beyond the contract period for some suppliers due to disruptions in logistics and supply chain that ensued. There was restricted access to the offices too, which were opened partially after June 2020. We confirm full	Resolved	June 2022

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		deliveries were made for the same.		
3.0	Project Performance	The project achieved an overall absorption rate of 85% for the cumulative grant period (1 st January 2018 to 30 th June 2021) as per extract from the final Quarterly Financial Review statements as shared by the National Treasury. Project implementation was severely disrupted by the Covid-19 pandemic lockdowns and restrictions that caused cancellation/postponement of many activities and resorting to virtual engagements for some activities.	Resolved	June 2022
4.0	Non-compliance to procurement procedures	This was a unique circumstance where only two quotations were received during this period of the covid 19 pandemic. Many eligible hotels were not operational due to the MOH guidelines and compliance to Covid-19 restrictions. With the business getting back to normal, we ensure at least three quotations are evaluated for any RFQ.	Resolved	June 2022
5.0	Asset register	At the time of audit, the asset register had not been updated; some assets had not been tagged or branded. These had not been disclosed in the annual report and financial statements. The asset register has since been updated with details of purchase prices and dates of	Not Resolved	December 2022


**GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		purchase. The Ministry has since started tagging of all assets and will disclose the fixed assets in subsequent financial reports.		

Guidance Notes:

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


.....
Ms Susan Mochache CBS
Principal Secretary


.....
Dr. Andrew Mulwa
Project Co-ordinator


.....
CPA Shem O. Owala
Project Accountant
ICPAK Member No:20468

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR
ENDED JUNE 30, 2022

12. Annexes

Annex1 - Variance explanations - Comparative Budget and Actual amounts for FY 2021-2022

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from domestic and foreign grants	506,431,590	464,136,187	42,295,403	92%	The program did not receive any disbursement for the F/Year under review hence the program utilized the funds brought forward from last F/Year 2020/2021 Kshs 462,687,814. This reduced the cash disbursement request during the financial year.
Miscellaneous receipts		4,783,025	(4,783,025)		These relates to interest earned which is not budgeted for.
Total Receipts	616,825,172	4,783,025			
Payments					
Compensation of employees	91,703,520	87,618,535	4,084,985	96%	Variance is due to some exit of officers from the program
Purchase of goods and services	414,728,070	218,797,676	195,930,394	53%	The program had activities related to printing, consultancies and goods and services. Some of the process were delayed by development process of the documents that needed to be printed. Secondly, for the procurements that were initiated were not responsive and hence the program was advised to repeat the process. The procurement processes have been re initiated and at advanced stage of award, the postponed funds will be utilised to pay for this commitments.
Total payments	506,431,590	306,416,211	200,015,379	61%	

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR
ENDED JUNE 30, 2022

ANNEX 2 - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2021	Comments
	a	b	c	d=a-c		
Supply of services		LPO/LSO NO.				
1. Best Western	73,0000.00	2039145	0	73,000.00		
2. Royal platter ltd	170,800.00	2048258	0	170,800.00		
3. Royal platter ltd	105,000.00	2048257	0	105,000.00		
4. Angani Tours & Travel	390,675.00	2048276		390,675.00		
5. Julius Kisio	492,296.00	2469649	0	492,296		
6. Dahlia Kitchen	45,000.00	2039137	0	45,000.00		
7. Best Western	75,000.00	1805457	0	75,000.00		
8. City Gate	12,000.00	2039138	0	12,000.00		
9. City Gate	272,500.00	2039132	0	272,500.00		
TOTAL				1,636,771		

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE FINANCIAL YEAR
ENDED JUNE 30, 2022

Annex 3 – Summary of Fixed Assets Register

The program did not procure any fixed asset during the year.

