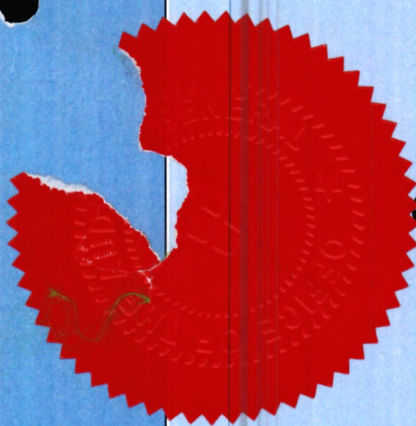


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PART 1

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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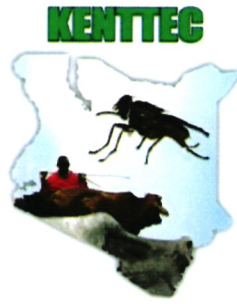
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA TSETSE AND TRYPANOSOMIASIS
ERADICATION COUNCIL**

**FOR THE YEAR ENDED
30 JUNE 2017**



KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2017**

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

**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)
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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) is a state corporation whose mandate is to coordinate all tsetse and trypanosomiasis eradication activities. The Council is the successor of Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC) in Kenya. The continental campaign (PATTEC) was formed following the declaration of African Heads of State and Governments in 2000 in Lome, Togo (Decision AHG/156 (XXXVI) of the 36th Assembly of Heads of State and Government) to free Africa from tsetse and trypanosomiasis constraint.

The PATTEC initiative is co-ordinated by commission for Agriculture and Rural development of the African Union, Addis Ababa Ethiopia to implement the plan of action. Kenya is among the first group of 6 countries that started PATTEC implementation together with Uganda and Ethiopia in East Africa, Mali, Ghana and Burkina Faso in West Africa. In Kenya PATTEC was launched in 2005 with the goal of contributing to improved food security and poverty reduction in the tsetse infested areas. The objective was to create sustainable tsetse-and- trypanosomosis-free areas by integrating suppression, control and eradication approaches while ensuring the reclaimed areas are sustainably, equitably and economically exploited.

In Kenya, 38 out of 47 Counties are tsetse infested. Nearly 11 million people are at risk of contracting human sleeping sickness outbreak in the Lake Victoria basin and the Mara- Serengeti ecosystem. Tourism accounts for 11% of foreign exchange earnings; this sector is negatively affected by tsetse and trypanosomiasis. A reported case of sleeping sickness in 2012 resulted in travel advisories, low tourist numbers leading to a loss in tourism revenue.

The economic losses attributable to tsetse and trypanosomiasis are attributable to:- cost of human and animal treatment, death of infected human and animals, abortions, loss of milk, loss of draught power and inability to plough in certain areas, inaccessibility to grazing grounds, low market value for affected animals, loss of foreign exchange through imports of drugs/pesticides and lost opportunity to export livestock and livestock products. The live weight gain and milk production of livestock in the infested areas is estimated at 20% less, compared to those in tsetse free production systems. This translates to a potential annual loss of about twenty billion shillings (Kshs. 20 billion)

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To safeguard the PATTEC achievements, the government established the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) through Legal Notice No. 77 of July 2012 under the State Corporations Act (Cap 446) whose mandate is to mobilise resources, coordinate eradication of tsetse in the country, set standards and mitigate the socio-economic constraints brought by T&T infestation. Kenya has maintained a zero report of sleeping sickness. Tsetse densities in targeted areas like Mwea, Faza, Bogoria are very low and this has allowed high productivity in dairy and crop production.

(b) Principal Activities

The functions of the Council as stipulated in the Legal Notice are as follows:-

- Advise the Government on the policy on tsetse and trypanosomiasis eradication in Kenya.
- Recommend standards and guidelines for tsetse and trypanosomiasis eradication;
- Determine and advise the Government on national goals, priorities and strategies for tsetse and trypanosomiasis eradication;
- Co-ordinate activities of Government departments, agencies and other stakeholders at the national and county levels in matters related to tsetse and trypanosomiasis eradication;
- Promote collaboration among stakeholders on tsetse and trypanosomiasis eradication;
- Act as the lead agency on tsetse and trypanosomiasis eradication activities in Kenya;
- Act as the Government agency for tsetse and trypanosomiasis eradication, and advise the Government in its negotiations and other engagements with foreign countries and international organizations in tsetse and trypanosomiasis eradication;
- Negotiate, source and mobilize resources for the tsetse and trypanosomiasis eradication;
- Ensure effective and efficient use of resources provided by the Government and other financiers or donors for tsetse and trypanosomiasis eradication;
- Establish and maintain an appropriate tsetse and trypanosomiasis knowledge, information and communication system and database based on contemporary science and technology;
- Co-ordinate, guide and facilitate research and the use of technology and development of science for the purposes of eradication of tsetse and trypanosomiasis;
- Promote and facilitate activities in all relevant sectors including land use management and sustainable livelihoods to sustain tsetse and trypanosomiasis eradication in Kenya;
- Promote public and private sector partnership for sustainable tsetse and trypanosomiasis eradication; and
- Perform such other function as may be assigned to it by the Minister.

(c) Key Management

KENTTEC's day-to-day management is under the following key offices:

- Chief Executive Office
- Monitoring and Evaluation
- Planning and Administration
- Technical Operations-Parasitology and Entomology
- Human Resource
- Communication
- Accounts and Finance
- Procurement
- Regional/County Coordination

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had a direct fiduciary responsibility were:-

Designation	Name
Chief Executive Officer	Dr. Pamela Olet
Monitoring and Evaluation officer	Mr. Seth Onyango
Planning and Administration Officer	Mr. Cyrus Muiru
Entomologist	Mr. Daniel Ochieng Gamba
Human Resource Officer	Mr. John Njoroge
Communication Officer	Dr. Othieno Joseph
Chief Accountant	Mr. Edmund Wafula
Office Administrator	Mr. Agnes Muigai
GIS Expert	Mrs. Nancy Ngare Miron
Regional Coordinator Coast	Mr. Moses Cheruiyot
Procurement Officer	Mr. James Owuor
Regional Coordinator Lake Victoria	Mrs. Agnes O. Ikolot
Regional Coordinator Meru Mwea	Mr. Isaiah Kiteto
Regional Coordinator Lake Bogoria	Mr. Ronald Ochwada
Regional Coordinator Western region	Mr. Bernard Chemweno

(e) Fiduciary Oversight Arrangements

The Board has approved the delegation of certain authorities to Board committees where applicable and to the management.

The Audit, Human Resource finance and Technical committees are instrumental in monitoring Council operations, conduct of business, systems and internal controls.

Audit Committee:

The members of this committee are all non-executive directors and professionals. The committee meets on a quarterly basis and any other time as need may arise, with the internal Auditor as the secretary. During the period, the committee held three meeting.

Human, Resource and Finance Committee:

The Committee's remit is to assist the Board in addressing issues pertaining to Human resource and finance of the Council. During the period, the Committee held two meetings.

Internal Control

The effectiveness of the Council's internal control is monitored on a regular basis by the Internal Audit function. The internal audit function reviews the Council's compliance with the laid down policies and procedures as well as assessing the effectiveness of Internal control structures. The Internal audit function, focuses their attention to areas the Council could be exposed to great risks. The Internal Audit function reports to the Audit committee of the Board.

The Council ensures that it adheres to its operational procedures and controls to facilitate initiative measures that will safeguard assets and accurate financial reporting.

Parliamentary committee activities:

The Council's Audit report for 2015/2016 had an unqualified opinion. We are yet to appear before the Parliamentary Investment Committee.

(f) Council's Headquarters

Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC)
Crescent Business Centre Building 3rd Floor, Block C
P.O. Box 66290-00800
WESTLANDS
PARKLANDS ROAD
NAIROBI, KENYA

(g) Council's Contacts

Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC)
CRESCENT BUSINESS CENTRE BUILDING 3RD FLOOR, BLOCK C
Telephone :(254) 020 2513131/2
E-mail: info@kenttec.go.ke
Website: www.kenttec.go.ke

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(h) Council's Bankers

Co-operative Bank of Kenya,
Parliament Road Branch,
P.O. Box 5772,
Square 00200
Nairobi, Kenya.

(i) Independent Auditors

Auditor General,
Kenya National Audit Office,
Anniversary,
Nairobi, Kenya.

Towers, University Way
P.O.Box 30084
GOP 00100

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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II. CHAIRMAN'S STATEMENT

Introduction

I am pleased to present our Annual Report and Financial Statements for the year ended 30th June 2017.

