

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**GLOBAL FUND - TO ACCELERATE THE  
REDUCTION OF TB, LEPROSY AND LUNG  
DISEASE BURDEN THROUGH PROVISION OF  
PEOPLE-CENTERED, UNIVERSALLY  
ACCESSIBLE, ACCEPTABLE AND  
AFFORDABLE QUALITY SERVICES IN KENYA  
PROGRAM - KEN-T-TNT, GA 1548**

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

**THE NATIONAL TREASURY**

THE NATIONAL ASSEMBLY PAPERS Laid	
DATE: 12 APR 2023	DAY: WEDNESDAY
TABLED BY:	DEPUTY MAJORITY LEADER
CLERK-AT	







**GLOBAL FUND – TO ACCELERATE THE REDUCTION OF TB, LEPROSY AND  
LUNG DISEASE BURDEN THROUGH PROVISION OF PEOPLE-CENTERED,  
UNIVERSALLY ACCESSIBLE, ACCEPTABLE AND AFFORDABLE QUALITY  
SERVICES IN KENYA PROGRAM**

**THE NATIONAL TREASURY**

**KEN-T-TNT NO.1548**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE, 2022**

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*To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya*  
*Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022*

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*To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya*  
*Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022*

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## **1. Project Information and Overall Performance**

### **1.1 Name and registered office**

#### **Name**

The project's official name is To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-centred, Universally Accessible, Acceptable and Affordable Quality Services in Kenya

#### **Objective**

The key objective of the project is to accelerate the reduction of TB, leprosy and lung disease burden through provision of people-centred, universally accessible, acceptable and affordable quality services in Kenya.

#### **Address**

The project headquarters offices are in Nairobi, Nairobi County, Kenya.

The address of its registered office is:

The National Treasury

Treasury Building, 11<sup>th</sup> Floor

Harambee Avenue

P.O. Box 30007-00100

Nairobi

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

P.O. Box 30007-00100, Nairobi, Kenya.

Telephone: (254) (020) 2252299

E-mail: [ps@treasury.go.ke](mailto:ps@treasury.go.ke)

Website: [www.treasury.go.ke](http://www.treasury.go.ke)

**Project information and overall performance (continued)**

**1.2 Project Information**

<b>Project Start Date:</b>	The project start date is 01/01/18
<b>Project End Date:</b>	The project end date is 30/06/21
<b>Project Manager:</b>	The project manager is Mr. Stephen Irungu Muiruri
<b>Project Sponsor:</b>	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 National Treasury.
Project number	KEN-T-TNT, 1548
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> <li>(i) To sustain the gains in the context of a newly devolved health system</li> <li>(ii) To intensify efforts to find “missing” cases</li> <li>(iii) To reduce transmission</li> <li>(iv) To prevent active disease and morbidity</li> <li>(v) To enhance the quality of care for chronic lung diseases</li> </ul>
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) Improving / increasing case finding and notification of TB cases from health facilities through adoption of new programmatic approaches including proactive case detection/screening in facilities, optimization of GeneXpert usage, scaling up X-Ray use for diagnosis, scaling up sputum transportation to optimize testing; and strengthening of the community referral system</li> <li>(ii) Strengthening of PSM for health products under the</li> </ul>



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	<p>devolved system of governance, strengthening of data systems with a focus at county level, integrated service delivery and community systems strengthening which will build capacity to support a community response to TB in an integrated and aligned manner</p> <p>(iii) Strengthening Public/Private Partnership</p> <p>(iv) Setting realistic MDR-TB targets and support for MDR-TB patients to allow adherence to treatment and adoption of shorter term treatment regimen for MDR-TB patients</p> <p>(v) Strengthening TB/HIV coordination at county and national level to improve efficiency in utilization of resources.</p>
Other important background information of the project	The project started on 1 <sup>st</sup> January, 2018.
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) TB care and prevention</p> <p>(ii) TB/HIV collaboration</p> <p>(iii) Programmatic management of multidrug-resistant TB</p>
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:

#### **(i) PROJECT SPECIAL BANK ACCOUNT**

Stanbic Bank

Account No.: 0100005345272

#### **(ii) LOCAL ACCOUNT**

Cooperative Bank of Kenya

Parliament Road Branch

NAIROBI

Account No.: 01141199190800

### **1.5 Auditors**

The project is audited by the Office of the Auditor-General-Kenya

### **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.

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Dr Julius Muia, PhD, CBS	Principal Secretary National Treasury	PhD, CPA(K), CPS(K)	Accounting Officer
Stephen I. Muiruri	Director, Planning	MA ECONOMETRIC, BA(Econ)	Current Coordinator
Feisal A. Mohamed	Assistant Director	MSc Comparative Political Economics, BSc Financial Mathematics	Deputy Global Fund Coordinator

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Anthony Miiru	Program Officer-Malaria	Bachelor in Environmental Health	Malaria Programme Officer
Dr Kimuu	Senior Program Officer-TB	MBChB, MSC, DLSHTM, DQHC&DTMPH	Senior Programme Officer
Dr Clare Obonyo	Pharmacist	MPH, B. Pharmacy, Higher Dip in MIS	Pharmacist
Simon Kibia	Senior Finance Officer-Malaria	BA(Econ), CPA(K)	Senior Finance Officer
Cornelius Muthiani	Finance Officer-TB	EXECUTIVE MBA, BCOM, CPA(K)	Finance Officer TB
Catherine A.Maneno	Finance Officer - HIV	MSC(FIN), BCOM (FIN), CPA(K), DIP IN ACCTS.	Finance Officer HIV
Fridah K.Matumo	Accounts Assistant	BA, CPA(K)	Accounts Assistant
Teresa W.Kariuki	Internal Auditor-TB	BCOM(FIN) CPA SEC4	Internal Auditor
Kennedy Kithuka	Principal Internal Auditor	MBA, BA(ANTHROPOLOGY), CPA FINALIST	Internal Auditor in charge
Michael C. Mukanzi	Principal Accountant	BCOM (FINANCE), CPA (K), CIFA	Accountant-in-charge
Nancy Mbogo	Principal Internal Auditor	CPA(K)	
Ronald Otsola	Accountant II	BCOM (FINANCE), CPA (K),	In-charge of Examination section



