

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA VETERINARY BOARD**

**FOR THE YEAR ENDED
30 JUNE 2013**



KENYA VETERINARY BOARD

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE, 2013**

**Kenya Veterinary Board
Financial Statements
For the year ended 30 June 2013**

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Kenya Veterinary Board Corporate Information For the year ended 30 June 2013

Principal Activities

The Kenya Veterinary Board is established under the Veterinary Surgeons and Veterinary Paraprofessionals Act 2011. The mandate and the purpose of the Board is to exercise general supervision and control over training, business, practice and employment of veterinary surgeons and veterinary para-professionals in Kenya and advise the government in relation to all aspects thereof.

Registered Office

Kabete Veterinary Laboratories,
P.O. Box 513 – 00605,

NAIROBI

Telephone: 0722305253

Email: info@kenyavetboard.org

Website: www.kenyanvetboard.org

BOARD MEMBERS

1. Dr. J. A. Omega - Chairman
2. Dr. Mwikali Mugachia
3. Dr. V. Yamo
4. Dr. Francis Gakuya
5. Mr. Abraham Koech
6. Mr. Mohammed G. Jattani
7. Dr. Geoffrey K. Muttai
8. Dr. Peter Ithondeka
9. Dr. Grace Gachacha
10. Prof. Charles Mulei
11. Dr. Demesi Mande
12. Mr. Harrison Mathenge
13. Dr. Grace Murilla

SENIOR STAFF

1. Dr. B.O. Godia – Ag. Chief Executive Officer
2. Simon G. Wainaina – Finance and Administration Officer
3. Jonathan Ouma – Office Assistant

**Kenya Veterinary Board
Corporate Information
For the year ended 30 June 2013(Continued)**

Auditors

Auditor General,
Kenya National Audit Office
P.O. Box 30084 -00100

NAIROBI

Bankers

Co-operative Bank of Kenya
Westlands Branch,
P.O. BOX 66589-00800

NAIROBI

Standard Chartered Bank
Westlands Branch
P.O Box14438 – 00800

NAIROBI

Kenya Veterinary Board

Statement from the Ag. Chief Executive Officer

The Veterinary Surgeons and Veterinary Paraprofessional Act, 2011 requires the Board to keep proper records and accounts relating to the income, expenditure, assets and liabilities of the Board and be audited by the Auditor General. The financial statement for the period ending 30th June 2013 has been submitted in compliance with the rules stipulated.

In the year under review, Kenya Veterinary Board used the established Board committees to assist in development and gazette of the Regulations operationalizing the Act, development of six (6) animal health training curricula guidelines, development of professional code of ethics for animal health practitioners, development of the 2013th - 2018th KVB Strategic Plan, development of the Board's organogram among other documents like Human Resource Manual, Career Progression Guidelines to guide in staff recruitment, retention and succession planning.

During the same year, the Board engaged a consultant to conduct a Knowledge, Attitudes and Practices (KAP) Survey among its stakeholders that revealed a number of important issues the Board is already in the process of addressing to be more relevant and to carry out its mandate more effectively. Among the issues the survey revealed is lack of understanding of the role of the Board. Consequently, it was prudent to organize for regional stakeholder workshops for the Board to engage with its critical stakeholders and explain its mandate and expectations as provided for in the VSVP Act, 2011. The Board organized and twenty (20) workshops across the country attended by 3698 stakeholders. The impact of the workshops was instant as various stakeholders including training institutions began conforming to the provisions of the VSVP Act, 2011.

It is also during the year under review that the Board started registering Veterinary Paraprofessionals as provided for in the Act for the first time during which 3,850 professionals were registered. After gazette of the Regulations, the Board has now fully embarked on implementation of its mandate of regulating veterinary education, profession and business as provided for in the Veterinary Surgeons and Veterinary Paraprofessionals (VSVP) Act, 2011.



