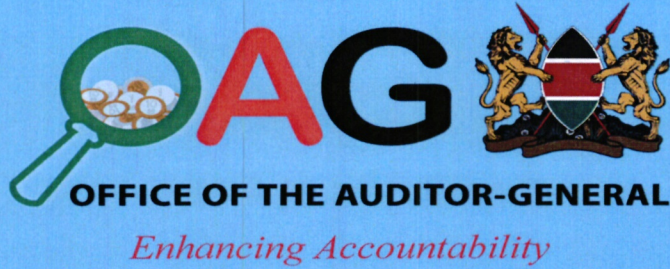


REPUBLIC OF KENYA



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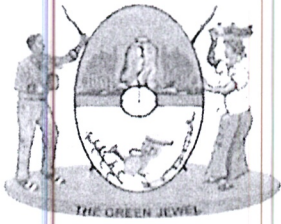
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THE AUDITOR-GENERAL

ON

**KAKAMEGA COUNTY DAIRY
DEVELOPMENT CORPORATION**

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



REPUBLIC OF KENYA

COUNTY GOVERNMENT OF KAKAMEGA

**KAKAMEGA COUNTY DAIRY DEVELOPMENT CORPORATION
(KDDC)**

**AMMENDED ANNUAL REPORTS AND FINANCIAL
STATEMENTS**

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

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

KAKAMEGA COUNTY DAIRY DEVELOPMENT CORPORATION
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KAKAMEGA COUNTY DAIRY DEVELOPMENT CORPORATION

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1. KEY ENTITY INFORMATION:

Background information:

The Kakamega County Dairy Development Corporation (KDDC) was established by an act of County Assembly of Kakamega in 2018, as a body corporate with perpetual succession and common seal, to provide a legal framework for the development of the dairy value chain in Kakamega County. The Act makes provisions for the role of the corporation in the dairy industry in the County and related matters in furtherance of the fourth schedule of the constitution. The Corporation is domiciled under the Department of Agriculture, Livestock, Fisheries and Co-operatives.

The management of the Corporation is vested in the Board of Directors who include the Chief Officer for Agriculture, Livestock and Fisheries; Chief Officer for Finance; County Attorney; Chief Executive Officer as an ex officio member; three other independent directors appointed by the Executive Committee Member for Agriculture, Livestock and Cooperatives and a nominee of Dairy Farmers Cooperatives in the county and appointed by the Executive Committee Member.

The Chief Executive Officer is the Accounting Officer of the Corporation and is responsible to the Board for the day-to-day management of the affairs of the corporation.

Currently the Corporation is managed partly by staff seconded from the parent Department of Agriculture, Livestock, Cooperatives and Fisheries and partly by staff recruited by the corporation on contract. The corporation employs staff in the cadres of farm managers, drivers, farm hands, casuals and security guards on contract terms.

In the reporting financial year, the Corporation developed and validated its five-year Strategic Plan and is in the process of publishing and disseminating the same. The corporation has an official logo and Service Charter already in place. The 5-year Strategic plan will from the FY 2022-23 enable the corporation set an ambition for its future activities and help determine how best to achieve these. The plan will also enable the corporation to determine the direction and focus on the corporation's efforts to ensure that everyone in the corporation is working towards a common goal.

The corporation is also in the process of developing its key corporate governance policies to guide the management achieve its mandate while providing its services. The board of management and the parent departments of Agriculture, livestock & Fisheries and Finance have been proactive in guiding and supporting the corporation management to steer the corporation in the right direction.

The corporation's head office is situated at the County Government of Kakamega rented Sahajanand Building in Kakamega town along Mumias road. The corporation intends to construct its head office at one of the Smart Dairy Farms in future.

The corporation is currently implementing two major programmes namely the establishment of twelve smart dairy farms one in each of the twelve sub counties of Kakamega County and the distribution of dairy animals to targeted farmers who also pass on heifers to other farmers (One Cow

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Initiative). The corporation has established and operationalized four smart dairy farms in Lurambi, Matungu, Lugari and Khwisero sub counties with a total of 120 dairy animals. Each smart dairy farm hosts an average of 30 dairy cows.

In the reporting period, the Corporation carried out major repairs and additional works on the operational four smart dairy farms (Bukura, Matungu, Kabras and Khwisero) for improved, management, animal welfare and service delivery.

The corporations also commissioned for construction five (5) new smart dairy farms in Ikolomani, Butere, Mumias East, Navakholo and Likuyani sub counties. By close of the financial year, construction activities at the five new smart farms were at 10% to 50% completion rates.

Since its inception in the year 2015, the corporation under the One Cow Initiative programme has procured and distributed 1,790 in-calf dairy cows to carefully selected beneficiaries. The selected beneficiaries have also been trained on animal husbandry practices before benefitting from the dairy cows. The beneficiaries have also passed on over 800 heifers to new beneficiaries.

In the reporting period, over 400 heifers were passed on from the first and second dairy cows' beneficiaries to new beneficiaries within the localities. Milk production in households benefitting from dairy cows and heifer pass-ons has increased from an average of 2 litres per cow per day to over 10 litres per cow per day. The benefitting households have increased their household incomes from sale of milk and their nutritional status, especially for children under 5 years of age.

To feed the increasing number of animals in its dairy herd, the corporation has also increased the acreage under fodder from 52 acres in the FY 2020-21 to 63.5 acres in the FY 2021-22. This was achieved through cultivating maize fodder on annex farms earmarked for construction of new smart dairy farms.

The Corporation also fully migrated to ICT based banking and pay bill for revenue collection in its financial management in the reporting period. This improved the efficiency of financial transactions including increased revenue collection.

