

REPUBLIC OF KENYA



Enhancing Accountability

REPORT THE NATIONAL ASSEMBLY
PAPERS I AID

DATE: 14 MAR 2023

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THURSDAY

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BY:

DEPUTY
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LEADER

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THE AUDITOR-GENERAL

ON

**GLOBAL FUND HIV AIDS PROGRAM
GRANT NO. KEN-H-TNT GA 1547**

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

MINISTRY OF HEALTH



PROJECT NAME: GLOBAL FUND HIV AIDS PROGRAM
IMPLEMENTING ENTITY: MINISTRY OF HEALTH - NASCOP
PROJECT GRANT/CREDIT NUMBER: KEN-H-TNT GA 1547

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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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 GA 1547

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 is;
Afya Annex Building Nairobi,
Nairobi County, Kenya.

The address of its registered office is
National Aids and STI Control Programme (NASCOP)
Ministry of Health
P.O BOX 30016-00100 NAIROBI

Contacts: The following are the project contacts

Afya house, Cathedral road
Telephone (254) 020 2729502/49
E-mail; head@nascop.or.ke
Website; www.nascop.or.ke

Global Fund HIV AIDS Program GRANT No. KEN-H-TNT-GA-1547

Reports and Financial Statements

For the financial year ended June 30, 2022

Project information and overall performance (continued)

1.2 Project Information

Project Start Date:	The project start date is 1 st January 2018
Project End Date:	The project end date is 30 th June 2021
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 GA 1547
Strategic goals of the project	<p>1) Reduce new HIV, STI and VH 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.</p> <p>ii) Reduce morbidity and mortality due to HIV through; increased access and retention on ART, scale up treatment of STIs and HCV, provision of high-quality optimal ART regimens to improve adherence and viral load suppression, strengthening quality monitoring and pharmacovigilance, ensure commodity security, strengthening screening and management of co morbidities and linkage of HIV, STI and VH response to Universal Health Coverage</p> <p>iii) Strengthen strategic information to drive progress towards achievement of goals</p> <p>iii) Increase domestic funding for ART commodities to achieve sustainability</p>
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <p>(i) Policy formulation, Capacity building of health care providers through technical assistance, on job training and</p>

	mentorship, quality management and standards, advocacy and awareness creation, coordination and partnerships and use of strategic information for decision making
Other important background information of the project	The project is implemented at National and County levels. NASCOP and NACC 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. The National treasury is responsible for procurement of commodities.
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following module areas:</p> <ul style="list-style-type: none"> • Programs to reduce human rights-related barriers to HIV services • Differentiated HIV Testing Services • HIV/AIDS Treatment, care and support • Procurement and supply chain management systems • Comprehensive prevention programs for MSM • Comprehensive prevention programs for sex workers and their clients • Comprehensive prevention programs for people who inject drugs (PWID) and their partners • Integrated service delivery and quality improvement • Health management information systems and M&E • Prevention programs for general population • PMTCT
Project duration	The project started on 1st January 2018 and is expected to run until 30 June 2021

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 Nairobi

1.5 Auditors

The project is audited by The Auditor –General

Office of the Auditor-General, Kenya

P.O. Box 30084-00100 NAIROBI

1.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
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.
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.

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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	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant						
Global Fund	25,303,729	2,606,284,072	21,947,010	2,256,454,835	3,356,719	349,829,237
Total	25,303,729	2,606,284,072	21,947,010	2,256,454,835	3,356,719	349,829,237

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 (30th June 2022)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
Global Fund	21,947,010	2,256,454,835	1,856,805,156	4,496,182	485,587,615
Total	21,947,010	2,256,454,835	1,856,805,156	4,496,182	485,587,615

Note: The unutilised balance includes the interest earned on the global funds of Kshs 85,937,936