## **1.7 Funding summary**

The Project was for duration of 3 years from 2018 to 2021 with an approved budget of US\$.46,255,075.00 equivalent to KShs.4,062,300,705.17. The Project is being implemented by the National Treasury (Principal Recipient) and DLTLD which is TB Programme at Ministry of Health. However, we will be reporting on Principal Recipient (PR) transactions only as highlighted in the table below:

**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30 June 2022)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency USD	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
<b>(i) Grant</b>						
TNT	10,356,113.29	1,206,590,759.42	9,894,989.59	1,152,865,237.00	461,123.70	53,725,522.42
Cumulative interest earned				341,086.00		
<b>(ii) Counterpart funds</b>						
Government of Kenya (cumulative up to FY 2020/2021)		637,459,444.00		637,459,444.00		-
<b>(iii) Total</b>	10,356,113.29	1,844,050,203.42	9,894,989.59	1,790,665,767.00	461,123.70	53,725,522.42

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 <sup>th</sup> June 2022)		Cumulative amount paid to date – (30 <sup>th</sup> June 2022)	Unutilised balance to date (30 <sup>th</sup> June 2022)	
	Donor currency	Kshs		Donor currency	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
Global Fund - TNT	9,894,989.59	1,152,865,237.00	1,153,206,323.00	-	(341,086.00)
Cumulative interest earned		341,086.00			341,086.00
(ii) Counterpart funds					
Government of Kenya (cumulative up to FY 2020/2021)		637,459,444.00	637,459,444.00		-
<b>Total</b>	<b>9,894,989.59</b>	<b>1,790,665,767.00</b>	<b>1,790,665,767.00</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 is 70% while the cumulative to-date is 71%*
  - The number of notified cases of all forms of TB includes new and lapsed cases is 86%
  - The treatment success rate –all forms of TB is at 80%
  - The number of children <5 in contact with TB patients who began isoniazid preventive therapy is 117%
- ii) *Comment on value-for-money achievements,*
- iii) *The absorption rate 2018-19 was 69% while year 2 2018-19 is 70, 2019-2020..., 2020-2021..., 2021-2022 ...*
- iv) *Implementation challenges were delay in general tax exemption letter and therefore the delivery of commodities had to be withheld pending approval, there was a general global shortage of active pharmaceutical ingredients for manufacturing anti-TB medicines. This led to an increase in the price of Medicines*

**1.9 Summary of Project Compliance:**

Delays in general tax exemptions Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

The delay in issue of tax exemptions delayed delivery of medical commodities and services to the needy.

To alleviate the delay, a unit has been formed to deal with tax exemption certificates

## **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's agreement/ plan* are to:

- a) increase case notification of new cases to 85% of estimated prevalence
- b) ensure treatment success rate of at least 90% among all DS forms of TB
- c) ensure treatment success rate of at least 90% among DR TB patients

### **Progress on attainment of strategic development objectives**

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

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Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Global Fund Tuberculosis KEN-T-TNT	1. To increase case notification of new cases to 85% of estimated prevalence	Improved TB case detection	Case notification rate of all forms of TB per 100,000 population - bacteriologically confirmed plus clinically diagnosed, new and relapse cases	In FY 19/20, a total of notified representing at target of 103,059.
	2. To ensure treatment success rate of at least 90% among all DS forms of TB	Improved TB case-holding (Drug sensitive TB)	Treatment success rate of all forms of TB- bacteriologically confirmed plus clinically diagnosed, new and relapse cases	In FY 19/20, 70,666 of drug sensitive TB (81.4 completed treatment (ta
	3. To ensure treatment success rate of at least 90% among DR TB patients	Improved TB case – holding (Drug-resistant TB)	Treatment success rate of RR TB and/or MDR-TB: Percentage of cases with RR and/or MDR-TB successfully treated	In FY 19/20, 464 of the resistant TB (87%) succ treatment (target – 77%



## **Environmental and Sustainability reporting**

Global Fund 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.

In 2015/16, Kenya successfully a TB Prevalence Survey whose key findings indicated that the TB burden is higher than previously estimated. The prevalence is now estimated at 558/100,000 (nearly double the WHO estimates of 217/100,000) translating to 138,000 TB cases annually. This implies that 40% of TB cases remain undetected and untreated annually.

While the prevalence is higher than previously estimated, TB case notification rate has continued to decline in the last few years despite increased efforts to find more cases at facility and community level.

The Global Fund TB project provides resources for procurement of first and second-line TB medicines, equipment and laboratory consumables; technical support for programmatic activities and targeted programme management activities.

TB commodities are distributed to all service delivery sites in the country.

### **1. Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

### **2. Employee welfare**

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA)

### **3. Market place practices-**

*(The project should outline its efforts to):*

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

explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

**b) Responsible ethical practices**

outline efforts to maintain ethical and anti- corruption practices and responsible political involvement.

**c) Regulatory impact assessment**

Safeguard citizen and stakeholder's rights.

**4. Community Engagements**

Give evidence of community engagement including charitable giving (cash & material), community social investment and any other forms of community. *(The project gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)*

**3. Statement of Project Management responsibilities**

**The Principal Secretary** for the National Treasury and the **Project Coordinator** for **Global Fund Kenya** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2022.