Principal Activities/Functions of the Corporation:

Kakamega County Dairy Development Corporation (KDDC) Act 2018 mandates the Corporation to engage in the following functions:

- a) Engage in the commercial rearing and breeding of dairy livestock.
- b) Develop, promote and adopt the best practices in the dairy value chain.
- c) Create a ready market for milk for dairy farmers.
- d) Develop and maintain a milk processing plant in the County.
- e) Undertake and promote research in the field of dairy farming.
- f) Promote or assist in the setting up of dairy training facilities.
- g) Provide advisory services to stakeholders of dairy farming.

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- h) Implement and manage the dairy livestock incentives through the cooperative societies.
- i) Facilitate and negotiate concessions for dairy farming input.
- j) Facilitate acquisition of farm inputs and machinery subsidy.
- k) Promote Dairy Cooperative activities within the County.
- l) Carry out such other functions as may be assigned to it by this Act or any other written.

Services offered by the Corporation:

The Corporation through its service charter offers the following services:

S/NO	SERVICE PROVIDED	CUSTOMER OBLIGATION	CHARGES (KSH)	DURATION	SERVICE DELIVERY POINT
1.	Customer/visitors reception and response to general inquiries	Courtesy (visit Headquarters/SDF)	Free	Immediately	Corporation Headquarters All Smart Dairy Farms
2.	Telephone calls	Courtesy	Free	First 3 rings	Corporation Headquarters All Smart Dairy Farms
3.	Routine correspondence	Courtesy	Free	Within 5 days	Corporation Headquarters All Smart Dairy Farms
4.	Technical correspondence	Courtesy	Free	Within 14 days	Corporation Headquarters All Smart Dairy Farms
5.	Provision of training and advisory services	Letter of request/on need basis	Determined by nature/type of training	1 Day - 1 Month	Corporation Headquarters All Smart Dairy Farms
6.	Sale of milk	Courtesy	Kshs. 45 per litre	Immediately	All Smart Dairy Farms
7.	Sale of heifers	Courtesy	Kshs. 150,000	Periodically (When available)	All Smart Dairy Farms
8.	Sale of cow culls	Courtesy	Reserve price set by the Valuer	Within 6 months	All Smart Dairy Farms
9.	Sale of bull calves	Courtesy	Kshs. 5,000	1 Week (When available)	All Smart Farms
10.	Sale of manure	Courtesy	Kshs. 1,000 per ton	1 Week (When available)	All Smart Dairy Farms
11.	Facilitate access to milk cooling and bulking centres	Make milk available	Charges to be determined by the Board	Immediately	All Smart Dairy Farms
12.	Facilitate formation/strengthening of organized group milk marketing channels	Courtesy	As per the Cooperative Society Act	1 Month	Corporation Headquarters
13.	Procure and distribute in calf heifers	List of potential beneficiaries	Free	Periodically	At Ward level

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The Board is pleased with the operational and financial results delivered by management. However, being a young Corporation, KDDC has faced several challenges, key among them being inadequate funding, delayed disbursement of funds and inadequate qualified staff.

The Board acknowledges the support it has received from H.E. the Governor and the County Executive Committee members in executing its mandate and functions. We are positive that this support will continue into successive years to enable the Corporation complete the construction of Smart Farms in each of the twelve sub-counties, operationalize the Milk Factory at Malava, perpetuate the One-Cow Initiative and enhance the formation of milk producer groups.

The Board acknowledges the support and good working relationship with the Departments of Agriculture, Livestock, Fisheries and Cooperatives and Finance, Planning and Information Technology as well as the Office of the County Attorney.

Signed

Dr Dickens Chibeu,
Chairperson, Board of Directors.

5. REPORT OF THE CHIEF EXECUTIVE OFFICER:

The Chief Executive Officer of Kakamega County Dairy Development Corporation (KDDC) is pleased to submit the Annual Reports and Financial Statements for the Financial Year ending June 30, 2022.

The Kakamega County Dairy Development Corporation (KDDC) was established by an act of County Assembly of Kakamega in the year 2018 to provide a legal framework for the development of the dairy value chain in Kakamega County.

The Corporation is currently implementing two major livelihoods transformative programs: the development of twelve (12) Smart Dairy Farms (SDFs) in the County, one in each of the twelve (12) sub counties of the County and the distribution of dairy cows through the One Cow Initiative (OCI) programme.

The developed smart farms are enabling farmers and students from within the localities to be trained on best practices in dairy value chain geared towards improving milk production and incomes at household levels. They are also learning centres for local farmers and students from schools and institutions within. Milk collected from the smart farms is sold to local communities and revenue banked in the revenue account to support farm operations.

The One Cow Initiative programme entails training of individual farmers and cooperative societies in dairy management following which they are given dairy animals to improve dairy production and household incomes. The farmers also pass on one female calf to selected and trained farmers in the locality.

Kakamega County is milk deficient and relies on raw and processed milk imports from neighbouring counties. The mandate and focus of the corporation is to reverse this situation and make the county be raw and processed milk surplus while improving the household economic livelihoods of dairy farmers across the county.

It is planned that once the construction and operationalization of Malava Milk processing plant in Malava sub county is completed, the corporation's smart dairy farms will act as collection/chilling centres for milk from local farmers for onward transmission to the processing plant for value addition. The smart farms will also supply their milk to the milk factory.

In the reporting period, the corporation carried out major repairs and additional works on the four operational smart dairy farms of Bukura, Matungu, Kabras and Khwisero providing an improved environment for animal husbandry, health and improved service delivery.

Also in this period, the corporation commissioned for construction five new smart dairy farms in Ikolomani, Butere, Mumias East, Navakholo and Likuyani sub counties. The completion rates for these 8 months projects currently stands at between 10% and 50%. Once they are completed and operationalized, the farms will increase the entire dairy herd to over 250 animals.