**1.8 Summary of overall Project performance, Project Information and overall performance
(continued)**

- At the end of the implementation of the grant, the program was scored B2 - Between 30-59% of Cumulative Budget through the next reporting period.
- Overall, the program's interventions to prevent new infections have been effective. There was a decline of about 21% in the number of new infections for all age groups from 52,800 new infections in 2018 estimates to 41,416 new infections in 2020 estimates.
- By the end of June 2021, 1,239,156 People living with HIV were on Antiretroviral Therapy out of the 1,508,405 PLHIV according to Kenya's 2020 HIV estimates.
- In terms of the outcome indicators along the 90-90-90 cascade performance, the program made significant progress towards achieving its targets, for the 1st 90: identification of those living with HIV in the county, this stagnated at 80%. The 2nd 90: PLHIV on ART improved from 75% in 2018 at commencement of the grant to 80%. Similarly, there was improvement in the 3rd 90: those achieving viral suppression from 63% in 2018 to 75%.
- Access to comprehensive preventive services, HIV testing services, ARV medicines and sustained adherence program to keep clients on their lifelong medication as well as community programs to address stigma and social challenges that deny access to HIV related services contributed to the programmatic performance of the grant
- Value for money target has improved performance since we migrated to MPESA and online mode of transacting on program activity financing. This reduces the incidence of pilferage through temporary imprest which was not secured as a mode of settling of programmed expenses in cash.
- In the last year of the grant, the program experienced a number of challenges that affected implementation of activities, Year 3 implementation budgets had to be reorganised and reprogramming was undertaken to facilitate implementation in the context of COVID 19. Slowdown of facility visit during covid affected the

testing indicators. In the last year there were disruptions of supply of key health commodities for testing thus affecting the HTS targets. The drastic decline in donor funding for VMMC the supported of mobilization at community level for VMMC services as well as the fact that 10-14 years age group that is currently not being supported under PEPFAR for reporting for performance

1.9 Summary of Project Compliance:

The National program (NASCO) has continued to comply with both donor and government regulations in force from time to time and has not had issues of non-compliance.

2. Statement of Performance against Project's Predetermined Objectives

The Programmatic Performance captures the tracking progress and performance measurement for the GF grant. Below we provide the progress on attaining the stated objectives:

Programmatic performance as per NFM2 framework indicators

	Indicator	Target	Achieved	Comment
1	% people living with HIV currently on ART	86.40 %	82.15%	According to Kenya's 2020 HIV estimates, there are 1,508,405 PLHIV. 1,239,156 were on ART as at June 2021.
2	% pregnant women who know their HIV status	88	93.45%	A total of 752,713 out of 805,439 pregnant women knew their HIV status. (estimated number of pregnant women Jan –Dec 2021 is 1,610,878. ANC attendance and testing services stabilized with the country having mitigation plans for continuity of services in the COVID context
3	% HIV-positive pregnant women who received ART during pregnancy	96%	92.60%	The performance of this indicator is above 90% due to continued provision of ART to HIV positive pregnant women and availability of ART commodities. 27,611.00 out of 29,797 HIV positive pregnant women received ART during the reporting.
4	4. % HIV-exposed infants receiving a virological test for HIV within 2 months	84.50%	58.70%	The program experienced challenges with the supply chain for HIV commodities including EID collection and test kits, since the supply was through USAID pipeline. This resulted in stocking out of EID commodities hence a low number of infants were tested.
5	% of PLHIV in care screened for TB in HIV care or treatment setting	99	90.30%	Total of 1,118,864.00 out of 1,239,156.00 PLHIV were screened for TB
6	Number of people tested for HIV and received their results in the period.	3,167,19.00	2,369,921.00	Shortages for Testing kits affected HTS services. The program continues to implement targeted testing.

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7	% of people living with HIV newly enrolled in HIV care started on TB preventive therapy.	78.30%	80%	Sustained service provision
8	Number of VMMC performed according to National Standards Actual	66,010	24,656. (37%)	Performance is below the target - cessation of mobilization at community level , 10-14 year age group that is currently not being supported under PEPFAR

3. Environmental and Sustainability reporting

1. Employee welfare

The hiring process of the staff at the program is undertaken in line with the Public Service Commission policy and takes into account the gender ratio. The NASCOP has taken various mechanisms to improve the technical skills of the staff by undertaking capacity building training and workshops. The staff are appraised annually in line with the Human resource policies.