Dr. Barnabas O. Godia
Ag. Chief Executive Officer

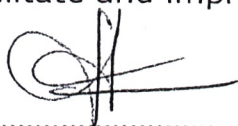
Kenya Veterinary Board Statement from the Chairman

Kenya Veterinary Board is a regulatory Board established and incorporated by section 3(1) of the Veterinary Surgeons and Veterinary Paraprofessionals Act No. 29 of 2011 which was assented on 16th September, 2011 which repealed the Veterinary Surgeons Act Cap 366.

The current Board was gazetted in March 2012 and various committees set up to assist the Board in developing structures and systems to facilitate execution of its mandate as prescribed in the Act. The committees are Technical Committee on Education and Quality Assurance (TeCEQA), Act Implementation Committee (AIC), Finance and Administration Committee (FAC), Procedures, Rules and Regulation Committee (PRRC), Inquiries, Investigations and Disciplinary Committee (IIDC), and Continuous Professional Development (CPD) committee.

The rules and regulations operationalizing the Act were gazetted in March 2013 and have improved the mandate of the Board to enhance the veterinary education, standards and management of veterinary practices in the country. Regional workshops and publicity were carried out to sensitize the veterinary professionals on the provisions of the VSVP Act and regulations

The Board experienced various challenges in the financial year under consideration like inadequate staffing, inadequate financial resources, inadequate transport and equipment, inappropriate structures to carry out the mandate and lack of operation manuals and other policy documents. Processes have been put in place to address the aforementioned challenges to facilitate and improve Board operations in future.



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Dr. Joseph A. Omega
Chairperson

Kenya Veterinary Board Statement of Board Members' Responsibilities

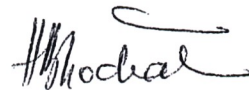
The State Corporation Act Cap 446 of the Laws of Kenya requires that the Board prepares financial statements for each financial year which give a true and fair view of the state of affairs of the Board as at the end of the financial year and of the operating results of the Board for that year. It also requires the Board to ensure that the Board keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board. The Board is also responsible for safeguarding the assets of the Board.

The Board members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, Government Financial Management Act and the requirements of the Government Financial Regulations and Procedures.

Nothing has come to the attention of the Board to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.



.....
Dr. Joseph A. Omega
Chairperson



.....
Dr. Barnabas O. Godia
Ag. Chief Executive Officer

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA VETERINARY BOARD FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Veterinary Board set out on pages 7 to 17 which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, was necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Late Submission of Financial Statements

Although Section 81(4)(a) of the Public Finance Management Act, 2012 stipulates that an accounting officer of a national government entity should submit, not later than three months after the end of each financial year, the entity's financial statements to the Auditor-General for audit, the Board's financial statements for the year ended 30 June 2013 were submitted for audit on 4 November 2013, slightly more than one month after the statutory deadline of 30 September 2013. The Board was therefore in breach of the law.

2. Financial Position

During the year under review, the Board reported a net loss of Kshs.19,178,062.00 (2011/2012 - Kshs 4,579,505.00) and thereby depleting the revenue reserves to negative Kshs.11,750,540.00. In the absence of clear strategies in place to generate additional revenue and minimize operating costs in a sustainable manner, the Board is likely to experience difficulty in reversing the trend and in the long term may experience serious financial challenges.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements fairly present, in all material respects, the financial position of Kenya Veterinary Board as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Veterinary Surgeons and Veterinary Para-professionals Act, 2012.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

26 June 2014

Kenya Veterinary Board

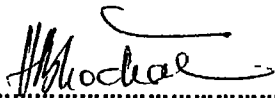
Statement of Comprehensive Income

For the year ended 30 June 2013


	Notes	Jun-13	Jun-12
		Kshs	Kshs
Income	2	25,711,125	6,309,155
Expenses			
Board and Committees Allowances	3	19,456,735	3,327,919
Staff Costs	4	2,895,101	1,267,487
Administration Expenses	5	10,114,649	3,290,758
Operating Expenses	6	12,401,051	2,794,092
Finance cost	7	21,651	208,403
Total Expenses		44,889,187	10,888,659
Surplus/ (Loss) for the year		(19,178,062)	(4,579,504)