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In the reporting period, the Corporation operated four Smart Dairy Farms namely Bukura Smart Dairy Farm in Lurambi Sub- County, Matungu Smart dairy Farm in Matungu Sub-County, Kabras Smart Dairy Farm in Lugari Sub- County and Khwisero Smart Dairy Farm in Khwisero Sub County. Each smart dairy farm holds about 30 pedigree dairy animals at one time for optimal production.

In this reporting period, the total population of animals in the four smart dairy farms averaged 120, with 41 lactating cows, 20 dry cows, 42 heifers, 13 weaners and 4 calves.

In this reporting period, the three smart farms, with an average lactating herd of 41 dairy animals produced a total of 123,475.1 litres of milk, of which 8,992.5 litres were consumed by calves while 114,081.1 litres were sold generating total revenue of 5.1 million, representing a 112.5% increase in milk and revenue production. This was attributed to improved revenue management through increased supervision and introduction of a paybill.

The heifers born on the three smart farms are bred and prepared for distribution to newly constructed smart farms while bull calves are sold for revenue. Khwisero smart dairy farm that received 26 heifers from within the corporation the previous year saved the corporation about KES 6.5 million.

The Construction of Malimili Smart Dairy farm in Shinyalu Sub County that commenced in the FY year 2019/2020 was stopped by a court order following a case filed by a litigant and the case is ongoing in court.

The contractor awarded the construction of Malava Smart Dairy Farm in Malava Sub County that also commenced in the FY year 2019/2020 has been slow citing COVID 19, heavy rains and late payments as reasons for this. The project completion rate now stands at 95%.

It is important to note that the corporation's activities that were adversely affected by the COVID 19 pandemic that ravaged the country in the previous year started improving after COVID 19 restrictions were lifted early in the reporting period. The management made deliberate efforts to fast track projects and activities that had stalled.

In this reporting period, the Corporation received Kshs. 24,261,155 million for recurrent and Kshs. 44,300,000 million for development expenditures from the County treasury against a budget of Kshs.24,261,155 million for recurrent and Kshs.120 million for development. The corporation's development budget was readjusted downwards to Kshs. 69 million following a supplementary. The absorption rate for recurrent expenditure was 100% while that for development was 92% (based on revised development budget of KES. 69M)

It is important to note that the Corporation was established in the year 2018 and is undergoing reorganization and restructuring to align itself to County, National and International standards of corporate Governance. Currently the majority staffs working at the corporation are seconded from the County Government mother Department of Agriculture, Livestock, Cooperatives and Irrigation.

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It is also important to note that in the reporting period, the Corporation developed its five (5) year Strategic Plan that will be published and disseminated in the FY 2022-23. The strategic plan will help in determining the direction for corporation through focused efforts ensuring that everyone in the corporation is working towards a common goal. It will also help the corporation to manage and reduce operations risks. The corporation has also in previous years developed its logo and service charter.

The corporation's management and Board of Directors are working tirelessly to formulate other necessary instruments for good corporate governance including requisite policies and Standard Operating Procedures (SOPs). All these are intended to put the corporation on solid foundation to deliver its mandate to the dairy sector in Kakamega County.

My special thanks to H.E. The Governor; the Corporation's Board of Directors; Departments of Finance and Agriculture, Livestock, Cooperatives and Irrigation; County Attorney and the entire KDDC staff for their support during the reporting period.

Signed..........

Dr. Isaac Lubutsi,
Chief Executive Officer,
Kakamega County Dairy Development Corporation.

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**6. REVIEW OF KAKAMEGA COUNTY DAIRY DEVELOPMENT CORPORATION'S
PERFORMANCE FOR THE FINANCIAL YEAR ENDING JUNE 2022:**

The Kakamega County Dairy Development Corporation (KDDC) was established by an act of County Assembly of Kakamega in 2018 to provide a legal framework for the development of the dairy value chain in Kakamega County.

The Corporation is currently implementing two major livelihoods transformative programs: the development of twelve (12) Smart Dairy Farms (SDFs) in the County, one in each of the twelve (12) sub counties of the County and the flagship programme of distribution of dairy cows through the One Cow Initiative (OCI).

In the reporting period, the corporation carried out major repairs and additional works on the four operational smart dairy farms of Bukura, Matungu, Kabras and Khwisero providing an improved environment for animal husbandry, health and improved service delivery.

In this period, the corporation commissioned for construction five new smart dairy farms in Ikolomani, Butere, Mumias East, Navakholo and Likuyani sub counties. The completion for the 8 months projects are currently at between 20% and 50%. Once they are completed and operationalized, the farms will increase the entire dairy herd to over 250 animals, including revenue collected from sale of milk.

Also in the reporting period, the Corporation developed its five (5) year Strategic Plan that will be published and disseminated in the FY 2022-23. The strategic plan will help in determining the direction for corporation through focused efforts ensuring that everyone in the corporation is working towards a common goal. It will also help the corporation to manage and reduce operations risks

The construction of Malimili Smart Dairy Farm in Shinyalu Sub County that was awarded in FY 2019/20 was stopped by a court order in July 2020 following a case filed by a litigant. The case is ongoing in court and is due for mention in July 2022.

The construction of Malava Smart Dairy Farm in Malava Sub County that also commenced in the FY year 2019/2020 has been slow, the contractor citing COVID 19, heavy rains and late payments as reasons for this. The project completion rate now stands at 95%.

In the reporting period, the total population of animals in the four smart dairy farms averaged 120, with lactating cows averaging between 37 and 41; dry cows averaging between 18 and 22, heifers and weaners averaging between 49 and 51 and calves averaging between 6 and 13.