2. 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. Mentor mothers, who are HIV positive women have been engaged in health facilities to improve adherence and retention on ART for HIV positive pregnant and breastfeeding women and support follow up of HIV exposed infants upto 24 months.

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 period ended on June 30, 2021.

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

The *Principal Secretary* 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.

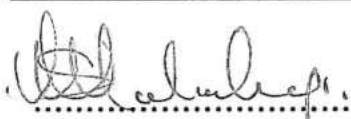
The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for *Global fund HIV/AIDS program* are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial period ended June 30, 2021, and of the Project's financial position as at that date. The *Principal Secretary* for the Ministry of 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 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 Susam Mochache CBS
Principal Secretary



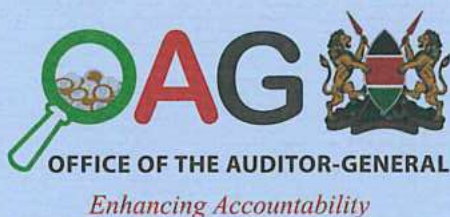
Dr. Andrew Mulwa
Project Coordinator



CPA Shem o. Owala
Project Accountant
ICPAK MNO. 20468

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON GLOBAL FUND HIV AIDS PROGRAM GRANT NO. KEN-H-TNT GA 1547 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

Opinion

I have audited the accompanying financial statements of Global Fund HIV/AIDS Program Grant No. KEN-H-TNT GA 1547 set out on pages 21 to 44 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, the financial statements present fairly, in all material respects, the financial position of Global Fund HIV/AIDS Program Grant No. KEN-H-TNT GA 1547 as at 30 June, 2022, and 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 1547 dated 01 January, 2018 between the Global Fund and the Republic of Kenya.

Basis for Opinion

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 1547 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 opinion.

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.

Other Matter

Unresolved Prior Year Matters

In the audit report of 2020/2021 financial year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved all the issues.

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.5,818,699. However, the amount was outstanding for more than six months period allowed by Global Fund to liquidate commitments. This was contrary to paragraph 24 of Global Fund guidelines for grant budgeting, 2019 which states six months after the start of the new Implementation Period, Principal Recipients will be required to report the final available cash balance from the previous allocation period (after all financial commitments are fully paid). Any unliquidated commitment remaining at the end of the six-months period will be considered closed by the Global Fund unless otherwise approved in writing by the Global Fund.

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

Basis for Conclusion

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 01 January, 2018, 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

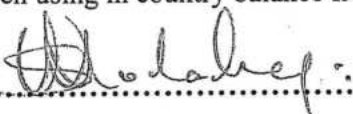
11 November, 2022

Global Fund HIV AIDS Program GRANT No. KEN-H-TNT-GA-1547
Reports and Financial Statements
For the financial year ended June 30, 2022

6. 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	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		2021-2022			2020-2021			
Receipts		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Proceeds from domestic and foreign grants	1	0	0	0	449,908,761	0	449,908,761	2,256,454,838
Miscellaneous receipts	2	1,852,880		1,852,880	5,343,567	0	5,343,567	87,790,816
Total receipts		1,852,880		1,852,880	455,252,328	0	455,252,328	2,344,245,654
Payments								
Compensation to employees	3	158,118		158,118	108,840,231	0	108,840,231	412,714,106
Purchase of goods and services	4	23,869,698		23,869,698	283,322,452	0	283,322,452	1,468,118,868
Other grants, transfers and payments	5	463,412,680		463,412,680				463,412,680
Total payments		487,440,496		487,440,496	392,162,683	0	392,162,683	2,344,245,654
Deficit/ (Surplus)		(485,587,616)		(485,587,616)	63,089,645	0	63,089,645	0

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



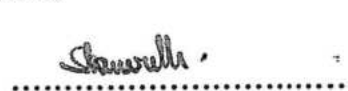
Ms Susan Mochache CBS
Principal Secretary