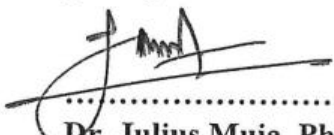
This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project,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

The **Principal Secretary** for the National Treasury and the **Project Coordinator** for **Global Fund Kenya** 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 National Treasury and the *Project Coordinator* for **Global Fund Kenya** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2022, and of the Project's financial position as at that date. The *Principal Secretary* for the National Treasury and the *Project Coordinator* for **Global Fund Kenya** 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 National Treasury and the *Project Coordinator* for **Global Fund Kenya** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.


#### **Approval of the Project Financial Statements**

The Project financial statements were approved by the *Principal Secretary* for the National Treasury and the *Project Coordinator* for **Global Fund Project** on 30<sup>th</sup> September, 2022 and signed by them.




.....  
**Dr. Julius Muia, PhD,**  
**CBS**

**Principal Secretary**



.....  
**Stephen I. Muiruri**

**Project Coordinator**



.....

**Michael C. Mukanzi**

**ICPAK Member No:17538**  
**Project Accountant**





# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON GLOBAL FUND - TO ACCELERATE THE REDUCTION OF TB, LEPROSY AND LUNG DISEASE BURDEN THROUGH PROVISION OF PEOPLE-CENTERED, UNIVERSALLY ACCESSIBLE, ACCEPTABLE AND AFFORDABLE QUALITY SERVICES IN KENYA PROGRAM - KEN-T-TNT, GA 1548 FOR THE YEAR ENDED 30 JUNE, 2022 - THE NATIONAL TREASURY**

### **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 the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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



## REPORT ON THE FINANCIAL STATEMENTS

### Qualified Opinion

I have audited the accompanying financial statements of Global Fund - To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-Centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya Program 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 statement of comparison of budget and actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Global Fund - To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-Centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya Program as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Grant Agreement No. KEN-T-TNT, GA 1548 dated 15 December, 2017 between the Global Fund and the Republic of Kenya and the Public Finance Management Act, 2012.

In addition, the special account statement presents fairly, transactions for the year, and the closing balance has been reconciled with the books of account.

### Basis for Qualified Opinion

#### Failure to Analyse Counterpart Funding

As previously reported, the statement of receipts and payments reflects Nil balance under transfers from Government (counterpart funding) and a comparative balance of Kshs.387,459,444 for the financial year ended 30 June, 2021 bringing the cumulative to-date balance from inception to Kshs.637,459,444. Management has however, not provided an analysis to indicate how the balance was built up since the inception of the Program. Further, the amount had previously been omitted in the audited financial statements for previous years and the balances have not been marked as restated on the face of the financial statements.

In the circumstances, the accuracy and completeness of the reported cumulative transfers from Government of Kshs.637,459,444 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Global Fund - To Accelerate the Reduction



of TB, Leprosy and Lung Disease Burden Through Provision of People-Centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya Program Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **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 audit 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 standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 the Global Fund, 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 Program, so far as appears from the examination of those records; and,
- iii. The Program'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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Program's ability to continue to sustain its 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 Program or cease operations.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 Program's ability to continue 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 Program to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Program to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

25 November, 2022




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

	Note	2021-2022			2020-2021			Cumulative to-date (From inception)
		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	
Receipts		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Transfer from Government (CPF)	1	-	-	-	387,459,444	-	387,459,444	637,459,444
Proceeds from domestic and foreign grants	2	514,596,306	-	514,596,306	118,322,822	-	118,322,822	1,152,865,237
Miscellaneous receipts	3	-	-	-	184,289	-	184,289	341,086
Total receipts		514,596,306	-	514,596,306	505,966,554	-	505,966,554	1,790,665,767
Payments		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Compensation to employees	4	-	-	-	4,068,228	-	4,068,228	15,733,424
Purchase of goods and services	5	514,596,306	-	514,596,306	118,407,722	-	118,407,722	844,210,164
Social security benefits	6	-	-	-	1,863,448	-	1,863,448	1,863,448
Acquisition of non-financial assets	7	-	-	-	-	-	-	283,139,470
Other grants and transfers /payments (CPF)	8	-	-	-	387,459,444	-	387,459,444	637,459,444
Transfer to NFM 3		8,259,816	-	8,259,816	-	-	-	8,259,816
Total payments		522,856,122	-	522,856,122	511,798,842	-	511,798,842	1,790,665,767
Surplus/ (deficit)		(8,259,816)	-	(8,259,816)	(5,832,288)	-	(5,832,288)	-


*To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya*  
*Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022*

---

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

  
.....  
Dr. Julius Muia, PhD, CBS  
Principal Secretary

  
.....  
Stephen I. Muiruri  
Project Coordinator

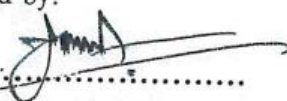
  
.....  
Michael C. Mukanzi  
ICPAK Member No:17538  
Project Accountant




**6. Statement of Financial Assets as at 30<sup>th</sup> June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	11.A	-	8,259,816
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
<b>Total Cash and Cash equivalents</b>		-	8,259,816
<b>Total Financial Assets</b>		-	8,259,816
<b>Financial Liabilities</b>			
<b>Net Assets</b>		-	8,259,816
<b>Represented By</b>			
Fund Balance B/fwd.		8,259,816	14,092,103
Surplus/(Deficit) for the Year		(8,259,816)	(5,832,288)
<b>Net Financial Position</b>		-	8,259,816

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<sup>th</sup> September, 2022 and signed by:

  
.....  
**Dr. Julius Muia, PhD, CBS**  
**Principal Secretary**

  
.....  
**Stephen I. Muiruri**  
**Project Coordinator**

  
.....  
**Michael C. Mukanzi**  
**ICPAK Member No:17538**

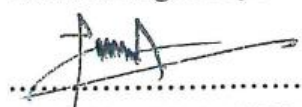
**Project Accountant**

*To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya  
Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022*

**7. Statement of Cashflow for the year ended 30<sup>th</sup> June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Transfer from government entities	1	-	387,459,444
Proceeds from domestic and foreign grants	2	514,596,306	118,322,822
Miscellaneous receipts (Interest income)	3	-	184,289
<b>Total receipts</b>		<b>514,596,306</b>	<b>(505,966,555)</b>
<b>Payments</b>			
Compensation of employees	4	-	(4,068,228)
Purchase of goods and services	5	514,596,306	(118,407,722)
Social security benefits	6	-	(1,863,448)
Other grants and transfers	8	-	(387,459,444)
Transfer to NFM 2		8,259,816	
<b>Total Payments</b>		<b>522,856,122</b>	<b>(511,798,842)</b>
<b>Adjustments during the year</b>			
<b>Net cash flow from operating activities</b>		<b>(8,259,816)</b>	<b>(5,832,288)</b>
Net increase in cash and cash equivalents		-	(5,832,288)
<b>Cash and cash equivalent at beginning of the year</b>	<b>11</b>	<b>8,259,816</b>	<b>14,092,103</b>
<b>Cash and cash equivalent at end of the year</b>	<b>11</b>	<b>-</b>	<b>8,259,816</b>

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 30<sup>th</sup> September, 2022 and signed by:

  
.....  
**Dr. Julius Muia, PhD, CBS**  
**Principal Secretary**

  
.....  
**Stephen I. Muiruri**  
**Project Coordinator**


  
.....  
**Michael C. Mukanzi**  
**ICPAK Member No:17538**  
**Project Accountant**




8. Statement of Comparison of Budget and Actual amounts for the year ended 30<sup>th</sup> June 2022

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities						
Proceeds from domestic and foreign grants	225,922,506	299,648,867	525,571,373	514,596,306	10,975,067	98%
Proceeds from borrowings						
Miscellaneous receipts						
<b>Total Receipts</b>	<b>225,922,506</b>	<b>299,648,867</b>	<b>525,571,373</b>	<b>514,596,306</b>	<b>10,975,067</b>	<b>98%</b>
Payments						
Compensation to employees	391,375	(391,375)	-			
Purchase of goods and services	225,531,131	300,040,242	525,571,373	514,596,306	10,975,067	98%
Social security benefits						
Acquisition of non-financial assets						
Transfers to other government entities						
Other grants and transfers						
Transfer to NFM 3						
<b>Total Payments</b>	<b>225,922,506</b>	<b>299,648,867</b>	<b>525,571,373</b>	<b>522,856,122</b>	<b>(8,259,816)</b>	<b>-</b>
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,259,816)</b>	<b>13,690,318</b>	<b>-</b>

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

  
 Dr. Julius Muia, PhD, CBS  
 Principal Secretary

  
 Stephen I. Muiruri  
 Project Coordinator

  
 Michael C. Mukanzi  
 ICPAK Member No:17538  
 Project Accountant

## **9. 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 TB Programme under the National Treasury. The financial statements are for the reporting entity (Global Fund Unit) as required by Section 81 of the PFM Act, 2012 .

### **10.3 Reporting currency**

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

### **10.4 Recognition of receipts**

Global Fund Unit 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)**

**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.

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 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.

## **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.

**Annex 5** of this financial statement is a register of the contingent liabilities in the year.

## **Significant Accounting Policies (Continued)**

## **Significant Accounting Policies (Continued)**

### **10.7 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*.

### **10.8 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.

## Notes to the Financial Statements

### 1. Transfers from Government entities

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

Description	KShs	KShs	Cumulative to-date (from inception)
	2021-2022	2020-2021	
<i>Counterpart funding through National Treasury</i>			
Counterpart funds Quarter 1	-	387,459,444	637,459,444
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
<b>Total (See Annex 2)</b>	<b>-</b>	<b>387,459,444</b>	<b>637,459,444</b>



Notes to the Financial Statements (Continued)

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 donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in Kshs	
						2021-2022 Kshs	2020-2021 Kshs
Grants Received from Multilateral Donors (International Organizations)	Quarters						
Global Fund	Q1	4,181,526.72	488,910,890.36			488,910,890.36	118,322,822
Global Fund	Q2	219,512.02	25,685,415.43			25,685,415.43	
<b>Total</b>		<b>4,401,038.74</b>	<b>514,596,305.79</b>			<b>514,596,305.79</b>	

3. Miscellaneous receipts (Interest income)

	2021-2022			2020/2021		Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts		
	Kshs	Kshs	Kshs	Kshs		Kshs
Q1	-	-	-	52,053.08		70,708.08
Q2	-	-	-	48,307.56		86,218.56
Q3	-	-	-	43,576.57		71,502.57
Q4	-	-	-	40,351.49		112,371.49
<b>Total</b>	-	-	-	<b>184,288.70</b>		<b>341,083.70</b>

Notes to the Financial Statements (Continued)

4. Compensation to Employees

	2021/2022			2020/2021	
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
-	Kshs	Kshs	Kshs	Kshs	Kshs
Basic wages of temporary employees – Q1				992,250	13,432,728
Basic wages of temporary employees – Q2				992,250	
Basic wages of temporary employees – Q3				1,041,864	
Basic wages of temporary employees – Q4				1,041,864	
<b>Total</b>				<b>4,068,228</b>	<b>13,432,728</b>
Personal allowances paid as part of salary	-			-	2,300,696
<b>Grand Total</b>	-	-	-	<b>4,068,228</b>	<b>15,733,424</b>