In this reporting period, the four operational smart farms (Bukura, Matungu, Kabras and Khwisero) produced a total of 123,475.1 litres of milk (representing an increase of 112.5% compared to last

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FY), with Bukura producing 46,253.1 litres (representing an increase of 137.5% compared to last FY); Matungu producing 53,376 litres (representing an increase of 92% compared to last FY), Kabras producing 20,219 litres (representing an increase of 73.9% compared to last FY) and Khwisero producing 3,627 litres.

In this period, the corporation collected total revenue of Kshs. 5.1 million from the sale of milk and bull calves on the four operational farms (representing an increase of 112.5% compared to last FY). Bukura farm collected revenue of Kshs. 1.9 million; Matungu farm collected revenue of Kshs. 2.3 million while Kabras farm collected revenue of Kshs. 0.8 million.

The sale of bull calves netted a total of Kshs. 120,000 for the corporation in the reporting period (representing an increase of 71.4% compared to last FY). Sale of bull calves in Bukura netted revenue of Kshs. 40,000; sale of bull calves netted revenue of Kshs. 55,000 from Matungu farm while Kshs. 15,000 was realised from sale of bull calves in Kabras farm. Sale of bull calves in Khwisero netted Kshs. 10,000.

The heifers born on the three smart farms were bred and prepared for distribution to newly constructed smart farms while bull calves were sold for revenue.

CORPORATE GOVERNANCE STATEMENT:

The Kakamega County Dairy Development Corporation (KDDC) was established by an act of County Assembly of Kakamega in the year 2018 to provide a legal framework for the development of the dairy value chain in Kakamega County.

The management of the Corporation is vested in the Board of Directors who include the Chief Officer for Agriculture, Livestock and Fisheries; Chief Officer for Finance; County Attorney; Chief Executive Officer as an ex officio member; three other independent directors appointed by the Executive Committee Member for Agriculture, Livestock and Cooperatives and a nominee of Dairy Farmers Cooperatives in the county and appointed by the Executive Committee Member.

The Chief Executive Officer is the Accounting Officer of the Corporation and is responsible to the Board for the day-to-day management of the affairs of the corporation.

There were two full board meetings; five finance & administration committee meetings; three audit and risk committee meetings; and three technical committee meetings held in the reporting period.

In the reporting period, the Corporation reviewed its organizational structure aligning it to its mandate and corporate governance principles.

The Corporation is currently managed by staff seconded from the parent Department of Agriculture, Livestock, Cooperatives and Fisheries. These are: the Procurement Officer, the Accountant, the One Cow Initiative Officer, the Livestock Production Officer and the Office Administrative Officer. The total staff establishment for the corporation averages 51 staff from the CEO up to the lower cadre of farm hands and security guards.

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The corporation employs staff in the cadres of farm managers, assistant accountant, driver, farm hands, security guards and casuals (periodically) on contract terms. The corporation's board is alive to the need to have the corporation employing its own well qualified staff in top management positions and will endeavour in future years to seek for funds to fulfil this mandate.

In the reporting period, the Corporation developed its five-year Strategic Plan that is awaiting publication and dissemination. In the previous year, the corporation developed and adopted Official Logo and Service Charter. The five year Strategic Plan will help the corporation focus on its ambition for its future activities and help determine how best to achieve these. The plan will determine the direction for corporation focusing on the corporation's efforts and ensure that everyone in the corporation is working towards a common goal.

The corporation is also in the process of developing its key corporate governance policies; especially the breeding and disposal policies to guide the management achieve its mandate while providing its services. The board of management and the parent departments of Agriculture, Livestock & Fisheries and Finance have been proactive in supporting and guiding the in supporting the corporation management to steer the corporation in the right direction.

The current Board of Directors was competitively recruited and legally constituted by being sworn in in the FY 2019/2020. The board has constituted three key committees with their TORs being developed within the corporation's act. These are: Technical committee (six members); Finance and Administration committee (seven members) and Audit & Risk committee (two members).

In the reporting period, the board held two full board meetings attended by all members, three technical committee meetings; five Finance and Administration committee meetings and three Audit and Risk committee meetings.

At the beginning of all board meetings, members were requested to declare if they had any conflict-of-interest issues on the agenda at hand. The full board met and approved the corporation's FY 2021/22 Budgets, procurement plan and work plans. The Board of Directors also conducted one supervisory/oversight visit to all the four operational smart dairy farms and the five new smart farms under construction.

The Board chairman is entitled to monthly honoraria of KES 50,000. Board members are paid sitting allowances of between KES 4,000 and KES 15,000 while attending board meetings. Independent Board members are also reimbursed travel allowances.

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MANAGEMENT DISCUSSION AND ANALYSIS:

The corporation, established in the year 2018, is currently implementing two major programmes namely the establishment of twelve (12) smart dairy farms, one in each of the twelve sub counties of Kakamega County and the distribution of dairy animals to targeted farmers who also pass on heifers to other farmers (One Cow Initiative Programme). In the reporting period, the corporation has established and operationalized four smart dairy farms in Lurambi, Matungu, Lugari and Khwisero sub counties with a total of 120 dairy animals. Each smart dairy farm hosts an average of 30 dairy cows.

DAIRY HERD STRUCTURE FOR OPERATIONAL FARMS FOR THE 4TH QUARTER 2022

FARM	LACTATING	DRY COWS	HEIFERS	WEANERS	CALVES	TOTAL
Bukura	14	8	0	9	2	33
Matungu	18	6	7	2	1	34
Kabras	6	6	13	2	-	27
Khwisero heifers	3	-	22	0	1	26
TOTAL	41	20	42	13	4	120

Remarks. At the start of financial year 2021/2022 the opening herd structure was 116 animals (lactating 34, dry 21, heifers 46, weaners 7 and calves 8)

Since the year 2015, the One Cow Initiative (OCI) programme has procured and distributed 1,790 incalf heifers to selected beneficiaries across the county. The selected beneficiaries have also been trained on animal husbandry practices before benefitting from the dairy cows.

