

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY <b>REPORT</b>	
DATE: 14 MAR 2023	DAY: TUESDAY
TABLED BY:	DEPUTY MAJORITY PARTY LEADER
CLERK OF THE TABLE:	

**THE AUDITOR-GENERAL**

**ON**

**GLOBAL FUND MALARIA NEW FUNDING  
MODEL (NFM) KEN-M-TNT-1546**

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

**MINISTRY OF HEALTH**







**Project Name.... GLOBAL FUND MALARIA**

**Implementing Entity.... MINISTRY OF HEALTH - MALARIA CONTROL  
PROGRAMME**

**PROJECT GRANT/CREDIT NUMBER. KEN-M-TNT-1546**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



**GLOBAL FUND MALARIA CONTROL PROGRAMME**

***Annual Reports and Financial Statements for the financial year ended June 30, 2022***

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## **1 PROJECT INFORMATION AND OVERALL PERFORMANCE**

### **1.1 Name and Registered Office**

**Name:** GLOBAL FUND MALARIA CONTROL PROGRAMME MINISTRY OF HEALTH KEN-M-TNT 1546

**Objective:** To reduce malaria incidence and deaths by at least 75% of the 2016 level by 2023.

**Specific Objectives:** The key objectives for this proposal are;

1. To manage 100% of suspected malaria cases according to the Kenya malaria treatment guidelines by 2023;
2. To establish systems for malaria elimination in targeted counties by 2023;
3. To increase utilization of appropriate malaria interventions in Kenya to at least 80% by 2023;
4. To strengthen malaria surveillance and use of the information to improve decision-making for programme performance; and
5. To provide leadership and management for optimal implementation of malaria interventions at all levels for the achievement of all objectives by 2023.

**Address:** The project headquarters offices are in Nairobi, Kenya.

Ministry of Health  
P.O. Box 30016 -00100  
Afya House, Cathedral Road,  
NAIROBI

Malaria Control Programme  
Ministry of Health  
National Public Health Laboratories grounds  
Next to Kenyatta National Hospital  
P. O. Box 19982-00202  
KNH – NAIROBI

**Contacts:** The following are the project contacts

Telephone: (254) 0720-846127

Office Line: 020- 2716934/5

E-mail: [gngithuka@gmail.com](mailto:gngithuka@gmail.com)

Website: [www.nmcp.or.ke](http://www.nmcp.or.ke)

### **1.2 Project Information**

Project Start Date:	The project start date is 1 <sup>st</sup> January 2018
Project End Date:	The project end date is 30 <sup>th</sup> June 202 with a no - cost extension up to December 2021
Project Manager:	The project manager is Dr. Ahmeddin Omar
Project Sponsor:	The project sponsor is Global Fund

**Project Information and Overall Performance (Continued)**

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Health.
Project number	<b>KEN-M-TNT-1546</b>
Strategic goal of the project	To reduce malaria incidence and deaths by at least 75% of the 2016 level by 2023.
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>(i) Mass net distribution of LLINs to persons in high burden counties coupled to the creation of awareness among communities to utilise the LLINs;</li> <li>(ii) Provision of treatments and diagnostics for patients attending public health facilities and training of health workers to manage malaria appropriately. Health workers in the private sector are also targeted for training and supervision;</li> <li>(iii) Strengthen surveillance of malaria, improve reporting and quality of data; and</li> <li>(iv) Advocacy communication and social mobilisation to ensure that vulnerable communities take up malaria interventions to prevent and control malaria.</li> </ul>
Other important background information of the project	The project commenced on 1 <sup>st</sup> Jan 2018 and went up to 30 <sup>th</sup> June 2021, with a no cost extension of up-to 31 <sup>st</sup> December 2021. This was a performance based grant and inability to meet targets could impact future funding. The government was required to allocate counterpart funding to complement the grant in implementing activities related to program objectives. The funds were normally received by treasury and disbursed based on agreed budget and work plan. Oversight for the grant was through the ICCs and the National Oversight Committee.
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Offer protection to vulnerable communities to prevent malaria;</li> <li>(ii) Procure ACTs and RDTs required to manage the disease, and train health workers on the case management guidelines written as per WHO recommendations;</li> <li>(iii) Increase uptake of malaria interventions;</li> </ul>



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*Annual Reports and Financial Statements for the financial year ended June 30, 2022*

	(iv) Improve data collection, accuracy, timeliness and use to influence policy; and (v) Improve program management capacity by hiring additional staff and holding regional planning and review meetings on a regular basis.
Project duration	The project started on 1 <sup>st</sup> January 2018 ended 30 <sup>th</sup> June 2021 with a no cost extension up to 31 <sup>st</sup> December 2021.