Notes to the Financial Statements (Continued)

5. Purchase of Goods and Services

	2021/2022			2020/2021		Cumulative to-date
	Payments made in Cash Kshs	Payments made by third parties Kshs	Total payments Kshs	Total payments Kshs	Kshs	
Communication, supplies and services				5,000	5,000	
Domestic travel and subsistence				68,600	354,480	
Hospitality supplies and services				-	125,701	
Specialized materials and services	472,187,179.39		472,187,179.39	105,886,031	774,202,824	
Other operating payments	42,409,126.40		42,409,126.40	12,448,091	69,357,158	
Office and general supplies & services					165,000	
<b>Total</b>	<b>514,596,305.79</b>		<b>514,596,305.79</b>	<b>118,407,722</b>	<b>844,210,164</b>	

Specialized Materials and Services

Quarters	Amount Paid (USD)	Amount Paid (KShs)
Q1	3,982,406.40	465,629,419.39
Q2	57,600.00	6,557,760.00
<b>Total</b>	<b>4,040,006.40</b>	<b>472,187,179.39</b>

Notes to the Financial Statements (Continued)

Contracted Professional Services

Quarters	Amount Paid (USD)	Amount Paid (KSHS)
Q1	199,120.32	23,281,470.97
Q2	161,912.02	19,127,655.43
<b>Total</b>	<b>361,032.34</b>	<b>42,409,126.40</b>

6. Social Security Benefits

	2021-2022			2020-2021	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Government pension and retirement benefits (Dr. Clare Obonyo)				1,350,553	1,863,448
Government pension and retirement benefits (PAYE)				512,895	-
<b>Total</b>				<b>1,863,448</b>	<b>1,863,448</b>



**7. Acquisition of Non-Financial Assets**

	Payments made in Cash	Payments made by third parties	2021-2022		2020-2021		Cumulative to-date
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Construction of buildings						283,139,470	
<b>Total</b>						<b>283,139,470</b>	

**8. Other Grants, Transfers and Payments**

	Payments made in Cash	Payments made by third parties	2022-2021		2020-2021		Cumulative to-date
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
					387,459,444	637,459,444	
<b>Total</b>					<b>387,459,444</b>	<b>637,459,444</b>	



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

**11. A Bank Accounts**

**Project Bank Accounts**

Details	2021-2022	2020-2021
<u>Foreign Currency Accounts</u>	USD	USD
CFC Stanbic Bank [A/c No.0100005345272]		120,737
Total Foreign Currency balances		<u>120,737</u>
<u>Local Currency Accounts</u>	KShs.	KShs.
Co-operative Bank of Kenya [A/c No.01141199190800]		8,259,816
Total local currency balances		<u>8,259,816</u>
Total bank account balances		<u>=</u>

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> 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	120,737.30	1,949,419.94
Total amount deposited in the account	11,974,242.05	1,588,540.02
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>11,857,341.72</u>	<u>3,417,222.66</u>
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>237,637.63</u></b>	<b><u>120,737.30</u></b>

*To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya*  
*Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022*

**9. Fund Balance Brought Forward**

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts	8,259,816	14,092,103
<b>Total</b>	<b>8,259,816</b>	<b>14,092,103</b>




*To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya*  
*Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022*

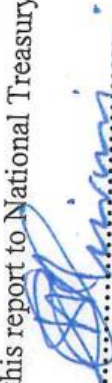
Prior Year Auditor-General's Recommendations

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)
	Unsupported Expenditure – Counterpart Funding		Not Resolved	By December, 2022

**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.

  
 Dr. Julius Muia, PhD, CBS  
 Principal Secretary

  
 Stephen I. Muiruri  
 Project Coordinator





**10. Annexes**

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

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Proceeds from domestic and foreign grants	525,571,373	514,596,306	10,975,067	98%	
<b>Total Receipts</b>	<b>525,571,373</b>	<b>514,596,306</b>	<b>10,975,067</b>	<b>98%</b>	
<b>Payments</b>					
Purchase of goods and services	525,571,373	514,596,306	10,975,067	98%	
<b>Total payments</b>	<b>525,571,373</b>	<b>514,596,306</b>	<b>10,975,067</b>	<b>98%</b>	

*To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya*  
*Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June, 2022*

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- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2022
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)
- iv. GOK IFMIS comparison Trial Balance



THE NATIONAL TREASURY  
GLOBAL FUND PROGRAM  
TB GRANT NO. KEN-T-TNT(NFM2)

Annex2: Financial Statements cash basis and  
commitments reconciliation



1.0 Human Resources (HR)	0	0	0	0	0	166,215	168,954	(2,738)		47,490	54,716	(7,226)
2.0 Travel related costs (TRC)	0	0	0	0	0	42,395	104,682	(62,287)		26,087	100,672	(74,585)
3.0 External Professional services	0	0	0	0	0	56,691	0	56,691		56,691	0	(56,691)
4.0 Health Products (HPPP)	0	0	0	0	0	5,151,074	5,132,871	18,203		755,749	1,391,028	(635,279)
5.0 Health Products (HPNP)	0	3,988,776	3,988,776	(3,988,776)	0	15,828,891	12,065,636	7,752,030		13,843,928	7,527,011	6,316,916
6.0 Health Products (HPE)	0	0	0	0	0	78,545	0	78,545		78,545	0	(78,545)
7.0 Procurement and Supply-Chain	0	357,408	357,408	(357,408)	0	1,798,537	976,113	1,179,832		1,223,770	418,300	805,471
8.0 Infrastructure (INF)	0	0	0	0	0	2,281,459	2,281,459	0		0	(160,801)	160,801
9.0 Non-health equipment (NHP)	0	0	0	0	0	0	0	0		0	0	0
10.0 Communication Material	0	0	0	0	0	0	0	0		0	0	0
11.0 Program Administration	0	77	77	(77)	0	0	12,310	(12,233)		0	3,052	(3,052)
12.0 Living support (LSCTP)	0	0	0	0	0	0	0	0		0	0	0
13.0 Payment for Results	0	0	0	0	0	0	0	0		0	0	0
Total uses of Grant Funds	0	4,346,261	4,346,261	(4,346,261)	25,403,806	20,742,025	4,661,781			16,032,261	9,333,978	6,698,283
Total commitments at 30.06.2021									9			
Transfers to SRs												
Net exchange gain/loss		(3,123)					17,578,814				2,223,468	
							(14,246)				(2,419)	
Net sources (uses) of Grant Funds	0	462,381					462,381		8		264,237	





## Notes to the financial statements

All amounts are in United States Dollars (US\$).