**Kenya Veterinary Board
Statement of Financial Position
As at 30 June 2013**

	Notes	Jun-13	Jun-12
		Kshs	Kshs
NON-CURRENT ASSETS			
Property & Equipment	8	8,472,606	3,368,469
Long Term Investment	9	-	3,799,716
CURRENT ASSETS			
Cash and Bank	10	(94,067)	19,898,074
Trade and other receivables	11	<u>251,760</u>	<u>196,395</u>
		157,693	20,094,469
Total Assets		<u>8,630,299</u>	<u>27,262,654</u>
Accumulated Reserves and Liabilities			
Revenue Reserves		(11,750,540)	7,427,523
Capital Reserves	12	<u>18,750,000</u>	<u>18,750,000</u>
Total Reserves		<u>6,999,460</u>	<u>26,177,523</u>
Current Liabilities			
Trade and Other Payables	13	<u>1,630,839</u>	<u>1,085,131</u>
Total Reserves and Liabilities		<u>8,630,299</u>	<u>27,262,654</u>

Signature 
Dr. Barnabas O. Godia
Ag. Chief Executive Officer

Date 6/6/2014

Signature 
Dr. Joseph A. Omega
Board Chairman

Date 6/6/2014

Kenya Veterinary Board
Statement of Changes in Reserves
For the year ended 30 June 2013

	Revenue Reserves <u>Kshs.</u>
AS AT 1ST JULY 2011	12,007,026
Surplus for the year	(4,579,504)
AS AT 30TH JUNE 2012	7,427,522
AS AT 1ST JULY 2012	7,427,522
Surplus for the year	(19,178,062)
AS AT 30TH JUNE 2013	(11,750,540)

**Kenya Veterinary Board
Statement of Cash flows
For the year ended 30 June 2013**

	Jun-13 Kshs	Jun-12 Kshs
Cash flows from Operating Activities		
operating Surplus/ Net Income	(19,178,062)	(4,579,504)
Add Back: Depreciation	1,283,242	932,647
Loss on Investments	-	200,284
Net Cash flows from operating Activities before changes in working capital	(17,894,820)	(3,446,573)
Changes in Working Capital		
Decrease (Increase) in Receivables	(55,365)	(196,395)
Increase (decrease) in Payables	545,708	997,491
Net Change in Working Capital	490,343	801,096
Net Cash flows from operating Activities	(17,404,477)	(2,645,476)
Cash flows from investing activities		
Disposal of investment	3,799,716	-
Purchasing of Non-Current Assets	6,387,379	489,904
Net cash generated from (used in) Investing Activities	6,387,379	489,904
Cash flows from Financing Activities		
(Increase) decrease in Capital Grant	-	(18,750,000)
Net cash generated from (used in) Financing Activities	-	18,750,000
Increase/(decrease) in Cash & Cash Equivalents	(19,992,141)	15,614,620
Cash and Cash equivalents at the beginning of the year	19,898,074	4,283,454
Cash and Cash equivalents at the end of the year	(94,067)	19,898,074

Kenya Veterinary Board

Notes to the Accounts

For the year ended 30 June 2013

1. Principal Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires Board members to exercise their judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on Board' best knowledge of current events and actions they may undertake in the future, actual results may differ from those estimates. The Board adopted the following accounting policies;

a) Basis of preparation

The financial statements are prepared under the historical cost basis of accounting. The presentation currency used in the preparation of the financial statements is Kenya Shillings (Kshs.).The preparation of financial statement in conformity with IFRS requires the use of estimates and assumptions, which requires the Board to exercise its judgment in the process of applying appropriate policies.

b) Revenue recognition/ Government Grant

Retention fees and other income from active Veterinary Surgeons are recognized in the year they are received. Any prepaid retention and licence fee is deferred in the respective year. Recurrent and capital grant is recognized in the year it is received as income.

c)Property, plant and equipment

All categories of property and plan are initially recorded at cost and stated at historical cost less accumulated depreciation

Kenya Veterinary Board

Notes to the Accounts

For the year ended 30 June 2013 – Continued

d) Depreciation

Depreciation is calculated using the reducing balance method to write down the cost or the valued amount of each asset to its residual value over its estimated useful life using the following annual rates. Work-in-progress is not subjected to depreciation.