In the reporting period, over 400 heifers were passed on from the dairy cows' beneficiaries to new beneficiaries within the localities. Milk production in households benefitting from dairy cows and heifer pass-ons has increased from an average of 2 litres per cow per day to 10 litres per cow per day. The benefitting households have increased their household incomes from sale of milk and their nutritional status especially for children less than 5 years of age.

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In the reporting period, the Corporation operated four Smart Dairy Farms namely Bukura Smart Dairy Farm in Lurambi Sub- County, Matungu Smart dairy Farm in Matungu Sub-County, Kabras Smart Dairy Farm in Lugari Sub- County and Khwisero Smart Dairy Farm in Khwisero sub county.

These farms have pedigree dairy animals in different stages of lactation and milk production. The farms are managed by farm managers employed by the Corporation. Milk produced on these farms is sold locally and revenue collected is banked in the corporation's accounts. It is envisaged that these farms will become milk collection/chilling centres for local farmers and dairy cooperative societies in future once the milk processing plant being established in Malava Sub County is operationalized.

The Corporation's smart dairy farms are fully operated as zero grazing units with animals confined to the units and intensively fed on a mixed ratio, minerals, vitamins and water. The corporation increased its maize fodder crop from 52 acres in the last financial year to 63.5 acres of land in the FY of reporting. The land belongs to the corporation and the county Government of Kakamega. The maize fodder was harvested and stored as silage to feed the dairy herd.

The corporation also procures hay and supplements for the animals. In its 5 year strategic plan, the corporation intends to increase the acreage of maize fodder to reduce reliance on procured feeds and for increased sustainability and cost saving.

The smart farms are managed by farm managers on yearly renewable contracts supported by farm hands, casuals and security guards.

On average the operational farms lie on land of between 8 to 12 acres belonging to the corporation and the County Government of Kakamega.

In the reporting period, the total population of animals in the four smart dairy farms averaged 120, with lactating cows averaging between 37 and 41; dry cows averaging between 18 and 22, heifers and weaners averaging between 49 and 51 and calves averaging between 6 and 13.

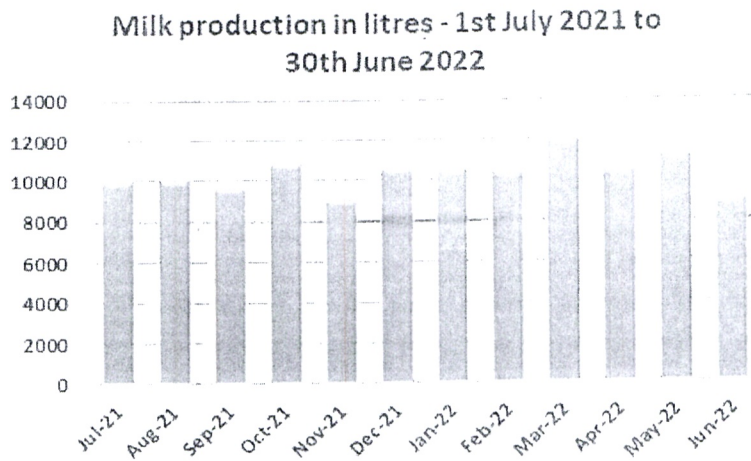
In this reporting period, the four operational smart farms (Bukura, Matungu, Kabras and Khwisero) produced a total of 123,475.1 litres of milk (representing an increase of 112.5% compared to last FY), with Bukura producing 46,253.1 litres (representing an increase of 137.5% compared to last FY): Matungu producing 53,376 litres (representing an increase of 92% compared to last FY), Kabras producing 20,219 litres (representing an increase of 73.9% compared to last FY) and Khwisero producing 3,627 litres.

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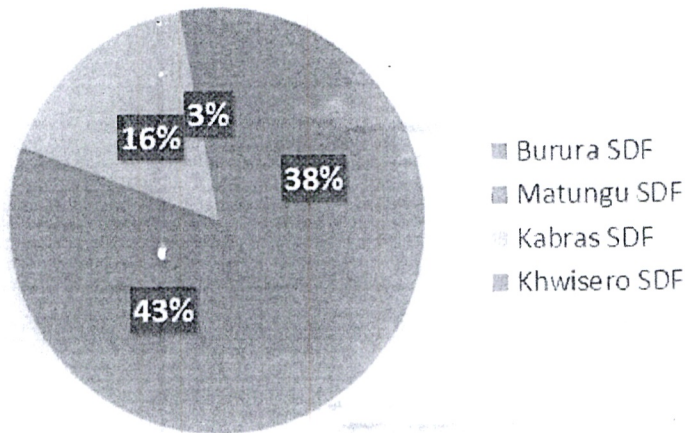
Milk production in litres- July 2021 – June 2022

Month	Bukura SDF	Matungo SDF	Kabras SDF	Khwisero SDF	Total (Litres)
July-21	3,821.5	4,709	1,385.5	0	9,916
August-21	4,505.5	4,530.5	712	299	10,047
Sept- 21	3,941.7	4,858	566	294.5	9,647.2
Oct-21	4,328.9	5,226	999.5	275	10,829.4
Nov-21	3,563	3,768.5	1,430	264.5	9,026
Dec-21	3,915	3,944.5	2,475	265.5	10,600
Jan 2022	3,894	3,828	2,465	295.5	10,483
Feb 2022	3,729.5	4,059	2,257	312	10,357.5
March 2022	4,085.5	5,274	2,220	346.5	11,926
April 2022	3,649.5	4,501	2,044	281.5	10,476
May 2022	3,766	5,025.5	2,113	289	11,194
June 2022	3,053	3,653	1,552	717	8,974
Total	46,253.1	53,376	20,219	3,627	123,475.1

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Comparison of milk produced % in Lts per farm - 1st July 2021 to 30th June 2022



In this period the corporation collected total revenue of KES 5,1M from sale of milk and bull calves from the four operational Smart Dairy Farms (this being an increase of 112.5% compared to last FY)

Bukura farm collected revenue of Kshs. 1.9 million; Matungu farm collected revenue of Kshs. 2.3 million while Kabras farm collected revenue of Kshs. 0.8 million.