Date 10/11/2022



Dr. Andrew Mulwa
Project Coordinator

Date 10/11/2022



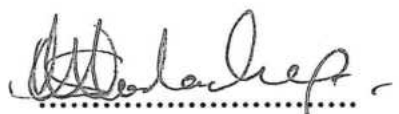
CPA Shem Owala
Project Accountant
ICPAK Member No: 20468

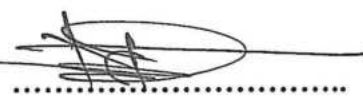
Date 10/11/2022


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

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	6.A	0	439,828,460
Cash Balances	6. B	0	45,429,155
Total Cash and Cash equivalents		0	485,257,615
Imprests and Advances	7	0	330,000
Total Financial Assets		0	485,587,615
Represented By			
Fund Balance B/fwd.	8	485,587,615	422,497,970
Prior Year adjustments	9	0	0
Surplus/(Deficit) for the Year		(485,587,615)	63,089,645
Net Financial Position		0	485,587,615

NOTE: The financial position represents transfers to NFM3 from NFM2 of Kshs. 463,412,680


 Ms. Susan Mochache CBS
 Principal Secretary


 Dr. Andrew Mulwa
 Project Coordinator


 CPA Shem Owala
 Project Accountant
 ICPAK Member No:20468

Date 10/11/2022

Date 10/11/2022

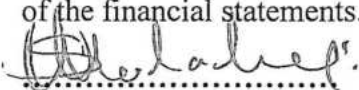
Date 10/11/2022

Global Fund HIV AIDS Program GRANT No. KEN-H-TNT-GA-1547
Reports and Financial Statements
For the financial year ended June 30, 2022

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Cash flow from operating activities			
Receipts			
Proceeds from domestic and foreign grants	1	0	449,908,761
Miscellaneous receipts	2	1,852,880	5,343,567
Total receipts		1,852,880	455,252,328
Payments			
Compensation of employees	3	158,118	108,840,231
Purchase of goods and services	4	23,869,698	283,322,452
Other grants, transfers and payments	5	463,412,680	
Total Payments		487,440,496	392,162,683
Adjustments during the year			
Prior year adjustments		-	-
Decrease/(increase) in accounts receivable		-	982,660
Increase/(decrease) in accounts payable:		-	0
Net cash flow from operating activities		-	982,660
Net decrease in cash and cash equivalents		(485,587,616)	64,072,305
Cash and cash equivalent at the beginning of the period		485,587,615	421,185,310
Cash and cash equivalent at the end of the period		0	485,257,615

NOTE: The financial position represents transfers to NFM3 from NFM2 of Kshs. 463,412,680
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 2022 and signed by:



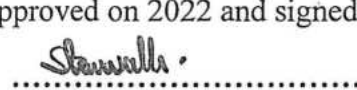
Ms. Susan Mochache CBS
Principal Secretary

Date 10/11/2022



Dr. Andrew Mulwa
Project Coordinator

Date 10/11/2022



CPA Shem Owala
Project Accountant
ICPAK Member No:20468

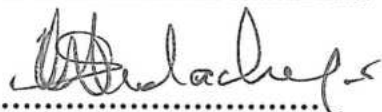
Date 10/11/2022

Global Fund HIV AIDS Program GRANT No. KEN-H-TNT-GA-1547
Reports and Financial Statements
For the financial year ended June 30, 2022

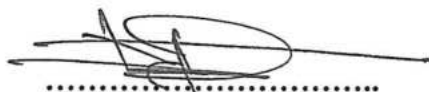
9. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2022

Receipts/Payment s 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						
Miscellaneous receipts						
Total Receipts						
Payments						
Compensation to employees						
Purchase of goods and services						
Total Payments						
Surplus or Deficit						

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



Ms. Susan Mochache CBS
Principal Secretary



Dr. Andrew Mulwa
Project Coordinator



CPA Shem Owala
Project Accountant
ICPAK Member No:20468

Date 10/11/2022.....

Date 10/11/2022.....