Annex 4: Other Support Documents

- i. Bank and MPESA Reconciliations statement as at 30th June 2022
- ii. Board of Survey Report
- iii. Trial Balance as at 30th June 2022
- iv. Bank and MPESA Certificate of balances
- v. List of Pending bills as at 30th June 2022
- vi. Acronyms and Abbreviations

Acronyms and Abbreviations

NASCOP	-	National Aids & STI Control Program
STI	-	Sexually Transmitted Diseases
HTS	-	HIV Testing Services
PMTCT	-	Prevention Mother to child Transmission
KVP	-	Key Vulnerable Population
VMMC	-	Voluntary Male Medical Circumcision
SIRI	-	Strategic information Research Implementation
AYP	-	Adolescence Young People
GBV	-	Gender Based Violence
WHO	-	World Health Organization
NHIF	-	National Health Insurance Fund
TNT	-	The National Treasury
KELIN-		Kenya Legal and Ethical Issues Network
SSF	-	Single Stream Funding
NFM	-	New Funding Model
HIV	-	Human Immuno Deficiency Virus
AIDS	-	Acquired Immuno Deficiency Syndrome
NSP	-	National Strategic Plan
IPSAS	-	International Public Sector Accounting Standards
PSM	-	Procurement Supply Management Plan
DMS	-	Director Medical Services
M&E	-	Monitoring and Evaluation
RSSH	-	Resilient Sustainable Systems for Health
MOR	-	Months of Treatment
PFM	-	Public Financial Management

GLOBAL FUND HIV AIDS PROGRAM - KEN-H-TNT 2065
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ENDED JUNE 30, 2022

MDR-TB	Multi Drug Resistant Tuberculosis
RMNCH-	Reproductive Maternal, Neonatal, Child and Adolescent Health
ICCM -	Integrated Community Case Management
DRS -	Drug Resistance Survey
PR -	Principal Recipient
SR - -	Sub Recipient
HCW -	Health Care Workers
CHV -	Community Health Volunteers
CSR -	Corporate Social Responsibility

BANK RECONCILIATION

30th JUNE, 2022

STATION: NASCOP- GLOBAL FUND HIV AIDS GRANT- A/C NO.01141696726200

Balance as per Bank Statement					(IN KSHS)
Less:					198,137,652.84
Payments In Cash Book not Recorded In Bank 1) Statement(unpresented cheques)					(40,426,138.25)
Receipts in Bank Statement not recorded in 2) Cash book					
Add:					157,711,514.59
Payments in Bank Statement not yet recorded 3) In Cash book					-
Receipts in Cash book not recorded in Bank 4) Statement					612,500.00
Balance as per Cash book					
I certify that I have verified the Bank Balance In Cash book with Bank Statement and that the above Reconciliation is Correct.					159,324,014.59

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SIGNATURE: *[Signature]* DESIGNATION: *Principal Accountant* DATE: *08/07/2022*

DATE	PAYMENTS IN THE C.B NOT RECORDED IN	CHQ NO/REF	AMOUNT
28.12.2021	NHIF		
30.06.2022	ENCHULA RESORT		3,700.00
30.06.2022	KIANDANI BED AND BREAKFAST		323,275.85
30.06.2022	PHOENICIA HOTEL		311,188.45
30.06.2022	EMELA SAFARI & TRAVEL LTD		316,810.35
30.06.2022	MAXLAND RESTAURANT LTD		152,500.00
30.06.2022	HOTEL TITANIC		64,655.20
30.06.2022	RAVISHING RADISH CATERERS		51,884.40
30.06.2022	RAVISHING RADISH CATERERS		172,413.80
30.06.2022	CITY GATE ENTERPRISES LTD		75,431.05
30.06.2022	EASTERN & SOUTHERN AFRICA MGT. INSTIT.		79,310.35
30.06.2022	VICTORIA COMFORT INN HOTEL		188,000.00
30.06.2022	SIMBA HOSPITALITY MGT LTD		103,448.30
30.06.2022	SIMBA HOSPITALITY MGT LTD		65,348.25
30.06.2022	ENZOGU GARDENS LTD		43,635.80
30.06.2022	SHERATTON REGENCY HOTEL LTD		55,172.40
30.06.2022	JAMBO VILLAGE HOTEL		116,379.30
30.06.2022	JAMBO VILLAGE HOTEL		103,448.30
30.06.2022	EMBRACE THE WORLD TRAVEL AGENCY		64,655.15
30.06.2022	OLIVEIRA RESTAURANT LTD		75,000.00
30.06.2022	AVENTURA KITCHEN LTD		137,931.00
30.06.2022	DAHILA.S KITCHEN		37,931.05
30.06.2022	PALEO HOTEL & SPA LTD		41,379.30
			311,188.45