During the year there have not been significant changes within the Council, apart from the unique ability of the organization to continue adapting to the environment that remains volatile and challenging and respond in a manner that reflects our qualities and experience.

Kenya Tsetse and Trypanosomiasis eradication council (KENTTEC), was established by the government of Kenya through a Legal Notice no. 77 of July 2012 as the successor of the Pan African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC) in Kenya. The PATTEC was formed following Heads of states and government declaration in Lome, Togo in July 2000, AHG/Dec.156 (XXXVI) to free the African continent from the devastating effects of tsetse flies and Trypanosomiasis.

Tsetse transmitted Trypanosomiasis is among the greatest constraint in rural development and the major cause of poverty in many Countries & counties in Kenya. In Kenya, the total tsetse infested area is about 138,000 Km², which translates to 38 out of 47 counties. The infestation denies Kenya 60% of its rangelands which would be used for production. According to World Health Organization, 60 Million people are at risk of infection with sleeping sickness spread by tsetse flies. As per the World Bank (2008) per capita indicator, 22 out of the 25 poorest countries are tsetse infested with a high prevalence of Trypanosomiasis. Tsetse infestation is a major cause of poverty hence the name "poverty insect"

I am glad to report that good progress has been made to enhance our focus on our core objectives of Tsetse and Trypanosomiasis eradication and Sustainable Land management, through improved performance and focus on efficient utilization of resources.

In the last three years, the Government has continued to commit financial resources for the eradication of Tsetse and Trypanosomiasis Kshs.600 Million in 2013/2014, Kshs.400 million 2014/2015 and Kshs 300million in 2015/2016. This has enabled us to successfully suppress tsetse fly in the four regions namely Meru National Park, Lake Victoria, Lake Bogoria basin and Coastal region (Faza Island).

Since the inauguration of KENTTEC, the council has greatly reduced the tsetse fly populations and disease prevalence in 4 belts in Kenya contributing significantly to the improvement of food security by increasing acreage under crop agriculture and introduction of improved animal breeds. The council has supported over 800 groups composed of women and youth to access microfinance institutions after improvement of their livestock. Promotion of technology adoption is a key area KENTTEC has been promoting for the improvement of livestock breeds enhancing milk and beef production when the vector & disease are greatly reduced.

Strategy

The Board has continued to monitor the implementation of its five-year Strategic Plan (2013-2017) which is being reviewed now. The Board developed the FY2016/17 work plan which was extracted from the five year strategic plan. The deliverables that were set out in the work plan and performance contract for FY 2016/17 were achieved. The Board carried out monitoring and evaluation of utilization of the grants from the Ministry and collaborative projects from ICIPE and FAO, and the internal capacity was strengthened to ensure effective delivery of the Board's mandate.

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Corporate Governance

Strong Corporate Governance is integral to the Board's long-term success and is essential in delivering KENTTEC's strategy. The various board committees continue to play a vital role in supporting the board in discharging its duties. The Statement of Corporate Governance, included in this report, details the measures that the Board has undertaken to ensure a robust corporate governance environment.

Future Outlook

The Board is actively engaged in activities aimed at increasing and sustaining the Council to meet the ever increasing farmers' needs. The Board remains committed to deepening relationships with its stakeholders and key partners. Further, the Board shall endeavour to develop its people, innovative and cost-effective methods of eradicating tsetse and trypanosomiasis.

Acknowledgement

On behalf of KENTTEC directors and staff, I express my sincere gratitude to the Government of Kenya, Ministry of Agriculture Livestock and Fisheries, ICIPE, FAO, taxpayers and other stakeholders for their continued support.

Signed.....

Dr. David W. Wanyonyi
CHAIRMAN

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III. REPORT OF THE CHIEF EXECUTIVE OFFICER

The continental campaign (PATTEC) was formed following the African Heads of State and Governments in 2000 in Lome, Togo declaration (Decision AHG/156 (XXXVI) of the 36th Assembly of Heads of State and Government) to free Africa from tsetse and trypanosomiasis constraint.

The PATTEC initiative is coordinated by commission for Agriculture and Rural development of the African Union, Addis Ababa Ethiopia to implement the plan of action. Kenya is among the first group of 6 countries that started PATTEC implementation together with Uganda and Ethiopia in east Africa, Mali, Ghana and Burkina Faso in West Africa. In Kenya PATTEC was launched in 2005 with the goal of contributing to improved food security and poverty reduction in the tsetse infested areas and it has since become KENTTEC. The objective was to create sustainable tsetse-and- trypanosomiasis-free areas by integrating suppression, control and eradication approaches while ensuring the reclaimed areas are sustainably, equitably and economically exploited.

In recognition of the programme as key to food security and poverty eradication, and to safeguard the PATTEC achievements, the government established the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) through Legal Notice No. 77 of July 2012 under the State Corporations Act (Cap 446). The mandate is to mobilize resources, coordinate eradication of tsetse in the country, set standards and mitigate the socio-economic constraints brought by T&T infestation. There are enormous achievements which must be sustained.

Kenya has maintained a zero report of sleeping sickness which involves sustained surveillance of humans and animals to protect the gains. Tsetse densities in targeted areas like Mwea, Faza, Bogoria, Meru etc. are very low to allow and has boosted high productivity in dairy and crop production, thereby reducing poverty.

In the National Livestock Policy (2008), Tsetse and Trypanosomiasis eradication is identified as a priority for maximum livestock production. In addition, freeing large Tsetse and Trypanosomiasis infested areas is crucial in the achievement of the Vision 2030 Disease Free Zones flagship project and promotion of tourism through opening up of national parks to visitors. Tsetse eradication will contribute to the realization of the Sustainable Development Goals including eradication of extreme poverty, hunger and diseases and is in line with Heads of States Decision.

The government has been committed to the implementation of the Council's activities and has consistently provided funds in the last three financial years as evidenced by Kshs 514,296,322.00 in 2011/12, Kshs 748,324,247.00 in 2012/2013, Kshs.600 Million in 2013/2014, Kshs.400 million 2014/2015 and Kshs 300million in 2015/2016. This has enabled us to successfully suppress tsetse fly in the four regions namely Meru National Park, Lake Victoria, Lake Bogoria basin and Coastal region (Faza Island). The funds allocated mitigates against the following:

- Cost of human and animal treatment,
- Death of infected human and animals,
- Loss of milk in cattle,
- Loss of animal draught power, inability to plough in certain areas,
- Inaccessibility to grazing grounds,
- Low market value for affected animals,

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Loss of foreign exchange through imports of drugs/pesticides and lost opportunity to export livestock, livestock products and Protect human health

During the Financial Year 2016/2017, KENTTEC presented a budget of Ksh.540 million to enable her carry out planned activities of Tsetse and Trypanosomiasis Eradication in the tsetse belts. However, the Council was allocated Kshs.377 Million which was a reduction of Kshs.213 Million. The amount allocated was further reduced by Kshs.50 million thus leaving the Council with Kshs.327 Million. This adversely affected our operations hence cutting down on some of the critical activities that we had planned to undertake during the stipulated period.

At the end of the financial year, the Council had received a total of Kshs.370,712,059 as a grant, of which Kshs.365,817,187 was from the State Department of Livestock inclusive of Kshs.250 Million for development activities,77 Million for recurrent expenses and Kshs.38,817,187 towards drought mitigation activities,Kshs.978,072 from The International Centre for Insect Physiology and Ecology (ICIPE) and Kshs 3,916,800 from the Food and Agricultural Organisation (FAO) for collaborative Tsetse eradication activities in designated areas.

During the financial year the Council reported a surplus of Kshs.4, 988,122 as compared to the last years of Kshs. 2, 012,368.This was due the additional funding that we got from government towards drought mitigation activities and collaborative funding from ICIPE and FAO.

The employee cost for the period was Kshs 36,382,929 as compared to Kshs.39, 922,314 which was a reduction of Kshs.3, 539,385 due to disengagement of casual employees and interns and the retirement of four of the Council staff. The employee cost includes an amount of kshs.1, 020,000 being honoraria payment for the Chairman during the period. In the previous period the amount paid was only Kshs.680, 000 because the current chairman served for only 8 months.

Contracted Services had a total expenditure increased by Kshs.915, 016 from Kshs.1, 830,400 the previous year to Kshs 2,745,416 the current year. This is attributed to the engagement of a Consultant to carry out the process of ISO 9000:2015.