**1.4 Bankers**

The following are the bankers for the current year:

Cooperative Bank of Kenya

Upper Hill Branch

P.O Box 48231-00100

NAIROBI

**1.5 Auditors**

The project is audited by;

The Auditor-General

Office of the Auditor General

P.O Box 30084- 00100

NAIROBI

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**Project Information and Overall Performance (Continued)**

**1.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>	<b>Contact</b>
Dr, Ahmeddin Omar	Head- Division of National Malaria Programme	Medical Officer; Public Health Specialist	Provide oversight for the grant; sign off correspondences from the program, correspondence with the global fund and the KCM on this grant.	Global fund-Malaria P.O Box 19982-00200
Ms. Debora Ikonge	Program planner (Focal Point, Partnerships and resource mobilisation)	Program Officer	Coordination of proposal development, budget reviews, filling up programmatic accounting documents, grant oversight, participation in global fund meetings at MOH and PR-The National Treasury.	Global fund-Malaria P.O Box 19982-00200
Mwaniki Njuguna	Senior Finance Officer	Accountant	Financial Oversight, Budget preparation and Budgetary control, Donor and GOK Reporting and Periodic Budget reviews and preparation of financial reports.	Global fund-Malaria P.O Box 19982-00200
Bancy M. Nguthi	Principal Accountant	Accountant	Financial guidance Preparation of routine and adhoc financial reports.	Global fund-Malaria P.O Box 19982-00200

**Project Information and Overall Performance (Continued)**

**1.7 Funding Summary**

The project was for a duration of 3 years from 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2020 with a no cost extension to 30<sup>th</sup> June 2021 with an approved budget of **USD 28,316,905 equivalent to Kshs 2,917,150,919.**

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 (30 June 2022)	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
Global Fund KEN-011-G13-M	49,621,152	4,962,151,171	49,621,152	4,962,151,171	-	-
<b>Total</b>	<b>49,621,152</b>	<b>4,962,151,171</b>	<b>49,621,152</b>	<b>4,962,151,171</b>	<b>-</b>	<b>-</b>
Global Fund KEN-M-TNT 1546						
i) Original agreement	28,316,905	2,917,150,919	28,316,905	2,917,150,919		
ii) Re-allocation	3,276,720	334,284,450	3,276,720	334,284,450		
<b>Total for KEN-M-TNT 1546</b>	<b>31,593,625</b>	<b>3,251,435,369</b>	<b>31,593,625</b>	<b>3,251,435,369</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>81,214,777</b>	<b>8,213,586,540</b>	<b>81,214,777</b>	<b>8,213,586,540</b>	<b>-</b>	<b>-</b>

**B Application of funds**

Source of funds	Amount received to date – (30 June 2022)		Cumulative Amount paid to date – (30 June 2022)		Unutilised balance to date (30 June 2022)	
	USD	KShs	USD	KShs	USD	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>Grant</b>						
Global Fund KEN-011-G13-M	49,621,152	4,962,151,171	50,856,850	5,085,685,007	-	-
<b>Total</b>	<b>49,621,152</b>	<b>4,962,151,171</b>	<b>50,856,850</b>	<b>5,085,685,007</b>	<b>-</b>	<b>-</b>
Global Fund KEN-M-TNT-1546	31,593,625	3,251,435,369	30,261,032	3,268,191,499	-	-
<b>Total</b>	<b>31,593,625</b>	<b>3,251,435,369</b>	<b>30,261,032</b>	<b>3,268,191,499</b>	<b>-</b>	<b>-</b>

## **Project Information and Overall Performance (Continued)**

### **1.8 Summary of Overall Project Performance:**

- i. Budget performance against actual amounts for current year budget is Kshs 175,678,920 and actual is Kshs NIL.
- ii. Physical progress based on outputs, outcomes and impacts since project commencement  
The project has contributed by offering protection to vulnerable communities to prevent malaria. It has procured ACTs and RDTs required to manage the disease, and trained health workers on the case management guidelines written as per WHO recommendations. It has also increased uptake of malaria interventions. It has improved data collection, accuracy, timeliness.
- iii. Value for money Achievements - In terms of value for money, the interventions supported by Global Fund have been of high quality as shown by the assessments done by the Local Fund Agent of the Global Fund (LFA). All the interventions follow international set guidelines. The procurement of medicines and other equipment have met the required standards while trainings undertaken follow an accepted curriculum which has built the confidence of health care workers to deal with Malaria and emerging challenges. The program has also documented prudent use of resources where savings have been realized and put into good use by reallocating to other important activities like supporting distribution of nets, Kenya Malaria Indicator Survey and Surveillance trainings. The project has also been rated well by the Global Fund.
- iv. The absorption rate for each year since the commencement of the project are as follows;  
2017-2018 31%  
2018-2019 64%  
2019-2020 52%  
2020-2021 92%  
2021-2022 401%
- v. Implementation Challenges and Recommendation

#### **Challenges**

- i) Low uptake of interventions;
- ii) Long procurement processes that delay the utilization of funds and therefore the project has time and again reported low fund absorption;
- iii) With the devolved government structure , proper channels for funds flow to the devolved structures have not been established; and
- iv) The emergence of Covid 19 affected the implementation of the Program activities especially those carried out in the counties such as Mass net Distribution, Surveillance Trainings and also Bi- annual Review meetings.