Asset	Depreciation Rate (%)
Motor Vehicles	25%
Furniture and Fittings	12.5%
Computers and Printers	30%
Office Equipment	12.5%

g) Foreign currency transactions

Transactions in foreign currency are translated into Kenya shillings at the rate of exchange ruling on the date of the transaction. Currently there are no foreign exchange transactions

h) Employee benefits

(i) *Defined contribution scheme*

The Board contributes to the statutory National Social Security Fund (NSSF) whose rates are determined by Kenyan statutes and amount charged in the income statement in the year they relate.

ii) *Gratuity*

Entitlements to gratuity are recognized when they accrue to qualifying employees at 31% of the basic pay.

j) Lunch Allowances

Lunch allowances are paid to employees on duty outside the office and do not spend the night to warrant payment of per diem or accommodation allowance

K) Comparatives

The previous year's comparative figures have not been restated.

Kenya Veterinary Board
Notes to the Accounts
For the year ended 30 June 2013 - Continued

2 Income	Jun-13	Jun-12
	Kshs	Kshs
Certificate fee	1,000	8,020
Code of Ethics	-	3,400
CPD	169,625	72,000
Donations	50,000	-
Exam Fee	-	20,000
Gain on sale of Investments	409,000	-
Government Grant - Devt	-	-
Government Grant - Recur	21,360,000	3,750,000
Hip Dysplasia	73,500	87,000
Other	-	30,000
Penalties	93,000	86,000
Practicing Licence	584,500	798,500
Registration Fee	1,561,000	246,735
Retention Fee	1,409,500	1,207,500
	<u>25,711,125</u>	<u>6,309,155</u>

3 Board & Committees Allowances	Jun-13	Jun-12
	Kshs	Kshs
Act Implementation Committee	950,000	123,000
Board	2,330,000	2,608,419
Continuous Professional Develop	859,000	184,000
Finance and Admin Committee	776,000	-
HD	-	36,000
Honorarium - Chairman	720,000	-
IIDC	360,000	21,000
Other allowances	120,750	85,500
PCC	2,547,000	18,000
PRRC	1,267,600	15,000
Stakeholders Activities	1,523,800	-
TeCEQA	2,680,000	237,000
Transport and Accommodation	5,322,585	-
	<u>19,456,735</u>	<u>3,327,919</u>

Kenya Veterinary Board
Notes to the Accounts
For the year ended 30 June 2013 – Continued

4 Staff Costs	Jun-13	Jun-12
	Kshs	Kshs
Gratuity	362,700	105,125
NSSF Pension	9,600	6,600
Staff Salaries	2,440,741	1,154,262
Wages	82,060	1,500
	<u>2,895,101</u>	<u>1,267,487</u>
5 Administration Expenses	Jun-13	Jun-12
	Kshs	Kshs
Accommodation	1,170,500	147,000
Auditing	348,000	348,000
Awards	120,000	186,076
Consultancy	4,900,123	116,000
Computers - Depn	181,970	12,350
Furniture & Fitting Depn	46,696	9,626
Motor Vehicle Depn	1,035,508	896,878
Office Equipment Depn	19,068	13,793
General office expenses	61,715	10,967
Motor Vehicle Insurance	182,045	156,227
Motor Vehicle Fuel	614,047	202,961
Motor Vehicle Maintenance	256,264	63,894
Office Welfare	145,584	114,416
Postage	49,205	57,175
Printing & Stationeries	282,169	150,654
Subsistence	251,700	32,250
Telephone expenses	211,392	119,764
Training and Education	81,059	508,715
Transport	125,055	130,163
Website, E-mail and Networking	32,550	13,850
	<u>10,114,649</u>	<u>3,290,759</u>