				43,103.45		
				100,040.85		
30.06.2022	OLIVEIRA RESTAURANT LTD			77,327.80		
30.06.2022	GELIAN INVESTMENT LTD			99,137.90		
30.06.2022	CHANG SIERRA SPRINGS LTD			99,137.90		
30.06.2022	COUNTRY VIEW HOTEL			94,827.80		
30.06.2022	PHOENICIA HOTEL			193,965.50		
30.06.2022	BEST WESTERN HOTEL			86,206.90		
30.06.2022	EAGLE PALACE HOTEL			98,480.80		
30.06.2022	JAMBO VILLAGE HOTEL			64,655.20		
30.06.2022	A&L HOTEL LTD			146,496.00		
30.06.2022	JUMBO HILLTOP LODGE KWALE LTD			213,640.00		
30.06.2022	PRIDE INN AZURE HOTEL LTD			20,689.85		
30.06.2022	PRIDE INN AZURE HOTEL LTD			1,648,080.00		
30.06.2022	AVENTURA KITCHEN LTD			151,200.00		
30.06.2022	PRIDE INN AZURE HOTEL LTD			118,000.00		
30.08.2022	CITY GATE ENTERPRISES LTD			464,618.75		
30.06.2022	ICPAK			159,000.00		
30.06.2022	ASTORIAN GRAND HOTEL			189,244.00		
30.06.2022	ENNEMM TRAVEL SERVICES			839,490.00		
30.06.2022	PRIDE INN HOTEL&INVEST. LTD			921,704.00		
30.06.2022	ENNEMM TRAVEL SERVICES			64,655.20		
30.06.2022	PRIDE INN AZURE HOTEL LTD			64,913.80		
30.06.2022	PHOENICIA HOTEL			151,200.00		
30.06.2022	BAOBAB SEA LODGE			29,208,387.00		
30.06.2022	CITY GATE ENTERPRISES LTD			175,862.10		
30.06.2022	HEAD NASCOP			217,241.40		
30.06.2022	HOTEL TWIN TOWERS HOMABAY			194,827.80		
30.06.2022	GOSHEN INN LTD			229,827.60		
30.06.2022	JUMBO HILLTOP LODGE KWALE LTD			206,896.60		
30.06.2022	ROYAL MINNI INN			193,103.50		
30.06.2022	ELSA HOTEL LTD			200,000.00		
30.06.2022	LEGACY HOTEL &CONFERENCE LTD			213,793.10		
30.06.2022	SHUSHAN PALACE HOTEL& RESORT LTD			51,724.00		
30.06.2022	DIAMOND ROCK RESORT&GUEST HOUSE LTD			72,000.00		
30.06.2022	Kitale highview Hotel Ltd			77,586.00		
30.06.2022	Longrock Tours & Travel Ltd			137,931.05		
30.06.2022	Ravishing Radish Caterers			32,327.60		
30.06.2022	OLIVEIRA RESTAURANT LTD			90,517.25		
30.06.2022	CITY GATE ENTERPRISES LTD			139,655.20		
30.06.2022	CITY GATE ENTERPRISES LTD			40,426,138.25		
30.06.2022	SEO Hotel					
					250,000.00	
					382,500.00	
					612,500.00	
			000580			
			000586			
DATE	PAYEE					
22.02.2021	MANAGER CO-OP BANK					
15.03.2021	MANAGER CO-OP BANK					
	TOTALS					
DATE	RECEIPTS IN CASHBOOK NOT IN BANK STAT	CHQ NO/REF				
	PAYEE					

PAYMENTS IN CASHBOOK NOT YET IN BANK STATEMENT
PAYEE



Safaricom Ltd
PO Box 66827 – 00800
Westlands, Nairobi.
Kenya.

Date: 25/08/2022

To:
Ministry of Health
National AIDS STI Control Program
Kenyatta National Hospital Grounds
P.O. BOX 19361-00202
Nairobi

Dear Sir/Madam,

Ref: ACC/2021/2022(02)

M-PESA ACCOUNT BALANCES FOR 567899 - NASCOP GLOBAL FUND HIV AIDS GRANT AS AT 30th JUNE 2022

Please find M-PESA balances (in Ksh) held for the below organization as at 30th June 2022.