### **Project Information and Overall Performance (Continued)**

Way forward.

- i. Advocacy communication and social mobilization through mass media and community sensitization efforts are aimed at increasing the uptake of these interventions;
- ii. Procurement planning is important to ensure that lead times do not interfere with grant performance;
- iii. Sensitize the counties on GF and the expectation of the donor on grant management and reporting. This should also be a continuous process even at the ministry level so that all the players involved in the running of the grant understands the crucial expectation and especially on the timelines and implication on the grant performance; and
- iv. There is need for government to allocate resources for malaria control as per GF requirements for counterpart funding.

#### **1.9 Summary of Project Compliance:**

- i) The project has been meeting its obligation to supplies and other third parties and there are no long outstanding claims or suits against it;
- ii) The project has been compliant by submitting the following statutory returns: PAYE, NSSF, NHIF;
- iii) Procurements are carried out in compliance with the Public Procurement and Asset Disposal Act 2015.

**2 STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES.**

**Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the project plan are to:

- a) To protect 100 percent of people living in malaria risk areas through access to appropriate malaria preventive interventions by 2023.
- b) To manage 100 percent of suspected malaria cases according to the Kenya malaria treatment guidelines by 2023
- c) To establish systems for malaria elimination in targeted counties by 2023
- d) To increase utilisation of appropriate malaria interventions in Kenya to at least 80 percent by 2023
- e) To strengthen malaria surveillance and use of information to improve decision making for programme performance
- f) To provide leadership and management for optimal implementation of malaria interventions at all levels, for the achievement of all objectives by 2023

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**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: Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Activity intervention</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Global Fund Malaria Grant KEN-M-TNT-1546	Mass LLIN campaign	To protect 100 percent of people living in malaria risk areas through access to appropriate malaria preventive interventions by 2023	Protect household members in malaria risk areas through appropriate malaria preventive interventions	Proportion of households with universal coverage of LLINs in malaria risk areas	51% of households in areas at risk of malaria provided with adequate LLINs to cater for the entire household. Mass LLIN campaign postponed due to COVID pandemic restrictions was successfully done.
Global Fund Malaria Grant KEN-M-TNT-1546	Quality of Care Survey	To manage 100 percent of suspected malaria cases according to the Kenya malaria treatment guidelines by 2023	Ensure adherence to malaria prevention, diagnosis and treatment guidelines	Proportion of suspected malaria cases presenting to public health facilities managed in accordance with the Kenya malaria treatment guidelines	55% of febrile patients managed as per the guidelines. Inadequate stocks of malaria diagnostic kits. Prioritized malaria surveillance trainings in 15 counties. 32 counties will be trained in the subsequent financial year
Global Fund Malaria Grant KEN-M-TNT-1546	KMIS/PMLLIN Survey	To increase utilisation of appropriate malaria interventions in Kenya to at least 80 percent by 2023	Advocate for increased utilization of malaria interventions through various channels	Proportion of population that slept under an LLIN the previous night	66% of household population using an LLIN the previous night. Use of social behaviour change communication channels to enhance uptake of interventions
Global Fund Malaria Grant KEN-M-TNT-1546	Commodity security meetings	To provide leadership and management for optimum implementation of malaria interventions at all levels, for the achievement of all objectives by 2023	Ensure adequate resources as well as coordinate implementation of malaria activities	Proportion of public health facilities having no stock out of key malaria commodities in the facility	66% had malaria medicines in stock. Implement malaria commodity review meetings with stakeholders and come up with mitigation measures to avert stock outs.

### **3 ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Malaria Program 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 makes Continuous efforts towards the improvement of efficiency in the utilization of existing resources and advocates for increased sustainable investment in Malaria interventions at National and County Governments. In particular advocacy for increased public funding for Malaria interventions with a view to enhance sustainability is a key concern for the Malaria Program. The program developed a national strategic plan (2019-2023) which identifies gaps which are fully costed as a guide for resource mobilization. This enables counties and stakeholders to mobilize resources at that level. UHC is a key pillar in achieving accessible quality health services. The program through, GOK and partners is also investing in health systems to ensure sustainability. The government continues to avail domestic resources to support Malaria commodity procurement including first line medicine and laboratory equipment such as Microscopes. However, most of the program activities are still donor dependant including provision of Long Lasting Insecticide treated Nets to the community, Malaria Testing Kits (Rapid Diagnostic Test kits) and Indoor Residual Spraying.

#### **2. Environmental performance**

The main goal of environmental policy is to regulate resource use or reduce pollution to promote human welfare and protect natural resources. Environmental factors such as bushes and stagnant water around homes, low altitudes and high temperatures favour the breeding of Malaria. The Malaria Program through assistance from various stakeholders has offered indoor Residue Spraying and also distribute Long Lasting Insecticide treated Nets in an effort to prevent Malaria. In taking care of the environment, the program ensures that the chemicals used for Indoor Residue Spraying and those used to treat the nets are user friendly and do not have adverse effects on the users.