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Milk production and Revenue Collection - FY 2021-2022

Farm	No of cows in milk	Average production on per cow per day	Total production for the FY	Total Lts consumed by calves in the FY	Total Lts spoilt	Total Lts sold in the FY	Price per Lt	Revenue collected in the FY
Bukura	14	9.05	46,253.1	4381	216.5	41,655.6	45.4	1.9m
Matungu	16	9.14	53,376	3102	0	50,274	45.7	2.3m
Kabras	5	11.07	20,219	1239	95	18,885	44	0.8m
Khwisero	2	4.96	3,627	270	90	3266.5	46.3	0.1m
Totals	37	9.14	123,475.1	8992.5	401.5	114,081.10	45.34	5.1m

Summary of Total Revenue collected per SDF - The FY 2021-2022

S/NO	Name of SDF	Milk Revenue (KES)	Male calves revenue(KES)	Total (KES)
1	Bukura SDF	1,892,648.30	40,000	1,932,648.30
2	Matungu SDF	2,297,055.90	55,000	2,352,055.90
3	Kabras SDF	831,092	15,000	846,092.00
4	Khwisero SDF	151,397.05	10,000	161,397.05
	Total	5,172,193.25	120,000	5,292,193.25

The sale of bull calves netted a total of Kshs. 120,000 for the corporation in the reporting period (representing an increase of 71.4% compared to last FY). Sale of bull calves in Bukura netted

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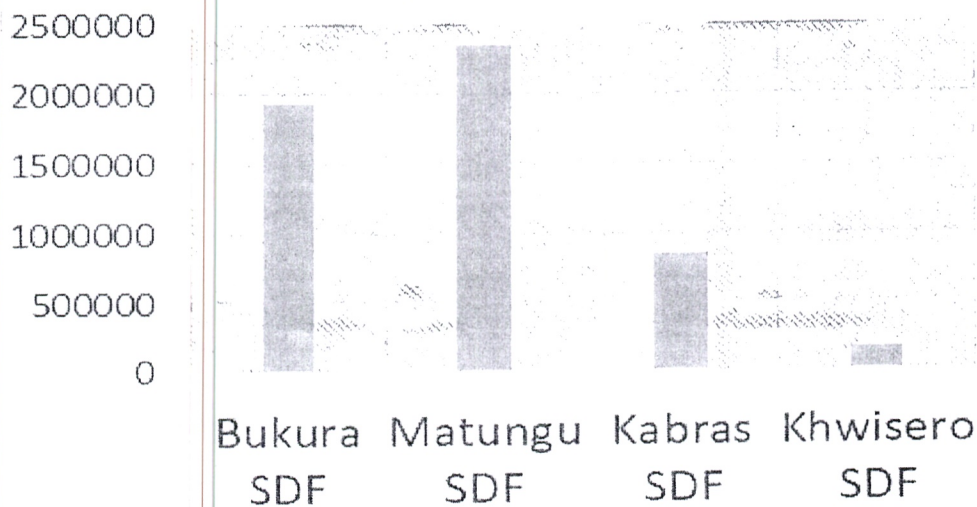
revenue of Kshs. 40,000; sale of bull calves netted revenue of Kshs. 55,000 from Matungu farm while Kshs. 15,000 was realised from sale of bull calves in Kabras farm. Sale of bull calves in Khwisero netted Kshs. 10,000.

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Revenue from Bull calves - FY 2021-2022

S/N/O	Name of SDF	No of Bull calves sold	Cost per bull calf(KES)	Total amount(KES)
1	Bukura SDF	8	5000	40,000
2	Matungu SDF	11	5000	55,000
3	Kabras SDF	3	5000	15,000
4	Khwisero SDF	2	5000	10,000
	Total	24		120,000

Summary of revenue collected in the FY 2021-2022 per SDF (KES)



The heifers born on the four smart farms are bred and prepared for distribution to newly constructed smart farms while bull calves are sold for revenue.

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In the reporting period, the Corporation developed its five-year Strategic Plan that is awaiting publication and dissemination. In the previous year, the corporation developed and adopted Official Logo and Service Charter. The five year Strategic Plan will help the corporation focus on its ambition for its future activities and help determine how best to achieve these. The plan will determine the direction for corporation focusing on the corporation's efforts and ensure that everyone in the corporation is working towards a common goal.

In the reporting period, the corporation carried out major repairs and additional works on the four operational smart dairy farms of Bukura, Matungu, Kabras and Khwisero providing an improved environment for animal husbandry, health and improved service delivery.

Also in this period, the corporation commissioned for construction five new smart dairy farms in Ikolomani, Butere, Mumias East, Navakholo and Likuyani sub counties. The completion for the 8 months projects are currently at between 20% and 50%. Once they are completed and operationalized, the farms will increase the entire dairy herd to over 250 animals, including revenue collected from sale of milk.

The construction of Malimili Smart Dairy Farm in Shinyalu Sub County that was awarded in FY 2019/20 was stopped by a court order in July 2020 following a case filed by a litigant. The case is ongoing in court and is due for mention in July 2022.

The construction of Malava Smart Dairy Farm in Malava Sub County that also commenced in the FY year 2019/2020 has been slow, the contractor citing COVID 19, heavy rains and late payments as reasons for this. The project completion rate now stands at 95%.