Organization	Utility Account	Working Account	Charges Paid Account
567899 - NASCOP GLOBAL FUND HIV AIDS GRANT	117,480.00	16,228,359.00	0.00

Albert Mugo

Manager – M-PESA Accounting

When we come together, great things



CO-OPERATIVE BANK

We are you

The Co-operative Bank of Kenya Limited
Nairobi Business Centre
Ngong Road .
P.O.Box 19555-00202 Nairobi.
Tel: 2711614, 2711663, 2711624/5,
2711674/5/6
Mobile: 0727-532081, 0727-532082, 0735-
558205 .
Fax: 2711708
Nairobi
Email: ngongroad@co-opbank.co.ke

Our Ref : 6967262

Your Ref : ACC/2021/2022(01)

19th July 2022.

TO, GLOBAL FUND HIV AIDS GRANT
P.O BOX 19361-00202
NAIROBI.

Dear Sir/Madam,

RE: CERTIFICATE OF BALANCE - GLOBAL FUND HIV AIDS GRANT 6967262

We acknowledge with thanks receipt of your letter dated 4th July 2022. We write to advise that the balance at the close of business 30th June 2022 is as indicated below:

DATE	ACCOUNT NO.	ACCOUNT TYPE.	BALANCE
30.06.2022	31141696726200	GRANT NO KEN-H-TNT	KES 198,137,652.84CR

This letter is however, issued for your audit purposes only and without liability expressed or implied and in no way commits the Co-operative Bank of Kenya Ltd or it assigns to any financial, legal or other obligations.

Thanking you for your continued support.

Yours faithfully,

PAUL OBONYO
SERVICE MANAGER.
NAIROBI BUSINESS CENTRE.

ANNEX 2 - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2021	Comments
	a	b	c	d=a-c		
Supply of services		LPO/LSO NO.				
1. Best Western	73,000.00	2039145	0	73,000.00		
2. Royal platter ltd	170,800.00	2048258	0	170,800.00		
3. Royal platter ltd	105,000.00	2048257	0	105,000.00		
4. Angani Tours & Travel	390,675.00	2048276		390,675.00		
5. Julius Kisio	492,296.00	2469649	0	492,296		
6. Dahlia Kitchen	45,000.00	2039137	0	45,000.00		
7. Best Western	75,000.00	1805457	0	75,000.00		
8. City Gate	12,000.00	2039138	0	12,000.00		
9. City Gate	272,500.00	2039132	0	272,500.00		
TOTAL				1,636,771		



GLOBAL FUND HIV GRANT

Implementing Entity:

MINISTRY OF HEALTH - NATIONAL AIDS
AND STI CONTROL PROGRAM

DONOR ANNUAL REPORT AND FINANCIAL STATEMENTS

Grant Number: KEN-HIV-TNT-2065

FOR THE FINANCIAL PERIOD ENDED

JUNE 30, 2022

NAIROBI, KENYA

Annex 2: Financial Statements cash basis and commitments reconciliation template

Guiding note

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

Mandatory statements

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

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

Other notes

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

Notes to the financial statements

All amounts are in US\$/EUR

Note 1: Basis of accounting

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

Note 2: Disbursements/Receipts

Receipts comprises amounts advanced and reimbursed by the Global Fund under the grant agreement during the period [July 1, 2021 to June 30, 2022 to the Principal Recipient and to third parties. Receipts from Global Fund were in United States Dollars.

Note 3:

Expenditure represents amounts disbursed and costs incurred denominated in Ficticia Francs (FHF).

Note 4:

Transactions in Ficticia Francs are translated to US dollars at the exchange rate applicable at the time funds received from Global Fund were converted to local currency. For the purpose of this report, balances denominated in Ficticia Francs have been translated to US dollars based on the average exchange rate applied by the Ministry of Health during the period which stood at FHF xx to the US dollar.

Note 5: Receipts from Global Fund

Note 11: Expenditure reconciliation between IES and PUDR

	Year 2
AFR expenses	X
Reconciling items (to be explained in the note)	
IES's expenditures	Y
	=====

	Cumulative
AFR expenses	
Reconciling items (to be explained in the note)	
IES's expenditures	
	=====

Note 12: Schedule of fixed assets

Categories				

As the above financial statements are illustrative, the Principal Recipient should provide any other relevant information or notes to the statements.