**Kenya Veterinary Board
Notes to the Accounts
For the year ended 30 June 2013 - Continued**

6 Operating Expenses	Jun-13	Jun-12
	Kshs	Kshs
Conferences & Seminars	2,792,735	782,381
Donation	-	1,000,000
Inspection	-	570,500
Magazines and periodicals	14,629	38,021
Publicity & Communication	2,996,388	398,690
Regional Workshops	6,462,509	-
Repairs and Maintenance	134,790	4,500
	<u>12,401,051</u>	<u>2,794,092</u>
7 Finance and Investments cost	Jun-13	Jun-12
	Kshs	Kshs
Bank Charges	21,651	8,119
Loss on Investment	-	200,284
	<u>21,651</u>	<u>208,403</u>

Kenya Veterinary Board

Notes to the Accounts

For the year ended 30 June 2013 – Continued

8 Property & Equipment

FIXED ASSETS MOVEMENT SCHEDULE

	Furniture and Equipment	Office Equipment	Computer Equipment	Motor Vehicle	Total
COST (Kshs)					
At 01 July 2012 b/fwd	746,191	186,753	845,572	3,587,911	5,366,427
Additions	7,000	93,379	483,000	5,804,000	6,387,379
At 30 June 2013	753,191	280,132	1,328,572	9,391,911	11,753,806
DEPRECIATION					
At 01 July 2012 b/fwd	373,206	86,368	641,506	896,878	1,997,958
Charge for the year - B/wd	46,623	12,548	61,220	672,758	793,149
Charge for the year - Additions	73	6,520	120,750	362,750	490,093
Total Depreciation for the year	46,696	19,068	181,970	1,035,508	1,283,242
Depn At 30 June 2013 - Cfwd	419,902	105,436	823,476	1,932,386	3,281,200
NET BOOK VALUES					
At 30 June 2012 - B/fwd	372,985	100,385	204,066	2,691,033	3,368,469
At 30 June 2013 - C/fwd	333,289	174,696	505,096	7,459,525	8,472,606

9 Cash and Cash Equivalents	Jun-13	Jun-12
	Kshs	Kshs
Co-operative Investment	-	3,799,716
10 Cash and Cash Equivalents	Jun-13	Jun-12
	Kshs	Kshs
Co-operative Bank	(203,520)	3,743,897
FAO Control A/c	6,311	-
Petty Cash	373	216,867
Standard Chartered	102,769	15,937,310
	(94,067)	19,898,074

Kenya Veterinary Board
Notes to the Accounts
For the year ended 30 June 2013 – Continued

11 Trade and other receivables	Jun-13	Jun-12
	Kshs	Kshs
Fuel Card	44,373	8,673
Insurance Prepayment	207,386	-
KVA Payment	-	177,894
DT Dobie	-	9,828
	<u>251,760</u>	<u>196,395</u>
12 Capitalized Grant	Jun-13	Jun-12
	Kshs	Kshs
Capitalized Govt. Grant - Devt	18,750,000	18,750,000
	<u>18,750,000</u>	<u>18,750,000</u>
13 Trade and other Liabilities		
Creditors	Jun-13	Jun-12
	Kshs	Kshs
Friba Enterprises	-	57,000
Intermass Technologies (E.A) Limited	-	175,250
Kenya National Audit	348,000	348,000
Malcy Enterprises	-	73,000
Timo Chem General Suppliers	-	248,600
Other Liabilities		
PAYE	900,014	15,156
Staff Gratuity	290,825	49,625
Pre-paid Income	92,000	118,500
	<u>1,630,839</u>	<u>1,085,131</u>