#### **3. Employee welfare**

The program implements the Public Service commission policies procedures and guideline as provide. During hiring the program applies the *i) Human Resource Policies and Procedures Manual for the Public Service – May 2016* and *ii) Diversity Policy for Public Service - May 2016* to foster, cultivate and preserve a culture of respect for diversity by embracing and encouraging an inclusive workforce in terms of age, colour, minority and marginalized, disability, ethnicity, family or marital status, gender, language, physical and mental ability, race, religion, socio-economic status, and other characteristics that make its human resource unique.



**Environmental and Sustainability Reporting (continued)**

The Program is currently implementing the i) *Human Resource Policies and Procedures Manual for the Public Service – May 2016* ii) *Human Recourse Development Policy for the Public Service where – June 2015*; clear guidelines for efficient, effective and purpose driven management of human resource development in the public service for socio-economic development. Further, it provides for systematic identification and mitigation of performance gaps; and creation of an environment that promotes Private Public Partnerships in training and development, innovativeness and creativity in service delivery. In addition, it provides direction in planning and implementation of capacity building programmes and mechanisms for performance improvement, while ensuring continuous and lifelong learning for public servants. The Policy presents a mechanism for structured training, competency development and assessment; knowledge and talent management; entrenchment of Values and Principles of Public Service, human resource development audit and development of a monitoring, evaluation and reporting framework for human resource development programmes.

Division of National Malaria Control is implementing the *Occupational safety and health policy guidelines for the health sector in Kenya* as developed by the Ministry of Health. The program staff are also provided with a comprehensive medical cover to ensure improved health for higher productivity.

**4. Market place practice**

**a) *Responsible Supply chain and supplier relations***

Division of National Malaria Control Program as a government entity is governed by the *Public Procurement and Disposal Act 2015* and *PFM Act 2012*. This act clearly stipulates policies and procedures to follow to ensure fair and competitive selection of suppliers when procuring goods and services to be used in the implementation of the project. Being a performance-based grant, the Malaria program settles all invoices within thirty days to enhance grant absorption.

**b) *Responsible ethical practices***

Management of Malaria Health commodities follows the pharmacy and poisons Act CAP 244 (revised Edition 2015 and other relevant legislation. Procurement of Malaria Health Commodities under special programmes like Global Fund Follows Government rules and regulations and procurement by other donor Agencies follows the rules and regulations of the relevant organisations.

**c) *Regulatory impact assessment***

Management of Malaria Health commodities follows the pharmacy and poisons Act CAP 244 (revised Edition 2015 and other relevant legislation. Procurement of Malaria Health Commodities under special programmes like Global Fund Follows Government rules and regulations and procurement by other donor Agencies follows the rules and regulations of the relevant organisations.

**Environmental and Sustainability Reporting (continued)**

**5. Community Engagements-**

Every three years the Ministry of Health through the Division of National Malaria Program distributes Long Lasting Insecticide Treated Nets to vulnerable communities with an aim of preventing and controlling Malaria. These nets are provided to the community free of charge. During the distribution process, the involvement of the community including the Village Elders, Community Health Volunteers, Health Workers, Religious institutions and also Chiefs is clearly visible as they get involved in the registration of households to receive the nets and also in the actual distribution of the nets. Also Once every year on the 25<sup>th</sup> of April the Program Facilitates World Malaria day during which period the community is highly involved. The role of communities and community-based organizations in Malaria work is however mainly limited to a few tasks in service delivery. Lessons learnt from other public health responses, highlight the importance of community engagement and participation in all aspects of communication, advocacy, planning, implementation and monitoring of programs.

#### 4 STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for **Malaria project** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year 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 **Malaria project** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for **Malaria project** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2022, and of the Project's financial position as at that date. The *Principal Secretary* for Ministry of Health and the *Project Coordinator* for **Malaria project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the Ministry of Health and the *Project Coordinator* for **malaria project** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year 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 **Malaria project** on 30<sup>th</sup> September 2022 and signed by them.



Principal Secretary  
Name: Susan N. Mochache



Project Coordinator  
Name: Dr. Mulwa A. M



Project Accountant  
Name: Bancy Nguthi  
ICPAK Member Number 20349





# REPUBLIC OF KENYA



Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

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

## REPORT OF THE AUDITOR-GENERAL ON GLOBAL FUND MALARIA NEW FUNDING MODEL (NFM) KEN-M-TNT-1546 FOR THE YEAR ENDED 30 JUNE, 2022 - MINISTRY OF HEALTH

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### 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 Malaria New Funding Model (NFM) KEN-M-TNT-1546 set out on pages 1 to 19, 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 comparative 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 Malaria New Funding Model (NFM) KEN-M-TNT-1546 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 1546 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 Malaria New Funding Model (NFM) KEN-M-TNT- 1546 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.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget of Kshs.175,678,920 and actual on comparable basis of Kshs.1,519,678, resulting to underfunding of Kshs.174,159,242 (or 99%) of the budget. Similarly, the Project spent an amount of Kshs.705,685,455 out of the approved expenditure budget of Kshs.175,678,920, resulting in an over expenditure of Kshs.530,006,535 (or 401%) of the budget. The excess amount was utilized from the opening cash and cash equivalent balance of Kshs.704,165,777.