Date 10/11/2022.....

10. Significant Accounting Policies

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

10.1 Basis of Preparation

10.2 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.

10.3 Reporting Entity

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

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.

10.3.1 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 Significant Accounting Policies

The financial statements are for the Global Fund HIV Aids Program under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

a) Recognition of receipts

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

i) Transfers from the Exchequer

Transfer from Exchequer is be 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 received through grants and loans from multilateral and bilateral development partners.

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 the time associated cash is received.

b) 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.

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

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

d) 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

e) 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 of employees

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

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.

10.5 Recognition of payments

Significant Accounting Policies (Continued)

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred 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.

f) 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)

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial period. 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 period.

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.

h) Accounts receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial period 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.

10.6 Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying

economic benefits or service potential is remote. This financial statement had no contingent liabilities to be reported in the period.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial period, including payments made in respect of loan write-offs or waiver of interest on loans

i) 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.

Significant Accounting Policies (Continued)

j) Pending bills

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

k) 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 period. 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 period under review has been included in an annex to these financial statements.

l) 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 period Kshs Nil billion being loan disbursements were received in form of direct payments from third parties.

Significant Accounting Policies (Continued)

m) 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 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

n) Comparative figures

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

o) Subsequent events

There have been no events subsequent to the financial period end with a significant impact on the financial statements for the period ended June 30, 2021.

p) Errors

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

Global Fund HIV AIDS Program GRANT No. KEN-H-TNT-GA-1547
Reports and Financial Statements
For the financial year ended June 30, 2022

Notes to the Financial Statements (Continued)

3. Compensation to Employees

	2021/2022			2020/2021	Cumulative
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
-	Kshs	Kshs	Kshs	Kshs	Kshs
Basic wages of temporary employees	158,118	0	158,118	95,485,131	95,643,249
Personal allowances paid as part of salary	0	0	0	11,898,000	11,898,000
Compulsory national social security schemes	0	0	0	310,400	310,400
Compulsory national health insurance schemes-NHIF	0	0	0	1,146,700	1,146,700
Total	158,118	0	158,118	108,840,231	108,998,349

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

Notes to the Financial Statements (Continued)

4. Purchase of Goods and Services

	2021/2022			2020/2021	Cumulative
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Communication, supplies and services	58,000	0	58,000	3,209,792	3,267,792
Domestic travel and subsistence	43,009	0	43,009	1,008,823	1,051,832
Printing, advertising, and information supplies	7,312,861	0	7,312,861	48,143,723	55,456,584
Training payments	8,660,115	0	8,660,115	187,895,944	196,556,059
Hospitality supplies and services	7,573,608	0	7,573,608	20,411,659	27,985,267
Insurance costs	0	0	0	0	0
Specialized materials and services	221,976	0	221,976	6,756,000	6,977,976
Other operating payments-Stationery	0	0	0	3,351,777	3,351,777
Routine maintenance – vehicles and other transport equipment	0	0	0	12,281,822	12,281,822
Bank charges, commissions	0	0	0	262,912	262,912
Total	<u>23,869,569</u>	0	<u>23,869,569</u>	<u>283,322,452</u>	<u>307,192,021</u>

[Provide explanation as necessary]

Global Fund HIV AIDS Program GRANT No. KEN-H-TNT-GA-1547
Reports and Financial Statements
For the financial year ended June 30, 2022

Notes to the Financial Statements (Continued)

5. Other Grants, Transfers and Payment

	2021/2022			2020/2021	
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	Cumulative
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer of funds from NFM2 grant to NFM3 grant	463,412,680	0	0	0	463,412,680
Total	463,412,680	0	0	0	463,412,680

6. Cash And Cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts (Note 5A)	0	439,828,460
Cash equivalents (short-term deposits) (Note 8.13C)	0	45,429,155
Total	0	485,257,615

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

6. A Bank Accounts

Project Bank Accounts

Details	2021-2022	2020-2021
	Kshs	Kshs
<u>Local Currency Accounts</u>		
Co-operative Bank of Kenya [A/c No.011416696726200]	0	439,828,460
Total local currency balances	0	439,828,460
Total bank account balances	0	439,828,460