The cost of Specialised Materials for Tsetse control for the period was Kshs. 217,524,135 as compared to Kshs 155,940,150 for the previous period. This was mainly for the purchase and payment of additional material for the implementation of tsetse eradication activities during the year as a result of additional funding for the drought mitigation activities.

Included in the cost of General expenses is cost of printing, publicity and advertisement which increased from Kshs.1,962,750 to kshs.7,733,674 .This is attributed to consultancy cost incurred on advocacy of the council's activities, exhibition of our activities in various Agricultural shows and open days. The cost of repairs and maintenance of office equipment and computer accessories increased from Kshs.413, 439 the previous year to Kshs.1, 142,360 because of payment made to ESRI East Africa for maintenance of Tsetse GIS software.

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IV. THE BOARD OF DIRECTORS

	<u>PROFILE</u>
 <p data-bbox="156 862 531 929">Dr. David Wamamili Wanyonyi</p>	<p data-bbox="555 465 1407 705">Dr. David Wamamili Wanyonyi is the current and second KENTTEC board chairman. Dr. Wanyonyi is an academician with a wealth of experience in research, teaching and leadership. He is a lecturer at Moi University and is currently the head of the Department of Curriculum, Instruction and Educational Media, Moi University.</p> <p data-bbox="555 723 1407 963">Dr. Wanyonyi holds a Bachelor of Arts degree, a postgraduate Diploma in Education from Kenyatta University and a Doctor of Philosophy of the Department of Curriculum, Instruction and Educational Media from Moi University. He brings to the Board a wealth of experience in research and leadership.</p>
 <p data-bbox="156 1310 531 1344">Dr. Pamela Olet, PhD, MBS</p>	<p data-bbox="555 981 1407 1377">Dr. Pamela Olet is the KENTTEC CEO, prior to this she was the National Coordinator for the Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC-Kenya). Dr. Pamela Olet holds a PhD in entomology and a Masters degree in Business Management. Dr. Olet has spent all her career time in studying and eradication of tsetse and trypanosomiasis, her efforts were recognized through a Presidential award (Moran of Burning Spear- MBS) she received in 2011.</p>
 <p data-bbox="252 1753 467 1787">Dr. Kisa Ngeiywa</p>	<p data-bbox="555 1395 1407 1948">Dr. Ngeiywa Juma is the Director of Veterinary Services and a member of the KENTTEC Board. He has wide experience in leadership, partnerships and collaboration, participatory methods and approaches, community mobilization, training community members and their service providers. Dr Ngeiywa has worked in multi-cultural and multi-sectoral environments and possesses practical experience in community and other stakeholder participation processes, rights based approaches, principles of adult learning. Dr Ngeiywa is a graduate of Bachelor of Veterinary Medicine Degree (University of Nairobi, 1985) and Master of Science Degree in Veterinary Clinical Studies (University of Nairobi, 1993).</p>

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Dr. John Masasabi Wekesa

Dr. John Masasabi Wekesa. In the KENTTEC Board he represents the Ministry of Health. Dr. Wekesa is a Senior Deputy Director of Medical Services with over 30 years of experience in health systems management and was instrumental in the formulation of the Kenya Health Policy (2014-2030). He holds a Bachelors degree in medicine and surgery and a masters degree in medicine from the University of Nairobi. He also has a post graduate diploma in health systems management (Israel) and policy analysis and implementation in addition to strategic leadership from the Kenya school of Government. Dr. Wekesa is instrumental in fostering collaborations between the Council and other health institutions local, regional, international and Public Private Partnerships (PPPs). He is currently pursuing a PhD. in Health Systems Management at the Kenya Methodist University.



Dr. Samuel Kasiki

Dr. Samuel Kasiki represents the Kenya Wildlife Services (KWS) in the KENTTEC board. KWS is a major stakeholder in KENTTEC because of the conservation areas which are habitants for tsetse and the wild animals which are reservoirs of the trypanosome parasites. Dr. Kasiki presence in the board will further enhance the good collaborative working relationship between the two organizations. Dr. Kasiki holds a PhD in Ecology and a Masters Degree in Conservation Biology from University of Kent, UK and Bachelors degree in Science (Botany and Zoology) from University of Nairobi. He also holds an MBA.

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Dr. Charles Toroitich

Dr. Toroitich Charles Kisa has been the Assistant Director Veterinary Service (ADVS) in the State Department of Livestock, Ministry of Agriculture, Livestock and Fisheries based in Nairobi headquarters. He is a registered member with Kenya Veterinary Board (KVB) and the Kenya Veterinary Association (KVA) among other associations. Dr. Toroitich holds a Bachelor of Veterinary Medicine (BVM) from the University of Nairobi and a Masters of Science (MSc) degree in Veterinary Epidemiology and Livestock Economics (MVEE) at the University of Nairobi. He has a specialization in Training and facilitation, community mobilisation, participatory epidemiology, monitoring and evaluation, livestock marketing, and camel development. He is also a board member in the Kenya Veterinary Vaccine Production Institute (KEVEVAPI) and the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC).




Mr. Rophin Kalela Nyange

Mr. Rophin Nyange is a Deputy Director of Livestock Production in the Ministry of Agriculture, Livestock and Fisheries; currently in-charge of Food Security Division. Mr. Nyange has a wealth of experience in agricultural extension acquired through working with farmers for over three decades in various capacities and regions in Kenya.

Mr. Nyange holds a Masters degree in Agricultural Extension from the University of Reading, United Kingdom, a Bachelors of Science Degree from West Virginia University USA and a Diploma in Animal Husbandry from Egerton University Kenya. Mr. Nyange is a KENTTEC board member representing the office of the Director of Livestock Production. His vast experience in agricultural extension will be of great importance to the Council as it seeks to put to profitable use the tsetse freed lands.

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Management Team

<u>PROFILE</u>	
 <p>Dr. Pamela Olet, PhD, MBS</p>	<p>Dr. Pamela Olet is the KENTTEC CEO, prior to this she was the National Coordinator for the Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC-Kenya). Dr. Pamela Olet holds a PhD in entomology and a Masters Degree in Business Management. Dr Olet has spent all her career time in studying and eradication of tsetse and trypanosomiasis, her efforts were recognized through a presidential award she received in 2011.</p>
 <p>Mr. Seth O. Onyango</p>	<p>Mr. Seth Onyango has over 18 years experience in the Livestock Sector both at field implementation, planning and policy levels. He is currently stationed at the KENTTEC headquarters and is in-charge of Monitoring and Evaluation of the Council's activities. Mr. Onyango holds a Bachelors and Masters Degree in Agricultural Economics from Egerton University.</p>
 <p>Mr. Ochieng Gamba</p>	<p>Mr. Daniel Gamba is the Council's Entomologist and previously worked with the PATTEC Project since its inception in 2005. His duties include consolidation and coordination of the technical work plans and guidelines for the control, suppression and eradication of tsetse and trypanosomiasis. Mr. Gamba has a wealth of experience in tsetse research gathered during his collaborative work with KETRI, ICIPE, DFID and IFAD. He holds a Bachelor's and a Master's Degree in Zoology all from the University of Nairobi.</p>
 <p>Mr. Cyrus Muiru</p>	<p>Mr. Cyrus Muiru is a Senior Economist in charge of Planning and Administration in KENTTEC. Prior to joining KENTTEC in June 2013, Mr. Muiru had worked as the Personal Assistant to six consecutive Permanent Secretaries in the Ministry of Livestock Development from 2006 to 2013. He holds a Bachelors degree in Economics from Kenyatta University, a Post Graduate Diploma in Human Resource Management from the Institute of Personnel Management, a Certificate in Project Planning and Implementation from Eastern and Southern Africa</p>

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	<p>Management Institute (ESAMI) and is currently doing his project in Masters of Arts in Economics from the University of Nairobi.</p>
 <p>Mr. Edmund Wafula</p>	<p>Mr. Edmund Wafula is the KENTTEC's Accountant and is in charge of all the financial operations of the Council. He has worked previously with the Ministry of Cooperative Development and Agriculture and Livestock Development as an Accountant in various sections. He holds a Masters degree in Business Administration, Finance Option from Kenyatta University and Bachelors degree in Commerce from Catholic University of Eastern Africa and he is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>
 <p>Dr. Othieno Joseph, PhD, OGW</p>	<p>Dr. Othieno Joseph is the KENTTEC's Communication Officer. He handles all the communication activities of the Council which include publicity, media relations, advocacy and information dissemination. He holds a Bachelors' Degree in Veterinary Medicine, a Masters Degree in Communication studies and a PhD in Agricultural Information and Communication Management all from the University of Nairobi.</p>
 <p>Mr. John N. Njoroge</p>	<p>Mr. John Njoroge joined KENTTEC in July 2013 as a Human Resource Officer. He holds a diploma in Human Resource Management and a Higher Diploma in Counseling Psychology. In addition he has a Diploma in Theology. Mr. Njoroge has been a civil servant in the Human Resource Management cadre since 1981. In the Council he handles all the Human Resource Matters.</p>
	<p>Mrs. Nancy Miron is in charge of the KENTTEC's GIS and Data base Management office and has previously worked as the Regional Coordinator KENTTEC Meru/ Mwea Region. She holds a Bachelors degree in Biological Sciences from Moi University and a Master of Science Degree in Environmental Information System from Jomo Kenyatta University of Agriculture and Technology (JKUAT). Mrs. Miron has a wealth of experience in Vector management, GIS and Database</p>