The corporation is also procuring machinery and equipment to enable it mechanize its activities, improve production efficiency and service delivery. The mother department of Agriculture, Livestock and Cooperatives donated three used tractors and one trailer to the corporation to improve fodder development activities. The corporation repaired one tractor and trailer that are currently being used for fodder development in the corporation. The corporation intends to repair the other two tractor in subsequent FYs.

The corporation is also adopting ICT platforms to improve service delivery. In the reporting period, the corporation equipped all HQ staff and smart dairy farms with laptops, desktops, USBs, EHDs and printers.

The corporation also fully migrated to Internet based banking in its financial management and paybill for revenue collection. The corporation collected a revenue of KES 5.1 million in the reporting period against a revenue of KES 2.4 million the previous year, this being a 112.5% increment.

It is important to note that the corporation's instituted measures to recover after its activities were adversely affected by the COVID 19 pandemic that had ravaged the country in the previous year

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that led to serious disruptions in farming activities and cash flow constraints as the National and County Governments implemented COVID 19 measures and protocols to contain the pandemic.

In this reporting period, the Corporation received Kshs. 24,261,155 million for recurrent and Kshs. 44,300,000 million for development expenditures from the County treasury against a budget of Kshs. 24,261,155 million for recurrent and Kshs.69 million for development. The corporation's development budget was readjusted downwards to Kshs. 69 million following a supplementary. The absorption rate for recurrent expenditure was 100% while that for development was 92% (based on revised development budget of KES. 69M)

The Corporation's management and Board of Directors are in the process of formulating the necessary instruments for good corporate governance including requisite policies. Already the corporation's logo and service charter have been developed and operationalized. It has also developed its five year Strategic Plan that will be operationalized in FY 2022-23. All these are intended to put the corporation on solid foundation to deliver on its mandate to the dairy sector in Kakamega County.

Having been enacted in the year 2018, the Corporation is in its formative stages of development and is developing key instruments for a sound and solid foundation to enable it deliver on its mandate. It is also undergoing restructuring at the management level to attain national and international standards of corporate governance. The CEO and the Board of Directors will endeavour to achieve relevant strategies, development of strategic plan and policies that will create a sound foundation for service delivery to dairy stakeholders in Kakamega County.

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7. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING:

1. Sustainability strategy and profile:

The Corporation has already developed its logo, five-year Strategic Plan and service charter as key instruments of corporate governance. The corporation is developing twelve smart dairy farms across the county for commercial rearing of dairy animals. The milk produced on the Smart Dairy Farms is sold to the local community and revenue banked to sustain the Corporation's activities. The male bull calves born on the farm are sold and revenue banked while female calves are raised into heifers that are later distributed to newly constructed Smart Farms thus saving the corporation cash that would have been used to procure cows from outside.

The four developed and operational smart farms netted Kshs. 5.1 million for the corporation. This money will be ploughed back into the corporation to improve its facilities and operations.

The corporation in its implementation of farming activities is already using its own land to grow fodder for its animal feeds thus reducing cost of feed inputs. The corporation increased its land under fodder production from 52 acres to 63.5 acres in the reporting period. It grows fodder this land twice a year. This guarantees enough silage to last between 4 and 6 months. In the next FY, the corporation intends to increase the land under fodder by more than 40 acres, using idle public interest land spread across the county.

The corporation plans to work closely with dairy farmers and dairy cooperative societies in the county to improve milk production. The operational smart farms will provide milk collection/chilling centres for these groups for onwards transmission to Malava milk processing plant once it is completed and operationalized.

The corporation is also procuring machinery and equipment to enable it to mechanize its activities, improve production efficiency and service delivery. The mother department of Agriculture, Livestock and Cooperatives donated three used tractors and one trailer to the corporation to improve fodder development activities. The corporation repaired one tractor and trailer that are currently being used for fodder development in the corporation. The corporation intends to repair the other two tractor in subsequent FYs.

The corporation is also adopting ICT platforms to improve service delivery. In the reporting period, the corporation equipped all HQ staff and smart dairy farms with laptops, desktops, USBs, EHDs and printers.

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The corporation also fully migrated to Internet based banking in its financial management and paybill for revenue collection. The corporation collected a revenue of KES 5.1 million in the reporting period against a revenue of KES 2.4 million the previous year, this being a 112.5% increment.

The Corporation's operational Smart Farms are open to locals living nearby, schools and institutions for learning visits and tours for free. The Corporation is also allowing students from various colleges in the county to carry out internship activities on our farms and headquarters. All the milk produced on our farms is sold to the local community at reasonable rates.

The milk produced on the Smart Dairy Farms is sold to the local community and revenue banked to sustain the Corporation's activities. The male bull calves born on the farm are sold and revenue banked while female calves are raised into heifers that are later distributed to newly constructed Smart Farms thus saving the corporation cash that would have been used to procure cows from outside.

2 Environmental performance:

The Corporation has developed its five-year strategic plan and its environmental policy has been captured in this plan. However, the entire corporation's completed; on-going and planned projects comply with requisite environmental laws and seek approval from bodies implementing environmental laws including NEMA and department of Public Health. Our staffs are also well trained on issues of biodiversity, biosecurity and waste management especially on our dairy smart farms.

The Corporation intends to develop and embed environmental policy in future as it develops into a strong corporation.

The operational smart farms collect animal waste which is stored in carefully designed slurry pits. The slurry waste is spread after maturity into the fodder farms to improve manure content and reduce on use of chemical/commercial fertilizers.

3 Employee welfare:

The corporation is currently relying on seconded staff from the parent Ministry of Agriculture, Livestock, Fisheries and Cooperatives. The corporation also hires farm managers, farm hands and casuals on contract terms, renewable based on performance.