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	2020-2021
	Kshs	Kshs
(i) A/C Name [A/c No.....]		
Opening balance	0	62,153,382.38
Total amount deposited in the account	0	19,952,391.37
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>0</u>	<u>80,935,758.56</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>0</u>	<u>1,170,015.19</u>

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

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Reports and Financial Statements
For the financial year ended June 30, 2022

[Provide a cash count certificate for each location above]

6 B Cash equivalents (short-term deposits)

Description	2021-2022	2020-2021
	Kshs	Kshs
Co-Operative Bank of Kenya [A/C No. 01141696726200]	0	439,828,460
MPESA	0	45,429,155
Total	<u>0</u>	<u>485,257,615</u>

[Provide short appropriate explanations as necessary]

7. Imprests and Advances

Description	2021-2022	2020-2021
	Kshs	Kshs
Government Imprests	0	330,000
Total	0	330,000

NOTE: Accounts receivable of ksh. 330,000 is accounted for in NFM3

Notes to the Financial Statements (Continued)

7B: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2022	Balance 2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Ambrose Juma	1,219,940	28.09.2018	889,940	0	330,000
Total	<u>1,219,940</u>		<u>889,940</u>	<u>0</u>	<u>330,000</u>

8. Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts	439,828,460	420,811,123
MPESA	45,429,155	374,187
Outstanding Imprests and advances	0	1,312,660
Total	<u>485,257,615</u>	<u>422,497,970</u>

Global Fund HIV AIDS Program GRANT No. KEN-H-TNT-GA-1547
Reports and Financial Statements
For the financial year ended June 30, 2022

9. Changes in Receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Receivables as at 1 st July 2021	0	1,312,660
Closing account receivables as at 30 th June 2022	0	330,000
Change in Receivables	0	982,660

12 Other Important Disclosures

1. Pending Accounts Payable (See Annex 3a)

	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	0	24,027,816	5,818,699
Total	29,842,515	0	24,027,816	5,818,699

Other Important Disclosures (Continued)

2. Other Pending Payables (See Annex 3c)

	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
Pending staff salaries	158,118	0	158,118	0
Total	158,118	0	158,118	0

3. External Assistance

	2021-2022	2020-2021
Description	Kshs	Kshs
External assistance received as grants	NIL	449,908,761
Total	NIL	449,908,761

a). External assistance relating loans and grants

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as grants	NIL	449,908,761
Total	NIL	449,908,761

Global Fund HIV AIDS Program GRANT No. KEN-H-TNT-GA-1547
Reports and Financial Statements
For the financial year ended June 30, 2022

Other Important Disclosures (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2021/2022	FY 2020/2021
Description		Kshs	Kshs
Undrawn external assistance - grants		349,829,237	151,953,239
Total		<u>349,829,237</u>	<u>151,953,239</u>

c) Classes of providers of external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
Multilateral donors- Global Fund HIV Grant	NIL	449,908,761
Total	NIL	449,908,761


(Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities etc.)

13. Progress on follow up on prior year Auditors Recommendation

Reference No. on the external audit Report	Issue / Observation s from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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 Coordinator



CPA Shem Owala
Project Accountant
ICPAK Member No:20468

Date 10/11/2022

Date 10/11/2022

Date 10/11/2022

14. Annexes: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2022
- ii. Board of Survey Report
- iii. 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 GRANT No. KEN-H-TNT-GA-1547
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For the financial year 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



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-1547

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 December 31, 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 6: Human Resources

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

Note 7: Travel Related Costs

Note 9: Principal Recipient advances

The PER made an advance of US\$ to FXY Ltd for the transportation of bed nets yet to be received in Ficticia. Other advances are to staff and amount to US\$

Note 10: Sub-recipient advances

Note 11: Expenditure reconciliation between IES and PUDR

Annex 2: Financial Statements cash basis and commitments reconciliation template, April 2022

Geneva, Switzerland