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<p>Mrs. Nancy Miron</p>	<p>management from her working with the ministry and collaborative works with local and internal organizations.</p>
 <p>Mr. Moses Cheruiyot</p>	<p>Mr. Moses Cheruiyot is the KENTTEC Regional Coordinator for Coast Region. He has been instrumental in opening and operationalizing KENTTEC office in Mombasa. His duties include coordinating implementation of Tsetse and Trypanosomiasis eradication in Coast Region. He has been on the forefront in the successful eradication of tsetse and trypanosomiasis in Faza and Pate Islands. He has over 20 years' experience in Tsetse and Trypanosomiasis control. He was on IAEA Fellowship at the Ethiopian Science and Technology Commission before he joined PATTEC in 2007. He holds a Bachelor of Science from the University of Nairobi a Post-Graduate Diploma and a Masters Degree in Project Planning and Management from the same University.</p>
 <p>Mr. Ronald Ochwada</p>	<p>Mr. Ronald Ochwada coordinates all the tsetse and trypanosomiasis eradication activities in the Lake Bogoria/Mara Region. He has over twenty years experience in Zoology. Mr. Ochwada holds a Bachelors and Masters Degree in Zoology from Panjab University, India. His area of specialization is Parasitology. He has also undergone a Senior Management Course at the Kenya Institute of Administration.</p>
 <p>Isaiah Ndaburu Kiteto</p>	<p>Isaiah Ndaburu Kiteto is the KENTTEC's Regional Coordinator for Meru/ Mwea region. His duties and responsibilities involve coordination of KENTTEC's activities of Tsetse and Trypanosomiasis eradication in the region that covers thirteen (13) counties in Eastern, North Eastern and Central Kenya. Before assuming his position, he was the Zoologist in charge of PATTEC/ KENTTEC activities in Tharaka in Tharaka-Nithi county for 6 years.</p> <p>He holds a Bachelor of Science degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT) having majored in Biochemistry with a minor in Zoology and a Master of Science degree in Tropical Animal Health (MSTAH) from the Institute of Tropical Medicine, Antwerp, Belgium.</p>

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Mrs. Agnes Ikolot Otwani

Agnes Ikolot Otwani Is the Regional Coordinator for Nyanza Region caved from the larger Lake Victoria Basin Region. Her duties and responsibilities involve coordination of tsetse and trypanosomiasis eradication activities in Nyanza region. She has formerly worked as the zoologist in-charge of PATTEC activities in Teso North and Teso South Sub counties for four years and as the zoologist in-charge of KENTTEC activities in Busia County for two years.

She holds a Bachelor of Science degree from Makerere University with a Zoology major and Botany minor. She is currently writing her thesis for a Master of Science in Applied Parasitology at Kenyatta University. She has gained a lot of experience from working in the field and attending short courses in Geospatial analysis of disease vectors and use of GIS and Population genetics to identify isolated tsetse populations.



Mr. James Owuor

Mr. James Owuor is in charge of the Council's supplies and procurement. Mr. Owuor worked with Ministry of Livestock Development in administration, personnel, accounts and procurement departments; before joining PATTEC and then KENTTEC. Mr. Owuor holds an advanced certificate in supplies management and a Diploma in Purchasing and Supplies Management



Ms. Agnes Mungai

Ms Agnes Mungai is the KENTTEC Secretary. She has previously worked at the Ministry of Livestock Development Headquarters as a Senior Secretary and also worked with PATTEC Project. She holds a Diploma in Public Relations from the University of Nairobi, A Certificate in Secretarial Studies from Nyeri Technical Training Institute. She is also trained in GIS, Data Capture and Analysis from ILRI, in addition to Secretarial Management course, Executive Secretarial Course all from Kenya School of Government (KSG) and Management Development for Executive Assistant (ESAMI).

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Corporate Governance Statement

Introduction

The Kenya Tsetse and Trypanosomiasis Eradication Council is committed to the highest standards of corporate governance as set out in the State Corporations Act Cap 446 and the Public Finance Management Act, 2012 and by itself in conformity to best Practices. The Board of Directors is responsible for the long-term strategic direction and provision of services of value to the public whilst being accountable and legal compliance and maintenance of the highest corporate governance standards and business ethics.

The Board of Directors

The Board is constituted as per the legal notice No.77 of July 2012 and is responsible for drawing and implementing strategies for the success of the Council, establishing and maintaining a system of internal controls so that the objectives of the organization are met.

The day-to-day running of the business of the Council is delegated to the CEO who reports to the Board. The board has an oversight mandate and holds meetings as provided for in the legal notice. The notices and agenda for all board meetings are circulated on timely basis to all directors together with other relevant reports for discussion.

Composition of the Board

The Board of the Council is made up of the following 11 non-executive directors; with a three year term limit. The Board is still working on modalities to attain the gender threshold of 1/3.

During the period 2016/2017 Dr.David W.Wanyonyi was appointed to Chair the Board of the Council thus replacing Dr.Gideon Wathe Nzau who had retired the previous year. No appointment was made to replace the following members whose term had also expired the previous year,Mr.Hassan Odowa,Dr.Raymond Mdachi, Prof.WilliamOgara and Mrs. Rosalia Wanyonyi and Mr.Isaiah Amunga Amunga a representative of PS Treasury on the board who had been transferred at the end of first quarter. Nevertheless the following were on the board during the period;

1. Dr.David W.Wanyonyi-Chairman
2. Dr.John M.Wekesa
3. Mr.Isaiah M. Amunga-left during second quarter
4. Dr.Charles Toroitich
5. Dr.Samuel Kasiki
6. Dr.Kisa J. Ngeywa

The Chief Executive Officer is the secretary to the board.

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There are appropriate policies and procedures to identify and deal with any potential conflicts of interest at management and board levels.

The members are provided with opportunity for training and during the year the members attended an induction course on the Mwongozo guidelines in Mombasa that was organised by the State Corporations Advisory Committee (SCAC).

The board and management of the Council is to disclose to all employees that they have the possibility of reporting any irregularities of general, operational and financial nature to the directors or another designated official.

Board Meetings

The Board of Directors meets on quarterly basis to monitor the implementation of the Council’s planned strategy, review it in conjunction with its financial and budgetary performance and approve issues which are strategic to board's mandate. Specific reviews are also undertaken on operational issues and future planning.

During the period under review the Board held 9 meetings three of which were special..

The directors’ attendance of the (five) 9 Board meetings held during 2016/2017 was as follows

	NAME OF DIRECTOR	NO.OF BOARD MEETINGS ATTENDED
1	Dr. David W. Wanyonyi	9
2	Dr. John M. Wekesa	9
3	Mr. Rophin Nyange	7
4	Dr. Charles Toroitich	8
5	Dr. Samuel Kasiki	8
6	Dr. Kisa Ngeywa	8
7	Mr Isaiah Amunga	6

BOARD COMMITTEES

The composition of the board committees was set up in compliance with the Mwongozo guidelines to have a maximum of five members. However the committees’ work was affected due to non appointment of the independent members whose term had expired and especially the Human Resource Finance and Administration Committee.

Audit Committee

The Audit Committee is guided by an Audit Charter that specifies the qualifications, responsibilities and procedure of the committee. It meets on quarterly basis and comprises of 3 non-executive members of the Board who are independent of the day-to-day management of the Council’s operations.

The following are the members of the committee;

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1. Dr. Samwel Kasiki - Chairperson
2. Dr. John Masasabi
3. Dr.Kisa Ngeiywa-DVS
4. Mr.Isaiah Maube Amunga

The Head of Internal Audit is the secretary to the committee.