The budget mismatch is indicative of delay in executing the planned activities and payment to respective suppliers during the grant period.

### **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 audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

## REPORT ON EFFECTIVENESS OF INTERNAL 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 control 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, SBS  
AUDITOR-GENERAL

Nairobi

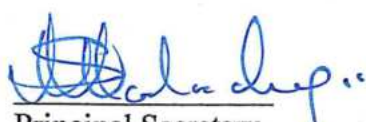
11 November, 2022


**GLOBAL FUND MALARIA CONTROL PROGRAMME**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2022**


**6 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2021/2022	2020/2021	
		Receipts and payments controlled by the entity	Receipts and payments controlled by the Entity	Cumulative to date (from inception)
		KShs	KShs	KShs
<b>RECEIPTS</b>				
Transfer from Government entities	1	-	-	103,298,818
Proceeds from domestic and foreign grants	2	-	1,757,051,060	8,213,586,540
Miscellaneous receipts	3	1,519,678	7,635,956.	36,991,148
<b>TOTAL RECEIPTS</b>		<b>1,519,678</b>	<b>1,764,687,016</b>	<b>8,353,876,506</b>
<b>PAYMENTS</b>				
Compensation of employees	4	2,210,872	18,709,029	119,720,739
Purchase of goods and services	5	632,624,663	1,553,228,083	8,163,305,847
Other grants and transfers and payments	6	70,849,920	-	70,849,920
<b>TOTAL PAYMENTS</b>		<b>705,685,455</b>	<b>1,571,937,112</b>	<b>8,353,876,506</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(704,165,777)</b>	<b>192,749,904</b>	<b>0</b>

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

  
 Principal Secretary  
 Name: Susan N. Mochache

  
 Project Coordinator  
 Name: Dr. Mulwa A. M

  
 Project Accountant  
 Name: Bancy Nguthi  
 ICPAK Member Number 20349

**GLOBAL FUND MALARIA CONTROL PROGRAMME**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2022**

**7 STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2022**

	Note	2021/2022	2020/2021
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>	<b>7</b>		
Bank Balances	7 A	-	468,603,263
Cash Equivalents (short-term deposits)	7 B	-	235,662,514
<b>Total Cash and cash equivalents</b>		-	<b>704,165,777</b>
<b>TOTAL FINANCIAL ASSETS</b>		-	<b>704,165,777</b>
<b>FINANCIAL LIABILITIES</b>			
<b>NET ASSETS</b>		-	<b>704,165,777</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	<b>8</b>	704,165,777	511,415,873
Surplus/(Deficit) for the year		(704,165,777)	192,749,904
<b>NET FINANCIAL POSITION</b>		-	<b>704,165,777</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30 September 2022 and signed by:



Principal Secretary  
 Susan N. Mochache  
 Date:



Project Coordinator  
 Dr. Mulwa A. M  
 Date:



Project Accountant  
 Bancy Nguthi  
 Date: 30/9/2022  
 ICPAK Member No. 20349

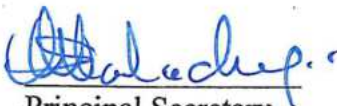


**GLOBAL FUND MALARIA CONTROL PROGRAMME**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2022**

**8 STATEMENT OF CASHFLOW FOR THE PERIOD 30 JUNE 2022**

Description		2021/2022	2020/2021
	Note	KShs	KShs
<b>Cash flow from operating activities</b>			
<b>Receipts</b>			
Proceeds from domestic and foreign grants	2	-	1,757,051,060
Miscellaneous receipts	3	1,519,678	7,635,956
<b>Total Receipts</b>		<b>1,519,678</b>	<b>1,764,687,016</b>
<b>Payments</b>			
Compensation of employees	4	2,210,872	18,709,029
Purchase of goods and services	5	632,624,663	1,553,228,083
<b>Adjustments during the year</b>			
Decrease/(increase) in accounts receivable		-	5,000
Increase/(Decrease) in accounts payable		-	(2,000)
Other grants and transfers and payments (transfer to NFM 3)	6	70,849,920	-
<b>Total Payments</b>		<b>705,685,455</b>	<b>1,571,937,112</b>
<b>Net cash flow from operating activities</b>		<b>(704,165,777)</b>	<b>192,749,904</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(704,165,777)</b>	<b>192,749,904</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>704,165,777</b>	<b>511,412,873</b>
<b>Cash and cash equivalent at END of the year</b>		<b>0</b>	<b>704,162,777</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30 September 2022 and signed by:



Principal Secretary  
 Susan N. Mochache  
 Date:



Project Coordinator  
 Dr. Mulwa A. M  
 Date:



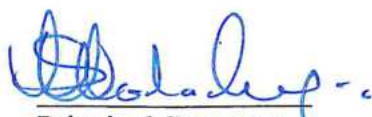
Project Accountant  
 Bancy Nguthi  
 Date: 30/9/2022  
 ICPAK Member No. 20349