### Note 1: Basis of accounting

The Annual Financial Report is prepared on a cash receipts and disbursements basis.

### Note 2: Disbursements/Receipts

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

Receipts from Global Fund were in United States Dollars.

### Note 3:

Expenditure represents amounts disbursed and costs incurred denominated in United States Dollars (US\$).

### Note 4:

Transactions in KES are translated to US dollars at 3 months weighted average exchange rate for each quarter. For the purpose of this report, balances denominated in KES have been translated to US dollars based on the CBK exchange rate as at 30<sup>th</sup> June, 2022.

### Note 5-i: Receipts from Global Fund

Start Date			01/07/2021	01/07/2020	01/01/2018
End Date			30/06/2022	30/06/2021	30/06/2022
Period			Current period	Prior period	Cumulative
Description	Date	Amount			
Disbursement 1	03/04/2018	3,659,365.00			3,659,365.00
Disbursement 2	31/08/2018	5,223,488.00			5,223,488.00
Disbursement 3	06/06/2019	5,740,588.92			5,740,588.92
Disbursement 4	23/03/2020	1,069,639.46			1,069,639.46
Disbursement 5	03/06/2020	1,311,025.72			1,311,025.72
Disbursement 6	20/08/2020	1,331,601.98		1,331,601.98	1,331,601.98
Disbursement 7	30.08.2021		4,268,332.00		
Disbursement 8	12.11.2021		234,318.84		
Total		22,838,359.92	4,502,650.84	1,331,601.98	22,838,359.92

**Note 5-ii: Direct Disbursements to third Parties by Global Fund**

Start Date			01/07/2021	01/07/2020	01/01/2018
End Date			30/06/2022	30/06/2021	30/06/2022
Period			Current period	Prior period	Cumulative
Description	Period	Amount			
3 <sup>rd</sup> Party Disbursement 1	Apr-June 2018	1,014,794.00			1,014,794.00
3 <sup>rd</sup> Party Disbursement 2	Oct-Dec 2018	50,000.00			50,000.00
3 <sup>rd</sup> Party Disbursement 3	Oct-Dec 2019	1,275,733.34			1,275,733.34
3 <sup>rd</sup> Party Disbursement 4	Jul-Sept 2020	680,581.85		680,581.85	680,581.85
3 <sup>rd</sup> Party Disbursement 5	Oct-Dec 2020	25,000.00		25,000.00	25,000.00
3 <sup>rd</sup> Party Disbursement 6	Oct-Dec 2020	50,000.00		50,000.00	50,000.00
3 <sup>rd</sup> Party Disbursement 7	Oct-Dec 2020	825,750.52		825,750.52	825,750.52
3 <sup>rd</sup> Party Disbursement 8	Oct-Dec 2020	100,000.00		100,000.00	100,000.00
3 <sup>rd</sup> Party Disbursement 9	Apr-Jun 2021	3,061,371.72		3,061,371.72	3,061,371.72
3 <sup>rd</sup> Party Disbursement 10	Apr-Jun 2021	3,499,880.74		3,499,880.74	3,499,880.74
<b>Total</b>		<b>10,583,112.17</b>	<b>0</b>	<b>8,242,585</b>	<b>10,583,112.17</b>

**Note 5-iii: KEMSA-Transfers from GF old accounts**

Start Date			01/07/2021	01/07/2020	01/01/2018
End Date			30/06/2022	30/06/2021	30/06/2022
Period			Current period	Prior period	Cumulative
Description	Period	Amount			
Transfers from GF old accounts	Oct-Dec 2021	38,480.69	38,480.69	0	38,480.69



**Note 5-IV: Bank Interest**

Start Date			01/07/2020	01/07/2019	01/01/2018
End Date			30/06/2021	30/06/2020	30/06/2021
Period			Current period	Prior period	Cumulative
Description	Period	Amount			
Interest from bank	Jan-June 2018	2.85			2.85
Interest from bank	Jul2018-Jun2019	30,124.29			30,124.29
Interest from bank	Jul2019-Jun2020	31,016.51			31,016.51
Interest from bank	Jul2020-Jun2021	21,345.43		21,345.43	21,345.43
Interest from bank	Jul2021-Jun2022	6,396.90	6,396.90		6,396.90
	<b>Total</b>	<b>88,885.98</b>	<b>6,396.90</b>	<b>21,345.43</b>	<b>88,885.98</b>

**Note 5-V: Funds transferred from previous grant (NFM1) to current grant (NFM2)**

Start Date			01/07/2021	01/07/2020	01/01/2018
End Date			30/06/2022	30/06/2021	30/06/2022
Period			Current period	Prior period	Cumulative
Description	Period	Amount			
Transfers from NFM 1 - 1	Jan-Mar 2019	5,000,430.34			5,000,430.34
3 <sup>rd</sup> Party Disbursement 2	Jan-Mar 2020	151,915.09			151,915.09
3 <sup>rd</sup> Party Disbursement 3	Apr-June 2020	145.03			145.03
3 <sup>rd</sup> Party Disbursement 4	Oct-Dec 2020	96,121.31		96,121.31	96,121.31
3 <sup>rd</sup> Party Disbursement 5	Apr-June 2021	15.53		15.53	15.53
<b>Total</b>		<b>5,248,627.30</b>		<b>96,136.84</b>	<b>5,248,627.30</b>

**Note 6: Human Resources**

This represents salaries and gratuities for the principal recipient.