The Committee:

- Considers the appropriateness of the company's accounting policies and procedures.
- Monitors and assess the role and effectiveness of the internal audit function.
- Reviews procedures to manage financial and operational risks;
- Responsible for Internal Audit and risk management programs.

The committee managed to hold 3 meetings during the year.

	NAME OF DIRECTOR	NO.OF COMMITTEE MEETINGS ATTENDED
1	Dr.Samwel Kasiki	3
2	Dr. John Masasabi	3
3	Mr.Isaiah M.Amunga	1
4	Dr.Kisa Ngeiywa-Director Veterinary Services	3

Technical Committee

This Committee meets on quarterly basis or as required to review the Technical operations (tsetse control mechanisms) of the Council and recommend for Board approval policies and standards for tsetse eradication and control.

The Committee is comprised of the following directors:

1. Dr.Kisa Ngeiywa-DVS - Chairperson
2. Mr.Rophin Nyange
3. Dr.John M.Wekesa
4. Dr.Kisa Ngeiywa
5. Dr.Samwel Kasiki

The head of Technical operations is the secretary to the committee.

During the period under review the Board managed to hold 4 meetings

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	NAME OF DIRECTOR	NO.OF COMMITTEE MEETINGS ATTENDED
1	Dr.Kisa Ngeiywa-DVS - Chairperson	4
2	Mr.Rophin Nyange	4
3	Dr.John M.Wekesa	3
4	Dr.Kisa Ngeiywa	4
5	Dr.Samwel Kasiki	3

Human Resource, Finance and administration Committee

This Committee was set up to assist the board in matters of Human resource and Finance. The committee meets on a quarterly basis to advise the Council on all matters pertaining to Human resource management and financial performance.

The committee is composed of the following directors:

1. Mr.Isaiah Amunga-Chairperson
2. Dr.Charles Toroitich Kisa
3. Mr.Rophin Nyange

The committee had only two meetings during the year because the Alternate member to PS National Treasury left the Board and a replacement was not done during the remaining period hence the technical committee was mandated by the Board to carry out its functions.

	NAME OF DIRECTOR	NO.OF COMMITTEE MEETINGS ATTENDED
1	Mr.Isaiah Amunga-Chairperson	2
2	Dr.Charles Toroitich Kisa	2
3	Mr.Rophin Nyange	1

Risk Management

The Board has a number of arrangements in place intended to identify and manage areas of significant strategic or financial risk. These include:

- (i) Procedures to consider and approve the strategic direction of KENTTEC;
- (ii) Detailed and regular budgetary, financial and management reporting;
- (iii) Procedures to manage financial and operational risks;
- (iv) Clear organisational structure, procedures, manuals and policies, including delegation policies;

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(v) Internal Audit and risk management programs.

This is designed to provide an enterprise wide risk management methodology which incorporates risk identification, analysis, assessment, treatment and monitoring/review of a wide range of risk and compliance issues including external environment, process risk and decision making risks.

Risk management is overseen by the Audit Committee.

Ethical Standards

The Directors subscribe to the need for continued maintenance of the highest standards of Corporate Governance practices and ethical conduct by all Directors, Senior Management and employees of KENTTEC. All Directors, Management and employees are expected to act with utmost integrity and objectivity in their dealings with each other, including the public and the communities, aiming at all times to enhance the reputation and performance of the Council.

KENTTEC has adopted a Code of Conduct which sets standards of behaviour required of all employees including requirements to:

- (i) Ensure all staff are aware of and comply with the spirit and letter of their obligations under the applicable Acts, Regulations and Rules which apply to Council;
- (ii) Act properly and efficiently in pursuing the objectives of KENTTEC;
- (iii) Avoid situations which may give rise to a conflict of interests;
- (vi) Maintain confidentiality in the affairs of the Council and its clients; and
- (vii) Be absolutely honest in all professional activities

These standards are regularly communicated to staff and Directors and are accepted and agreed to by all.

Corporate Communication

Management processes are in place to ensure that all material matters which may potentially require attention are promptly reported to the Chief Executive Officer through established reporting lines. Matters reported are assessed, and dealt with appropriately.

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Environment

The Board encourages responsible environmental management including undertaking projects to manage or reduce the environmental impact of KENTTEC's field operations. The council developed an Environmental policy according to the EMCA 1999 that guides the implementation of tsetse eradication programs. As part of corporate social responsibility, the council provides and trains schools and institutions on the best practices in usage of insecticides, animal husbandry and improvement of their livestock especially in the tsetse freed areas. In order that outputs from our operation is mitigated, the council conducts annual environmental audits to align the implementation of the tsetse control programs with the requirements of the Environmental Management and Conservation ACT 1999. The national Environmental protection agencies (NEMA) provides guidelines and framework/checklist for environmental sustainability; audit report preparation consistent with the provisions of EMCA, 1999

Community Engagement

Local committees in tsetse infested areas are our main stakeholders in the tsetse and Trypanosomiasis eradication activities. The council's tsetse control activities like animal spraying, tsetse traps and targets deployment, tsetse traps making and monitoring of tsetse populations through community groups. The groups are normally trained by the council on tsetse and Trypanosomiasis eradication and profitable agricultural use of the tsetse freed areas. To date the Council has over 800 such groups.

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V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) strive to be an institution of excellence in creating a healthy and wealthy nation, free of tsetse and Trypanosomiasis. Through effective coordination of tsetse and Trypanosomiasis eradication in the country using scientifically proven and environmentally friendly technologies.

Towards this end KENTTEC has developed core values that guide its staff when dealing with the various stakeholders. The core values are;- professionalism, integrity, transparency, accountability, effectiveness, commitment, teamwork, meritocracy and inclusiveness.

KENTTEC's relationships with its stakeholders and customers are guided by the Council's commitment to integrity, professionalism and inclusiveness. Accordingly, we are committed to ensuring that each person and entity collaborating with us in tsetse and trypanosomiasis eradication is treated with dignity and respect and is given an opportunity to contribute to the Council's success.

The Council works to empower women and youth in the tsetse infested and freed areas as per the Jubilee Government Manifesto. Women and youth groups are involved in training farmers, target making, deployment and servicing. Upon successful suppression the youth and women are supported to engage in commercial agriculture and to access micro-financing services.

KENTTEC recognizes the importance of trust as a critical foundation of a successful and sustainable collaboration with its stakeholders and have worked to foster trusting relationships with our stakeholders by strictly following the terms of references when doing business with the customers. The Council's Corporate Service Charter details the services offered the requirements from the client and timelines within which the service will be rendered.

At KENTTEC equality among colleagues is expressed in recognizing, respecting and valuing individual differences in each other, treating each other fairly and creating equal opportunity for everyone. The Council recognizes that diversity and inclusion are critical in the successful coordination of tsetse and trypanosomiasis eradication in Kenya. Diversity in our workforce and supply base, helps foster the kind of innovation, sensitivity and vitality that enables us to effectively deliver our services. We embrace diversity across all levels of our collaborations and act on any feedback that improves our output.

When working with the local communities KENTTEC recognizes the responsibility to act responsibly and constructively as a member of these communities. Through a broad range of community initiatives, charitable giving and continued awareness creation on tsetse and trypanosomiasis eradication, animal husbandry, breed improvement and environmental conservation.

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KENTTEC seeks to create value for society and bring joy to people's lives by contributing to food security and public health. We are proud of the many partnerships we have established with other government institutions and non-profit organizations that share our value of community involvement.

In adhering to the above principles, KENTTEC seeks to communicate its commitment to its customers and stakeholders and to the communities in which it works. Further, we expect that our customers and stakeholders will embrace and uphold these principles to the best of their ability.

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VI. REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the financial statements for the year ended June 30th, 2017 which disclose the state of affairs the Council.

The main objective of the council is;

To advise the government on the policy of Tsetse and Trypanosomiasis eradication in Kenya and its implementation.

Results

The results of the council for the year ended June 30th, 2017 are set out on page 31.

Property, Plant and Equipment

Details of the movements in property, plant and equipment are shown in note 15 to the financial statements.

Directors

The members of the Board of Directors who served during the year are shown on page 12-14

Auditors

The Auditor General is responsible for statutory audit of the Council in accordance with Article 229 of the constitution of Kenya and Public Audit Act 2015.

By Order of the Board



**Dr. Pamela A. Olet (MBS)
CHIEF EXECUTIVE OFFICER - KENTTEC
NAIROBI.**

Date: 31/5/2018

**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)
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VII.STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14(3) of the State Corporations Act, requires the Directors to prepare financial statements in respect of The Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) which give a true and fair view of the state of affairs of the Council at the end of the financial year/period and the operating results of the organization for that year ending 30th June 2017. During the period under review, the Council has kept proper accounting records which disclose with reasonable accuracy the financial position of the Council and the assets of the organization have been properly safeguarded.