**GLOBAL FUND MALARIA CONTROL PROGRAMME**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2022**

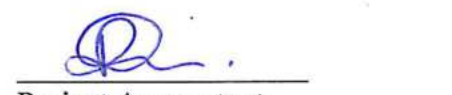
**9 STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR 30 JUNE 2022**

Receipts/Payments Item	Original Budget	Adjustments		Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	B	c=a+b	D	e	e-c-d	f=d/c %
<b>Receipts</b>							
Proceeds from domestic and foreign grants	200,000,000	-24,321,080	175,678,920	-	175,678,920	0 %	
Miscellaneous receipts	-	-	-	1,519,678	(1,519,678)	0%	
<b>Total Receipts</b>	<b>200,000,000</b>	<b>-24,321,080</b>	<b>175,678,920</b>	<b>1,519,678</b>	<b>174,159,242</b>	<b>0.1%</b>	
<b>Payments</b>							
Compensation of employees	2,210,872	-	2,210,872	2,210,872	0	100%	
Purchase of goods and services	126,939,208	-24,321,080	102,618,128	632,624,663	(530,006,535)	616%	
Other grants and transfers and payments (transfer to KEN-M-TNT 2064)	70,849,920	-	70,849,920	70,849,920	0	100%	
<b>Total Payments</b>	<b>200,000,000</b>	<b>-24,321,080</b>	<b>175,678,920</b>	<b>705,685,455</b>	<b>(530,006,535)</b>	<b>401%</b>	

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

  
Principal Secretary  
Susan N. Mochache  
Date:

  
Project Coordinator  
Dr. Mulwa A. M  
Date:

  
Project Accountant  
Bancy Nguthi  
Date: 30/9/2022  
ICPAK Member No. 20349



## **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 the project Global Fund Malaria (KEN-M-TNT 1546 under the National Government of Kenya. The financial statements are for the reporting entity Global Fund Malaria 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**

The project 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 Malaria project 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 Malaria project 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). There were no prior period adjustments in the year under review.

**GLOBAL FUND MALARIA CONTROL PROGRAMME**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2022**

**11 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**1. TRANSFER FROM GOVERNMENT ENTITIES**

Amounts received from Government Kshs	Total amount in KShs		Cumulative to Date
	2021/2022	2020/2021	
	KShs	KShs	Ksh
KEN-011-G13-M(RD 10)	-	-	103,298,818
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>103,298,818</b>

**2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the financial period to 30 June 2022 we received grants from donors as detailed in the table below

Name of Donor	Date received	Amount received in USD	Grants received in cash	Total amount in KShs	
				2021/2022	2020/2021
				KShs	KShs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>					
KEN-011-G13-M(RD 10)		-	-	-	3,291,060
Global Fund (KEN-M-TNT 1546)		-	-	-	1,753,760,000
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,757,051,960</b>

**3. MISCELLANEOUS RECEIPTS**

		2021/2022	2020/2021	Cumulative to date
		Total Receipts	Total Receipts	
		Kshs	Kshs	Kshs
	KEN-011-G13-M(RD 10)	-	-	23,534,291
Other receipts not classified elsewhere	KEN-M-TNT 1546	1,519,678	7,635,956	13,456,859
		<b>1,519,678</b>	<b>7,635,956</b>	<b>36,991,150</b>

**GLOBAL FUND MALARIA CONTROL PROGRAMME**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2022**

**Notes to The Financial Statements (Continued)**

**4. COMPENSATION OF EMPLOYEES**

		2021/2022	2020/2021	Cumulative to date
		KShs	KShs	KShs
Basic wages of temporary employees	KEN-011-G13-M(RD 10)	-	-	45,112,002
	KEN-M-TNT-1546	1,547,610	14,169,476	44,585,474
	<b>Total</b>	<b>1,547,610</b>	<b>14,169,476</b>	<b>88,149,866</b>
Compulsory national social security schemes	KEN-011-G13-M(RD 10)	-	-	109,000
	KEN-M-TNT-1546	-	24,000	85,600
	<b>Total</b>	<b>-</b>	<b>24,000</b>	<b>194,600</b>
Compulsory national health insurance schemes	KEN-011-G13-M(RD 10)	-	-	336,060
	KEN-M-TNT-1546	-	102,000	363,800
	<b>Total</b>	<b>-</b>	<b>102,000</b>	<b>699,860</b>
Other personnel payments (PAYE)	KEN-011-G13-M(RD 10)	-	-	13,472,443
	KEN-M-TNT-1546	663,262	4,413,553	15,656,360
	<b>Total</b>	<b>663,262</b>	<b>4,413,553</b>	<b>29,128,803</b>
<b>Grant Total</b>		<b><u>2,210,872</u></b>	<b><u>18,709,029</u></b>	<b><u>119,720,739</u></b>