**Note 7: Travel Related Costs**

This represents M&E and oversight costs for the principal Recipient.

**Note 8: Cash balances**

Item Description	Amount US\$
PR Special Inshore Account	297,775.14
PR interest	73,223.56
PR Local (KES) Account	92,499.13
Uncleared cheques	(1,116.73)
Advances	-
Cash in Hand	-
<b>Net sources of Grant Funds</b>	<b>462,381.10</b>

**Note 9: Supplemental schedule of commitments at 30.06.2020**

Commitments at 01.07.2021	4,389,069.22
Paid in current year	(4,389,069.22)
Outstanding from previous year	0
Commitments 2020	0
<b>Total commitments at 30.06.2022</b>	<b>0</b>

**Note 10: Principal Recipient advances**

There were no advances as at 30<sup>th</sup> June, 2022.

GLOBAL FUND TB GRANT KEN-T-TNT GA 1548 (NFM 2)  
 STATEMENT OF SPECIAL (DESIGNATED ACCOUNT RECONCILIATION  
 FOR THE YEAR ENDED 30TH JUNE 2022  
 PART B: ACCOUNTS RECONCILIATION STATEMENT  
 Credit No. KEN-T-TNT GA 1548

Bank Account No. 100005345272 Held with CFC Stanbic Bank Ltd

NOTES

USD

1	Amount advanced by Global fund		27,934,927.30
	TNT-PR	10,356,113.29	
	MOH-DLTLD	17,578,814.01	
	Less		
2	Total Amount Accounted for		28,109,401.13
3	Outstanding Amount advanced to Special Account Represented by		- 174,473.83
4	Ending Special Account Balance at 30th June 2022		-
5	Amount Claimed but not credited at 30th June 2022		0.00
6	Amount withdrawn but not Accounted for to GF Represented by;		- 174,473.83
	TNT-PR	197,995.36	
	MOH-DLTLD	- 372,469.19	
7	Service Charges if not included in 5 and 6 above		-
	Less		
8	Intrest Earning if not included in special account		-
9	Total advance to special account Year ended 30th June 2022		- 174,473.83
	Discrepancy between total appearing in lines 3 and 9		-

*X. Antione*

AUTHORIZED REPRESENTATIVE  
 RESOURCE MOBILIZATION DEPARTMENT-TREASURY

DATE 19-08-2022





GLOBAL FUND TB GRANT KEN-T-TNT GA 1548 (NFM 3)  
 STATEMENT OF SPECIAL (DESIGNATED ACCOUNT RECONCILIATION  
 FOR THE YEAR ENDED 30TH JUNE 2022  
 PART B: ACCOUNTS RECONCILIATION STATEMENT  
 Credit No. KEN-T-TNT GA 1548

Bank Account No. 100005345272 Held with CFC Stanbic Bank Ltd

NOTES

USD

1	Amount advanced by Global fund TNT-PR MOH-DLTLD	63,213.21 7,388,923.69	7,452,136.90
	Less		
2	Total Amount Accounted for		5,669,280.30
3	Outstanding Amount advanced to Special Account		1,782,856.60
	Represented by		
4	Ending Special Account Balance at 30th June 2022		237,637.63
5	Amount Claimed but not credited at 30th June 2022		-
6	Amount withdrawn but not claimed as at 30.06.2022		1,545,218.97
	Represented by;		
	TNT-PR	- 1,026,634.08	
	MOH-DLTLD	2,571,853.05	
7	Service Charges if not included in 5 and 6 above		-
	Less		
8	Intrest Earning if not included in special account		-
9	Total advance to special account Year ended 30th June 2022		1,782,856.60

Discrepancy between total appearing in lines 3 and 9



AUTHORIZED REPRESENTATIVE  
 RESOURCE MOBILIZATION DEPARTMENT-TREASURY

DATE 19-08-2022





**SPECIAL ACCOUNT STATEMENT**

For period ending	<b>30TH JUNE, 2022</b>
Account No.	<b>0100005345272</b>
Depository Bank	<b>STANBIC BANK-NAIROBI</b>
Address	<b>WAIYAKI WAY, WESTLANDS,NAIROBI.</b>
Related Loan	<b>TB GRANT KEN-T-TNT GA 1548-MAIN</b>
Credit Agreement	<b>NO. 4568-KE</b>
Currency	<b>USD</b>

**Account Activity**

Beginning balance of 1ST July, 2021 as per C.B.K. Ledger Account	120,737.30
---	------------

**Add:**

Total Amount deposited by ADB	11,974,242.05
-------------------------------	---------------

Total Interest earnings if deposited in account	-
---	---

Total amount refunded to cover ineligible expenditure	-
--	---

**Deduct:**

Total amount withdrawn	11,857,341.72
------------------------	---------------

Total service charges if not included above in amount withdrawn	-
--	---

Ending balance on 30th June,2022	237,637.63
----------------------------------	------------

**AUTHORISED REPRESENTATIVE  
CENTRAL BANK OF KENYA**

SIGNATURE:

*[Signature]*

DATE

14-07-2022

**AUTHORISED REPRESENTATIVE  
EXTERNAL RESOURCES  
DEPARTMENT-TREASURY**

SIGNATURE:

*[Signature]*

DATE

19-08-2022

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2022 have been reconciled and a copy of the supporting Reconciliation Statement is attached.