The KENTTEC Board of Directors are responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state affairs of the Council at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the direct manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Council's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2017, and of the Council's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Financial Statements

The Council's financial statements were approved by the Board on 26/9/ 2017 and signed on its behalf by:



Dr.David W.Wanyonyi
CHAIRMAN

REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Tsetse and Trypanosomiasis Eradication Council set out on pages 31 to 50, which comprise the statement of financial position, as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Tsetse and Trypanosomiasis Eradication Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya Tsetse and Trypanosomiasis Eradication Council Order, 2012.

In addition, 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 money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Tsetse and Trypanosomiasis Eradication Council in accordance with ISSAIs 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance to the audit of the financial statements. There were no Key Audit Matters to communicate in my report.

Report of the Auditor-General on the Financial Statements of Kenya Tsetse and Trypanosomiasis Eradication Council for the year ended 30 June 2017

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) 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.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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.

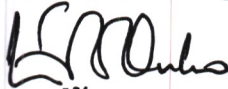
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Council's 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 going concern 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 Council'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 Council to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether 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 Council 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

03 July 2018

**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)
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2017**

**IX.KENTTEC STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2017.**

	Notes	2016/2017 Kshs.	2015/2016 Kshs.
Revenue from non-exchange transactions			
Government grant	4	365,817,187	300,000,000
Other income (ICIPE)	5	978,072	-
Other income (FAO)	5	3,916,800	-
Total revenue		370,712,059	300,000,000
Expenses			
Employee costs	6	36,382,929	39,922,314
Domestic travel and Subsistence Cost	7	40,568,431	34,646,230
Board Expenses	8	3,704,760	4,798,780
Depreciation expense	9	13,797,944	12,280,972
Repairs and Maintenance	10	8,219,785	7,387,353
Contracted services	11	2,745,416	1,830,400
General expenses	12	42,780,950	41,181,433
Specialized Materials other Supplies	13	217,524,135	155,940,150
Total expenses		365,724,350	297,987,632
Surplus before tax		4,987,709	2,012,368
Taxation		-	-
Surplus for the period		4,987,709	2,012,368

The notes set out on pages 36 to 49 form an integral part of the Financial Statements

**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2017**

**X.KENTTEC STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017.**

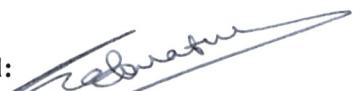
	Notes	2016/2017 Kshs	2015/2016 Kshs
Assets			
Current assets			
Cash and cash equivalents	14	1,546,170	619,736
Inventory	17	8,946,679	9,170,000
Non-current assets			
Property, plant and equipment	16	<u>57,430,738</u>	<u>53,250,230</u>
Total assets		<u>67,923,587</u>	<u>63,039,966</u>
Liabilities			
Current liabilities			
Trade Payables	15	2,020,805	2,600,805
Total liabilities		<u>2,020,805</u>	<u>2,600,805</u>
Financed by:			
Accumulated surplus		65,902,782	60,439,161
Total net assets and liabilities		<u>67,923,587</u>	<u>63,039,966</u>

Signed:


Dr. Pamela A. Olet PhD MBS
CHIEF EXECUTIVE OFFICER

Date... 31/5/2018

Signed:


Mr. Edmund O. Wafula
PRINCIPAL ACCOUNTANT
ICPAK M/NO.8276

Date... 31/5/18

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**XI. KENTTEC STATEMENT OF CHANGES IN NET ASSETS
AS AT 30TH JUNE 2017**

	Accumulated surplus <u>Kshs.</u>	Total <u>Kshs.</u>
Balance at 30th June 2016	60,439,161	60,439,161
Surplus/(deficit) for the period	4,987,709	4,987,709
Donated Computer accessories	475,912	475,912
Balance as at 30th June 2017	65,902,782	65,902,782

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XII. KENTTEC CASHFLOW STATEMENT

Cash flow from operating activities	Notes	2016/2017	2015/2016
Receipts		Kshs.	Kshs.
Government grant	4	365,817,187	300,000,000
Other income (ICIPE)	4	978,072	-
Other income (FAO)	5	3,916,800	-
		370,712,059	300,000,000
Payments			
Employee costs	6	36,382,929	39,922,314
Domestic travel and Subsistence Cost	7	40,568,431	34,646,230
Board Expenses	8	3,704,760	4,798,780
Repairs and Maintenance	10	8,219,785	7,387,353
Contracted services	11	2,745,416	1,830,400
General expenses	12	42,780,950	41,181,433
Specialized Materials other Supplies	13	217,524,135	155,940,150
Trade payables paid	15	1,160,000	3,454,122
Increase in Trade payables	15	(580,000)	(1,160,000)
Inventory b/f Paid	17	8,946,679	9,170,000
Inventory expensed	17	(9,170,000)	-
Total expenses		352,283,085	297,170,782
Net cash flow from operating activities		18,428,974	2,829,218
Cash flows from investing activities:			
Purchase of property, plant, equipment		(17,502,540)	(2,344,095)
Net cash flow used in investing activities		(17,502,540)	(2,344,095)
Net increase/(decrease)in cash and cash equivalents		926,434	485,123
Cashandcashequivalentsat1 st JULY	14	619,736	134,613
Cashandcashequivalentsat30th JUNE 17	14	1,546,170	619,736

XIII.KENTTEC STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
Revenue	KShs.	KShs.	KShs.	KShs.	KShs.
Government grants	377,000,000	(11,182,813)	365,817,187	365,817,187	-
Other income(ICIPE)	-	978,072	978,072	978,072	-
Other income(FAO)	-	3,916,800	3,916,800	3,916,800	-
Total income	377,000,000	(10,204,741)	370,712,059	370,712,059	-
Expenses					
Employee costs	40,000,000	(4,100,000)	35,900,000	36,382,929	(482,929)
Domestic travel and subsistence costs	46,747,000	(1,267,621)	45,479,379	44,273,191	1,206,188
Contracted Services	19,060,000	(16,060,000)	3,000,000	2,745,416	254,584
Specialized Materials other Supplies	180,753,000	38,474,680	219,227,680	217,524,135	1,703,545
General expenses	45,615,000	(4,185,000)	41,430,000	42,780,950	(1,350,950)
Repairs and Maintenance	7,375,000	-	7,375,000	8,219,785	(844,785)
Capital Expenditure	37,450,000	(19,150,000)	18,300,000	17,502,540	797,460
Total expenditure	377,000,000	(6,287,941)	370,712,059	369,428,946	1,283,113
Surplus for the period	-	-	-	1,283,113	(1,283,113)

Reconciliation of Total expenditure in financial performance with Statement of comparison.

Expenditure as per statement of Comparison of budget and Actuals	369,428,946
Add: Depreciation Expense	13,797,944
Less: Amount paid for Noncurrent assets (Capital expenditure)	(17,502,540)
Expenditure as per the Statement of Financial Performance	365,724,350

There is no explanation provided of material performance differences between budget and actual amounts because they are less than 10% over/under on all the items.

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XIV. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) is established by and derives its authority and accountability from Legal Notice of July 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to eradicate Tsetse and trypanosomiasis in Kenya.