**GLOBAL FUND MALARIA CONTROL PROGRAMME**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2022**

**Notes to The Financial Statements (Continued)**

**5. PURCHASE OF GOODS AND SERVICES**

	Grant Title	2021/2022	2020/2021	Cumulative to date
		KShs	KShs	30.6.2022
Utilities, supplies and services	KEN-O11-G13-M	-	-	167,500,587.00
	KEN-M-TNT 1546	870,313	86,763,442	95,403,653.00
	<b>Total</b>		<b>86,763,442</b>	<b>262,033,927.00</b>
Communication, supplies and services	KEN-011-G13-M			9,957,307.00
	KEN-M-TNT1546	33,260,050	32,406,403	68,629,953.00
	<b>Total</b>		<b>32,406,403</b>	<b>78,587,260.00</b>
Domestic travel and subsistence	KEN-011-G13-M			2,933,469,072.00
	KEN-M-TNT 1546	408,083,580	830,648,881	1,531,782,046.44
	<b>Total</b>		<b>830,648,881</b>	<b>4,465,251,118.44</b>
Printing, advertising and – information supplies & services	KEN-011-G13-M			540,481,881.00
	KEN-M-TNT 1546		218,495,065	408,738,137.00
	<b>Total</b>		<b>218,495,065</b>	<b>949,220,018.00</b>
Training payments	KEN-011-G13-M			930,934,846.00
	KEN-M-TNT 1546	154,536,550	24,000	539,606,551.00
	<b>Total</b>		<b>24,000</b>	<b>1,470,541,397.00</b>
Hospitality supplies and services	KEN-011-G13-M			303,919,879.00
	KEN-M-TNT 1546	23,794,186	208,582,764	278,816,850.81
	<b>Total</b>		<b>208,582,764</b>	<b>582,736,729.81</b>
Insurance costs	KEN-011-G13-M			5,508,322.00
	KEN-M-TNT 1546		1,067,864	9,468,327.00
	<b>Total</b>		<b>1,067,864</b>	<b>14,976,649.00</b>
Specialized materials and services	KEN-011-G13-M			2,494,144.00
	<b>Total</b>			<b>2,494,144.00</b>
Other operating payments	KEN-011-G13-M			32,067,228.81
	KEN-M-TNT 1546	12,079,982	171,725,311	178,500,187.00
	<b>Total</b>		<b>171,725,311</b>	<b>210,567,415.81</b>
Routine maintenance – vehicles and other transport equipment	KEN-011-G13-M			9,035,030.00
	KEN-M-TNT 1546		3,514,353	11,046,612.00
	<b>Total</b>		<b>3,514,353</b>	<b>20,081,642.00</b>



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Routine maintenance- – other assets	KEN-011-G13-M			103,375,468
	KEN-M-TNT 1546		0	1,119,259
	<b>Total</b>		<b>0</b>	<b>104,494,727</b>
<b>Grant Total</b>		<b>632,624,663</b>	<b>1,553,228,083</b>	<b>8,163,305,291.06</b>

**6. OTHER GRANTS AND TRANSFERS AND PAYMENTS**

This amount of Kshs 70,849,920 relates to transfer of amounts from KEN-M-1546 (Closing Grant) to KEN-M-TNT 2064 (New Grant).

**7. CASH AND CASH EQUIVALENTS**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts (Note 7A)	-	468,603,263
Cash equivalents (Short –term deposits/ accounts payable) (Note 7 B)	-	235,562,514
<b>Total</b>	<b>=</b>	<b><u>704,165,777</u></b>

The project has one project accounts spread within the project implementation area as listed below:

**7 A Bank Accounts**

**Project Bank Accounts**

<b>Details</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
<b><u>Local Currency Accounts</u></b>		
Co-operative Bank of Kenya [A/c No 01141163733200]	-	468,603,263
<b>Total local currency balances</b>	<b>=</b>	<b><u>468,603,263</u></b>

**7 B Cash Equivalent (short – term deposits)**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
M-pesa Account - MOH Global Fund 7045665	=	<u>235,562,514</u>
<b>Total</b>	<b>=</b>	<b><u>235,562,514</u></b>

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**Notes to The Financial Statements (Continued)**

**8. FUND BALANCE BROUGHT FORWARD**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	468,603,263	501,201,696
Cash equivalents (accounts payable)	235,562,514	10,211,177
Outstanding imprests and advances	-	5,000
Accounts payable		(2,000)
<b>Total</b>	<b><u>704,165,777-</u></b>	<b>511,415,873</b>

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**Notes to The Financial Statements (Continued)**

**9. CHANGES IN RECEIVABLE**

Description of the error	2021 – 2022	2020 – 2021
	KShs	KShs
Opening Receivables as at 1 <sup>st</sup> July 2021	-	5000
Closing account receivables as at 30 <sup>th</sup> June 2022	-	Nil
Change in Receivables	-	<b>5,000</b>

**10. CHANGES IN ACCOUNTS PAYABLE**

Description	2021 – 2022	2020 – 2021
	KShs	KShs
Deposit and Retentions as at 1 <sup>st</sup> July 2021	-	2000
Closing accounts payables as at 30 <sup>th</sup> June 2022	-	0
Change in payables	-	<b>2,000</b>