Results 1 - 37 of 37

Run Date: 14/07/2022 Run Time: 07:40:54

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O.BOX 60000-0200

NAIROBI

STATEMENT PERIOD: From 01/07/2021 To

## STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000375124

ACCOUNT TITLE : TB GRANT KEN-T-TNT GA 1548-MAIN  
30/06/2022

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
NO.	Value Date	Reference No	Details	Debit	Credit
1	23/08/2021	FT21235XNRC5	FUNDING	-1,454,431.40	0.00
2	01/09/2021	FT21244NFXLM	FUNDING	-4,268,332.00	0.00
3	06/09/2021	FT21246LH0H	PA126213	0.00	199,120.32
4	06/09/2021	FT21246GXL22	PA126212	0.00	3,982,406.40
5	18/10/2021	FT21291ST6MV	PA127283	0.00	3,518.34
6	18/10/2021	FT21291RXPKE	PA127284	0.00	175.92
7	18/10/2021	FT21291S94D6	PA127286	0.00	89.37
8	18/10/2021	FT21291TBGMV	PA127285	0.00	1,787.39
9	15/11/2021	FT213198J745	FUNDING	-234,318.84	0.00
10	18/11/2021	FT21322BR2YX	FUNDING	-1,135.76	0.00
11	18/11/2021	FT21322KF897	FUNDING	-18,140.69	0.00
12	18/11/2021	FT21322QPSJN	FUNDING	-177.86	0.00
13	17/12/2021	FT213508C7X2	PA127621	0.00	136,062.47
14	17/12/2021	FT21350LYX22	PA127622	0.00	954,938.71
15	20/12/2021	FT21351C764K	PA127627	0.00	2,880.00
16	20/12/2021	FT21351PKYF6	PA127626	0.00	57,600.00
17	23/12/2021	FT21355WWQ1V	PA127628	0.00	87,443.87
18	30/12/2021	FT21363INPMR	PA127655	0.00	9,808.99
19	30/12/2021	FT21363BDG9R	PA127657	0.00	8,929.46
20	30/12/2021	FT21363DQ5F9	PA127652	0.00	14,261.05
21	30/12/2021	FT21363F8FGY	PA127653	0.00	14,517.46
22	30/12/2021	FT21363JYDMY	PA127654	0.00	5,003.84
23	30/12/2021	FT21363PZB5M	PA127651	0.00	8,718.32
24	30/12/2021	FT21363XVLRP	PA127650	0.00	5,964.16
25	11/01/2022	FT22010SSCFP	PA127660	0.00	4,384.87
26	11/01/2022	FT22011744KB	PA127656	0.00	3,322.42
27	07/03/2022	FT220667BKK7	FUNDING	-1,399,503.48	0.00
28	07/03/2022	FT22066RF9S0	FUNDING	-4,598,202.02	0.00
29	15/03/2022	FT22073QKYDY	PA127692	0.00	250,000.00
30	25/03/2022	FT22083GY686	PA127923	0.00	2,461,803.00
31	31/03/2022	FT220905X9Q9	PA127924	0.00	2,786,119.51
32	19/05/2022	FT22138BTY6W	PA127972	0.00	8,517.00
33	19/05/2022	FT22138J508N	PA127973	0.00	425.85
34	19/05/2022	FT22138PY3ZM	PA127976	0.00	12,625.00
35	19/05/2022	FT22138R30K9	PA127971	0.00	1,758.00
36	19/05/2022	FT22138RP1VB	PA127970	0.00	35,160.00
37	21/06/2022	FT22168V26YT	PA127980	0.00	800,000.00

END OF ACCOUNT STATEMENT

CLOSING BALANCE : -237637.63

Favourites : TAM.E.STMT.OF.ACCT.EPRM

More Options

Clear Selection

Find

Account equals 1000375124

Statement From equals 20210701

Statement To equals 20220630

TAM.E.STMT.OF.ACCT.EPRM





CENTRAL BANK OF KENYA - RECONCILIATION

OFF-SHORE A/C NO:0100005345272

DETAILS

CURRENCY

AMOUNTS

STATEMENT AS AT :

30.06.2022

G.L A/C NO :

1000375124

T8 GRANT KEN-T-TNT GA 1548-MAIN

REMARKS

ACTION TAKEN

1.BALANCE AS PER OFFSHORE STATEMENT: USD

237,637.63

2.ADD DEBITS NOT IN NRB

3.LESS CREDITS NOT IN NRB

4.ADD DEBITS NOT IN OFFSHORE

5.LESS CREDITS NOT IN OFFSHORE

6.BALANCE AS PER CBK LEDGER

(237,637.63)

237,637.63

Prepared By: SIMIYU T.K.

Checked by: *[Signature]*

Approved By: *[Signature]*

Date: 01.07.2022

Date: 1/7/2022

Date: 14/7/2022

*[Handwritten marks]*  
NEKA





**TB NFM 2 TRIAL BALANCE FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2022**

	DR	CR
	NFM 2	
Particulars	DR. KSHS	CR. KSHS
Balance B/F		8,259,816.00
Transfer from MFM 2		-
Contractual employees		
Accommodation		
Fuel, Oil and Lubricants		
Laboratory Materials, Supplies and Small Equipment	472,187,179.39	
Contracted Professional services	42,409,126.40	
Bank charges		
Interest earning		
Transfers from KEMSA		
Proceeds from domestic and foreign grants		514,596,305.79
GoK Counterpart funding	-	-
GoK Counterpart funding (Unsupported expenditure)		
Transfer to NFM 3	8,259,816.00	
Balance C/D	-	-
	<b>522,856,121.79</b>	<b>522,856,121.79</b>