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for measurement at revalued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimate recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying KENTTEC's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of KENTTEC.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Water Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption Of New And Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
<p>IPSAS 33: First time adoption of Accrual Basis IPSAS</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. The entity adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.</p>

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Standard	Impact
<p>IPSAS 34: Separate Financial Statements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The entity does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply</p>
<p>IPSAS 35: Consolidated Financial Statements</p>	<p>Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following: <ul style="list-style-type: none"> - Its power over the other entity - Its exposure or rights to variable benefits from involvement with the other entity - Its ability to control the nature, timing and amount of benefits from the other entity. Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35. The entity does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply</p>
<p>IPSAS 36: Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest. The entity does not have investments in associates or joint ventures</p>
<p>IPSAS 37: Joint Arrangements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. The entity does not have an interest in a joint arrangement and therefore the standard does not apply</p>
<p>IPSAS 38: Disclosure of</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that</p>

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Standard	Impact
Interests in Other Entities	enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. The entity does not have an interests in other entities and therefore the standard does not apply

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2017.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Summary of significant accounting policies

(a) Revenue recognition

(i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities have been measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) and that

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, the transfer was free from unjust conditions and the economic benefits or service potential, related to the asset accrued to the entity and was measured reliably.

b) Budget information

The original budget for FY 2016-2017 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional/reduced appropriations are added/reduced to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded revised appropriations of Kshs.11, 182,813 on the 2016-2017 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section XV of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at; cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. All the repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on Property, plant and equipment has been charged on straight line basis as follows:

Buildings	2.5%
Furniture, fixtures, fittings and office equipment	12.5%
Computer Accessories	33.3%
Motor Vehicles and Cycles	20.0%
Machinery	20.0%

d) Inventories

Inventories of Specialised tsetse materials used shall be recognised as an expense in the period in which they are issued and consumed. According to IPSAS 12 on inventories, a public sector entity may hold inventories that embody future economic benefits or service potential that will be distributed at no or at a nominal charge. As a consequence its future economic benefit or service

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potential does not reflect the future potential to generate future cash inflows for the entity. In this case these goods are valued at replacement or estimated replacement cost, depending on the fact that the future economic benefit or service potential can be acquired or not in the market.

e) Nature and purpose of reserves

The Council creates and maintains reserves in terms of specific requirements. Since the Council inherited assets from its predecessor (PATTEC) a Capital reserve was created to hold the Net Book Value amounts of the Assets. These assets were fully depreciated as at 30th June 2016.

f) Changes in accounting policies and estimates

The Council recognises changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

g) Employee benefits

Retirement Benefit Plans

The Council did not provide for retirement benefits for its employees since the current staff has been deployed from the parent Ministry.

h) Related parties

The Council regards a related party as a person or an entity with the ability to exert control individually or jointly, to exercise significant influence over the entity, or vice versa. Members of key management are regarded as related parties and comprises of; the Board members, Chief Executive Officer and senior Officers of the Council.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, at the end of the financial year.

j) Comparative figures

Comparative figures for the previous financial year 2015/2016 are shown.

k) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30th, 2017.

3. Critical Accounting Estimates and Judgements in applying the Council's accounting Policies.

In the process of applying the council's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

Critical accounting judgements in applying the entity's policies

Property and equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Contingent liabilities

The directors evaluate the status of any exposures on a regular basis to assess the probability of the entity incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

4. Public Contributions and donations

	2016/2017	2015/2016
	Shs	Shs
Government Grants	365,817,187	300,000,000
Total transfers	365,817,187	300,000,000

5. Other income

	2016/2017	2015/2016
	Shs	Shs
Grant for Collaborative tsetse activities (ICIPE)	978,072	0
Grant for Collaborative tsetse activities (FAO)	3,916,800	0
Total other income	4,894,872	0

6. Employee costs

	2016/2017	2015/2016
	Shs	Shs
CEO Salary, Staff extraneous allowances and internship stipends	29,978,629	32,744,714
Casual wages	5,384,300	6,497,600
Chairman's Honoraria	1,020,000	680,000
Employee costs	36,382,929	39,922,314

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7.Domestic travel and subsistence costs

	2016/2017	2015/2016
	Shs.	Shs
Subsistence allowances for officers field travel	38,374,763	32,900,651
Travel Cost	2,193,668	1,745,579
Total Domestic travel and subsistence cost	40,568,431	34,646,230

8.Board Expenses

	2016/2017	2015/2016
	Shs	Shs
Board Expenses	3,704,760	4,798,780

9.DepreciationExpense

	2016/2017	2015/2016
	Shs	Shs
Land and Buildings	217,295	217,295
Office Equipment	1,809,069	1,809,069
Motor vehicles	2,701,560	0
Furniture, Fixtures and Fittings	7,663,229	7,260,761
Computer and Accessories	826,791	2,413,847
Machinery	580,000	580,000
Total Depreciation Expense	13,797,944	12,280,972

10.Repairsandmaintenance

	2016/2017	2015/2016
	Shs	Shs
Office Equipment and Computer Accessories	1,142,360	413,439
Motor Vehicles and Cycles	7,077,425	6,973,914
Total repairs and maintenance	8,219,785	7,387,353

11.Contractd Services

	2016/2017	2015/2016
	Shs	Shs.
ISO Certification process	2,745,416	1,830,400
Total contracted services	2,745,416	1,830,400

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12. General Expenses

	2016/2017	2015/2016
	Shs	Shs.
Printing publicity and Advertising Expenses	7,733,674	1,962,750
Office Rent	19,931,605	21,750,758
Foreign Travel	1,724,576	1,621,339
Training Expenses	845,532	1,712,872
Hospitality expenses	1,182,247	1,860,060
Bank charges	130,144	146,623
Telephone, Courier and Internet Expenses	2,181,617	2,050,592
Fuel and oil	5,930,000	6,391,208
Office Stationery	1,664,010	2,139,130
General office expenses (Headquarters and four regions)	877,545	386,101
Audit fees (Provision for 2016/2017)	580,000	1,160,000
Total General Expenses	42,780,950	41,181,433

13. Specialised Tsetse materials and other supplies

	2016/2017	2015/2016
	Shs.	Shs.
Deltamethrin 5%	32,710,000	41,800,000
Tsetse Odours	10,900,000	15,440,000
Alphacypemethrin 10%	44,872,500	19,350,000
Albendazole 10%	5,242,500	5,160,000
Acetone GPR	0	4,980,000
Diminazene Aceturate	6,030,000	8,040,000
Tsetse Biconical traps	7,603,500	4,725,000
Tsetse Targets	18,000,000	28,237,500
NGU Tsetse traps	20,900,000	1,400,000
Sticky panels	2,399,400	4,553,000
Flumethrine 1%	27,400,000	18,465,000
Laboratory Reagents	3,698,965	1,394,400
Livestock feeds and Sexed Semen	585,000	245,250
Spray Pumps	9,538,000	2,150,000
Deltamethrin treated Nets and Community materials	13,470,000	0
Protective Kits	8,496,360	0
Farm inputs	4,331,910	0
Cleaning materials	1,346,000	0
Total	217,524,135	155,940,150

Included in the expenditure of the specialised tsetse materials is an expenditure of **Kshs. 9,170,000** being cost of inventory balance from previous period expensed (see note 16).

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14. Cash and cash equivalents:

Cash and cash equivalents include only cash balances held in the Council's bank accounts at the closure of the financial year were as follows:

		2016/2017	2015/2016
		Shs.	Shs.
Bank Balance		1,546,170	619,736
Financial institution	Account number	2016/2017	2015/2016
		Shs.	Shs.
Current account			
Co-operative Bank	01136008428802	544,087	247,277
Co-operative Bank	01136008428803	1,002,083	372,459
Grand total		1,546,170	619,736

15. Trade payables

These is an obligation to pay an amount of Kshs.2,020,805 payable to Rico interior Design and Contractors for the construction of the office block at the Magungu biofarm being final payment, and Audit fees 2016/2017 provision.

	2016/2017	2015/2016
	Kshs.	Kshs.
Rico Interior Design and Contractors	1,440,805	1,440,805
Audit fees 2016/2017 (Provision)	580,000	1,160,000
Total	2,020,805	2,600,805

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16. Property, Plant and equipment.

	Buildings	Motor Vehicles and Cycles	Office equipment	Computers and Accessories	Furniture, fixtures and Fittings	Machinery	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2015	8,691,802	31,458,478	49,983,460	23,190,541	59,364,684	3,635,000	176,323,965
Additions	-	-	224,995	-	-	-	224,995
Disposals	-	-	-	-	-	-	-
At 30 June 2016	8,691,802	31,458,478	50,208,455	23,190,541	59,364,684	3,635,000	176,548,960
Depreciation							
At 1 July 2015	(217,295)	(29,427,782)	(44,014,529)	(20,366,874)	(13,208,583)	(1,605,000)	(108,840,063)
Depreciation charge (Assets inherited from PATTEC)		(2,030,696)	-	-	-	(147,000)	(2,177,696)
Depreciation (Acquired by Kenttec)	(217,295)	-	(1,809,069)	(2,413,847)	(7,260,761)	(580,000)	(12,280,972)
At 30th June 2016	(434,590)	(31,458,478)	(45,823,598)	(22,780,721)	(20,469,343)	(2,332,000)	(123,298,730)
Cost As at 1st July 2016	8,691,802	31,458,478	50,208,455	23,190,541	59,364,684	3,635,000	176,548,960