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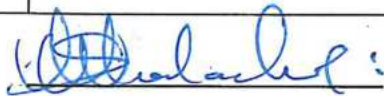
**12 PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
1	<p><b>Unsupported Basic Wages of Temporary Employees</b></p> <p>The statement of receipts and payment reflects compensation of employees of Kshs. 18,709,029 (2020 – Kshs. 17,655,038) as disclosed under Note 11.4 to the financial statements. Included in the amount is Kshs. 14,169,476 on basic wages of temporary employees. However, the employment contracts of the employees expired in 2016 and have not been renewed. This is contrary to employment Act\2007 section 9(2) which states that an employer who is a party to a written contract of service shall be responsible for causing the contract to be drawn up stating particulars of employment and that the contract is consented to by the employee.</p>	<p>The signed employee contracts for all the years were availed to the audit team.</p>	Resolved	
2.	<p><b>Irregular Domestic Travel Expenditure</b></p> <p>The statement of receipts and expenditure reflects purchase of goods and services balance of Kshs. 1,553,227,257 (2020 – Kshs. 373,861,508). Included in this figure is Kshs. 832,625,631 in respect to domestic travel and subsistence. However, the management did not use imprest system but claims were made contrary to section 91(2) of the public finance management act, national government regulations, 2015. In addition, management did not provide donor correspondences indicating their preference to use this method. To this extent, the Project management is in breach of the law.</p>	<p>It is true that the program does not use the imprest system but instead uses Mobile money mode of payment. The ministry of health through the Three (3) Global Fund Programs used to issue imprests to National program officers to support field-based activities. Management of imprests became a challenge to the programs leading to poor accountability of funds. The Ministry of Health after consultation with National Treasury and Global fund on how to address these challenges wrote to The National Treasury requesting for Authority to use M-pesa instead of imprest for effecting payments and this was granted via letter Ref No. MOH/1B/15/1/13 VOL. 11/17.</p>	Resolved	


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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)
3.	<p><b>Incomplete Fixed Assets Register</b>                      Analysis of the fixed asset register revealed that the Project acquired assets three (3) motor vehicles, two (2) UPS servers, twenty (20) UPS power backup, a microwave, a laser printer, fifty-five (55) laptop bags, sixty-five (65) laptops, power adaptors, five (5) desktop computers, two (2) drawer fire proof safe and a bulk filling storage cabinet. However, details of dates of acquisition, unique identification numbers, purchase prices of the assets were not indicated in the asset register. Further, annexure on summary of fixed assets was not included in the financial statement as required by the 2020-2021 Public Sector Accounting Standards (PSASB) reporting template. Consequently, the internal control expected from a well-maintained fixed assets register was missing and therefore the existence and ownership of fixed assets could not be confirmed as at 30 June 2021.</p>	<p>The asset register has been availed with unique identification numbers as the serial numbers and the year of purchase is shown.</p>	Resolved	



**Principal Secretary**  
**Susan N. Mochache**

4/11/22  
 Date



**Project Coordinator**  
**Dr. Mulwa A. M**

03/11/2022  
 Date



**GLOBAL FUND MALARIA CONTROL PROGRAMME**  
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**13 ANNEXES**

**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a%	
<b>Receipts</b>					
Proceeds from domestic and foreign grants	175,678,920	-	175,678,920	0%	
Miscellaneous receipts	-	1,519,678	(1,519,678)	0%	
<b>Total Receipts</b>	<b>175,678,920</b>	<b>1,519,678</b>	<b>(174,159,242)</b>	<b>0.1%</b>	The variance indicates under-performance because no exchequer was received. The miscellaneous receipt represents bank interest earned.
<b>Payments</b>					
Compensation of employees	2,210,872	2,210,872	0	0%	
Purchase of goods and services	102,618,128	632,624,663	(530,006,535)	616%	The variance is due to opening cash balances that were utilised to finance the current year's expenditure.
Other grants transfers and payments (Transfers to KEN-M-TNT 2064)	70,849,920	70,849,920	0	100%	
<b>Total payments</b>	<b>175,678,920</b>	<b>705,685,455</b>	<b>(530,006,535)</b>	<b>401%</b>	The variance is due to opening cash balances that were utilised to finance the current year's expenditure.

GLOBAL FUND MALARIA CONTROL PROGRAM  
TRIAL BALANCE AS AT 30.6.2022 (NFM 2)

Account Title	Debit	Credit
	Kshs	Kshs
Cash and cash equivalents b/fwd		704,165,777.00
Imprests and Advances	-	
Proceeds from domestic and foreign grants		-
Compensation of employees	2,210,872.00	
Purchase of goods and services	632,624,663.00	
Transfer to NFM3	70,849,920.00	
Miscellaneous receipts		1,519,678.00
Bank Balances	-	
accounts payable		-
<b>Total</b>	<b>705,685,455.00</b>	<b>705,685,455.00</b>

Prepared by Bancy M. Nguthi

ICPAK Membership NO. 20349