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Additions	-	13,507,800		1,250,912	3,219,740	-	17,978,452
Disposals	-	-	-	-	-	-	-
At30 June2017	8,691,802	44,966,278	50,208,455	24,441,453	62,584,424	3,635,000	194,527,412
Depreciation							
As at 1stJuly2016	(434,590)	(31,458,478)	(45,823,598)	(22,780,721)	(20,469,343)	(2,332,000)	(123,298,730)
Depreciation Charge 2016/2017	(217,295)	(2,701,560)	(1,809,069)	(826,791)	(7,663,229)	(580,000)	(13,797,944)
As at 30th June2017	(651,885)	(34,160,038)	(47,632,667)	(23,607,099)	(28,132,572)	(2,912,000)	(137,096,674)
Net Book ValueAt30th June2016	8,257,212	-	4,384,857	409,820	38,895,341	1,303,000	53,250,230
Net Book ValueAt30th June2017	8,039,917	10,806,240	2,575,788	833,941	34,451,852	723,000	57,430,738

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17. Inventories;

These are goods for specialised tsetse material that were in stock at the close of the financial year and they are stated at cost as follows:

	2016/2017	2015/2016
	Kshs	Kshs
Spray pumps for communities	0	1,998,000
Acetone GPR	4,158,000	0
Deltamethrine Treated Nets	0	5,225,000
Protective Kits	0	1,947,000
Laboratory Reagents	4,788,679	0
Total	8,946,679	9,170,000

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18. Surplus for the period reconciliation with cash generation

	2016/2017	2015/2016
	Kshs.	Kshs.
Surplus for the period	4,987,709	2,012,368
Adjusted for:		
Depreciation	13,797,944	12,280,972
Trade payables (Paid)	(1,160,000)	(3,454,122)
Inventory(Paid)	(8,946,679)	(9,170,000)
Accrued expenses for the year	580,000	1,160,000
Inventory expensed	9,170,000	0
Net cash flow from operating activities	18,428,974	2,829,218

19. Financial Risk Management Objectives and policies

The organisation's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The major types of financial risks faced by the organisation are:

- Credit risk
- Liquidity risk

(a) Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulties in meeting its obligations from its financial liabilities. The council's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

Prudent liquidity risk management, implies maintaining sufficient cash, by liaising with the parent Ministry and Treasury to ensure prompt grant releases when due and ensuring spending is within budgetary provisions. However, the council is exposed to this risk due to budget cuts by the National treasury that affect the grants due to it, and delayed exchequer release.

Prudent liquidity risk management includes maintaining sufficient cash to meet organisation obligations. The organisation manages liquidity risk through continuous monitoring of forecast and actual cash flows. The liquidity risk is also managed through the continuous grants from Parent Ministry headquarters. The table below analyses the organisation's extend of the liquidity risk as at the end of the period;

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	within 1 year Shs	Between 2-3 years Shs	Over 3 years Shs	Total amount Shs
30th June 2017				
Unexpended grants	1,546,170	-	-	1,546,170
Payables	2,020,805	-	-	2,020,805
	<u>3,566,975</u>	<u>-</u>	<u>-</u>	<u>3,566,975</u>
30th June 2016				
Unexpended grants	619,736	-	-	619,736
Payables	2,600,805	-	-	2,600,805
	<u>3,220,541</u>	<u>-</u>	<u>-</u>	<u>3,220,541</u>

(b) Credit Risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The largest concentration of credit exposure within the council arises from cash held with the bank. The Council has placed its amounts of funds in a recognised financial institution with strong credit rating and does not consider credit risk exposure to be significant. The credit risk on trade receivables is limited because the nature of the organisation's business is such that the services provided are not chargeable. The bulk of income to the organisation for the period relates to grants from government and other donors. The credit risk on grants receivable is limited because funds are sourced from credible donors.

The amount that best represents the institute's maximum exposure to credit as at year end is made up as follows:

	Total Amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30th June 2017				
Grants receivable	-	-	-	-
Receivables	-	-	-	-
Cash at Bank	1,546,170	1,546,170	-	-
	<u>1,546,170</u>	<u>1,546,170</u>	<u>-</u>	<u>-</u>
As at 30th June 2016				
Grants receivable	-	-	-	-
Prepayments and other receivables	-	-	-	-
Cash and cash equivalents	619,736	619,736	-	-
	<u>619,736</u>	<u>619,736</u>	<u>-</u>	<u>-</u>

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(c) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Council processes, personnel, technology and infrastructure and from external factors other than credit and

liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Council operations.

The Council objectives are to manage operational risk so as to balance the avoidance of financial losses and damage to the Council reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for development and implementation of controls to address operational risk is assigned to management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including independent authorisation of transactions.
- Requirements for reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Requirements for periodic assessment of operational risks faced, and adequacy of controls and procedures to address the risks identified.
- Requirement for reporting of operational losses and proposed remedial action.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation.

20. Related Parties Disclosure

The Government of Kenya is the principal shareholder in Kenya Tsetse And Trypanosomiasis Eradication Council.

During the year, the following transactions were carried out with related parties:

	2016/2017	2015/2016
	Kshs.	Kshs.
Key Management personnel:		
Chief Executive Officer and 14 Senior Officers of the Council	25,985,569	16,148,496
Directors' Remuneration:		
Sitting and Other Allowances	3,704,760	4,798,780
Chairman's Honoraria	1,020,000	680,000
Transfers from Parent Ministry	365,817,187	300,000,000

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XV. APPENDICES

Appendix 1: Projects implemented by the Council

Projects implemented by the Council Funded by development partners

Project Title	Project No.	Donor	Period	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements
1).Improving food security in Sub Saharan Africa by supporting the progressive reduction of tsetse transmitted trypanosomiasis in the framework of the Nepad - phase 2	GCP/RAF/502/ITA	FAO	2 YEAR	3,916,800	NO	YES
2).Integrated Biological Control Applied Research Programme (IBCARP)"	Grant Contract No.: DCI-FOOD/2014/346-739	ICIPE	1 YEAR	1,000,000	NO	YES

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Status of Project's Completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	1).Improving food security in Sub Saharan Africa by supporting the progressive reduction of tsetse transmitted trypanosomiasis in the framework of the Nepad - phase 2	3,916,800	2,063,610	53	3,916,800	2,063,610	FAO
2	2).Integrated Biological Control Applied Research Programme (IBCARP)"	1,000,000	961,200	98	1,000,000	961,200	ICIPE

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Appendix 2: Inter Entity Transfers

a.	Recurrent Grants	Bank Statement Date	Amount (KShs)	FY
		5/9/2016	19,250,000	2016/2017
		28/12/2016	19,250,000	2016/2017
		20/02/2017	19,250,000	2016/2017
		13/3/2017	38,817,187	2016/2017
		7/6/2017	19,250,000	2016/2017
		Total	115,817,187	
b.	Development Grants	Bank Statement Date	Amount (KShs)	
		19/10/2016	125,000,000	2016/2017
		12/5/2017	125,000,000	2016/2017
		Total	250,000,000	
c.	Direct Payments	Bank Statement Date	Amount (KShs)	
			0	
			0	
			0	
		Total	0	
d	Donor Receipts	Bank Statement Date	Amount (KShs)	
	ICIPE	13/9/2017	978,072	2016/2017
	FAO	16/2/2017	1,468,800	2016/2017
	FAO	9/6/2017	2,448,000	2016/2017
		Total	4,894,872	

The above amounts have been communicated to and reconciled with the parent Ministry.

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Appendix 3: Recording Of Transfers from Government Entities and Others

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Where Recorded/recognized						
		Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others must be specific	Total Transfers during the Year
State Department of Livestock	various	365,817,187	365,817,187	17,502,540	-	-	-	365,817,187
ICIPE	various	978,072	978,072	-	-	-	-	978,072
FAO	various	4,392,712	3,916,800	475,912	-	-	-	4,392,712
Total		371,187,971	370,712,059	17,978,452	-	-	-	371,187,971

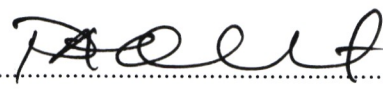
N/B The transfer from FAO includes Computer equipment valued at Kshs. 475,912.

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS
AS AT 30th JUNE 2016**

During the financial year 2015/2016 the Council had an unqualified opinion on its Financial Statements.

Signed..........Date.....31/5/2018.....

**Dr. David W. Wanyonyi
CHAIRMAN**

Signed..........Date.....31/5/2018.....

**Dr. Pamela A. Olet, (MBS)
CHIEF EXECUTIVE OFFICER, KENYA TSETSE AND TRYPANOSOMIASIS
ERADICATION COUNCIL**