In the reporting period, the corporation developed its organizational structure with support from the County Public Service Board (PSB). This structure takes into consideration National and County Acts/laws. The corporation has started implementing this structure with support from the department of Public Service and Administration.

The Corporation also intends to develop its policies guiding staff hiring process, job descriptions, terms of references and performance contracting. The current staffs conform to Public Service hiring and appraisal policies. The ministry has respected the gender ratio

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while seconding this staff to the corporation. The Corporation has also applied the gender ratio while hiring farm managers and farmhands/casuals.

The Corporation management conducts monthly meetings with all staff allowing them to share their success stories and challenges while preparing monthly work plans. Where possible and when resources allow, the corporation's staff attend short courses, professional development courses, workshops and seminars to improve their skills and work performance.

In the reporting period, the corporation purchased and distributed uniforms to all staff cadre. Staffs handling animals were provided with the necessary gear including overalls, gumboots and hand gloves.

The Corporation is also in compliance with Occupational Safety and Health Act of 2007 on all its farms and headquarters office.

Statutory deductions of NSSF and NHIF were deducted monthly and remitted to respective authorities.

4 Market place practices:

a) The Corporation being a county agency has trained its entire staff on code of conduct of public servants and the Ethics and Anticorruption Act. The Corporation is funded by the public funds and ensures high standards of corporate governance. Our farm products are fairly priced and even attract young Kenyans who buy milk from the corporation and continue to retail it at a profit to the public.

The entire corporation's staffs conform and adhere to the public service code of conduct and remain apolitical while delivering services to the public.

b) The Corporation being a public entity works within structures created by the national and county governments that govern public procurement. The Corporation works within the confines of public procurement act and public finance management act. The corporation respects its suppliers and is open to scrutiny in the public procurement process. Our procurement officer is regularly allowed to attend trainings and workshops that help her improve skills in public procurement management.

c) The Corporation sells milk which is its major product at reasonable market rate prices ensuring that it does not undercut upcoming dairy farmers in the locality.

d) All the Corporation's smart farms are managed with consumer rights and interests as a first considering. They adhere to public health regulations and guidelines while producing and selling milk products.

5 Community Engagements:

The KDDC Act of 2018 mandates the corporation to construct and operationalize Smart dairy farms as centres of excellence in the dairy value chain. The smart farms are centres of learning for local farmers, schools and other institutions.

All the milk produced from the four operational smart farms is sold to the local communities at fair market prices.

The Smart farms are open to students from local schools and institutions for learning visits and tours for free. The smart farms also admit students from agricultural colleges across the country for internships while the head office also admits students undertaking finance and procurement courses for internship.

Bukura Smart farm is a major client to Ekapwonje Self-help group water project where it gets its water supply from. Khwisero smart farm buys water from the local water supply group while Matungu smart farm has offered part of its unused land to the neighbouring Matungu Polytechnic for student agricultural demonstration plots.

The corporation in its procurement plan has reserved 30% of its procurement to youth. It has been purchasing fodder from youth around the smart farms and has partnered with Food and Agriculture Organisation (FAO) in the reporting period to support youth engage in Agribusiness through offering smart dairy farms as training centres and also purchasing fodder from the youth.

8. REPORT OF THE DIRECTORS:

The Directors submit their report together with the financial statements for the year ending June 30th 2022 which shows the state of the Kakamega County Dairy Development Corporation affairs.

Results:

The results of the entity for the year ending June 30th, 2022 are set out on page 1. Below is summary of the profit or loss made during the year.

Directors:

The members of the Board of Directors who served during the year are shown on page V In accordance with Regulation of the Kakamega County Dairy Development Corporation's Act of 2018.

Auditors:

The Auditor General is responsible for the statutory audit of the Kakamega County Dairy Development Corporation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES:

Section 83 of the Public Finance Management Act, 2012 requires an Accounting Officer for a

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National/County Government owned Entity to prepare a report for the financial year in respect of the entity.

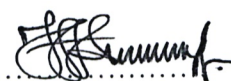
The Directors are responsible for the preparation and presentation of the Kakamega County Dairy Development Corporation financial statements, which give a true and fair view of the state of affairs as at the end of the Third Quarter ended on March 31, 2022. This responsibility includes: (i) maintaining 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 Corporation (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Kakamega County Dairy Development Corporation'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), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that the Kakamega County Dairy Development Corporation's financial statements give a true and fair view of the state of Corporation transactions during the Quarter three ended March 31, 2022, and of the Corporation financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation 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 Kakamega County Dairy Development Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

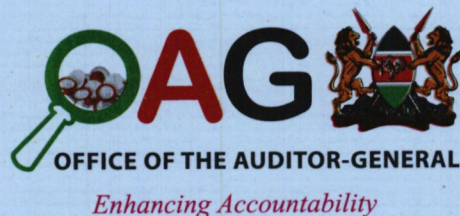
Approval of the financial statements:

The Kakamega County Dairy Development Corporation financial statements were approved by the Board on 30/9 2022 and signed on its behalf by:

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REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY DAIRY DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kakamega County Dairy Development Corporation set out on pages 1 to 58, which comprise the statement of

financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in equity, statement of cash flows and 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Kakamega County Dairy Development Corporation as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Kakamega County Dairy Development Corporation Act, 2018.

Basis for Adverse Opinion

1. Non-Compliance in Presentation of the Financial Statements

The financial statements provided for audit review reflected the following anomalies:

- i. The accounting framework applied in the preparation of the financial statements is the International Financial Reporting Standards (IFRS) instead of International Public Sector Accounting Standards (IPSAS);
- ii. The report of the Chairman is not signed while the Office of the Auditor General is referred to as Kenya National Audit Office;
- iii. The statement of changes in net assets is presented as statement of changes in equity while the statement of cash flows and statement of comparison of budget and actual amounts are presented for the period ended instead of the year ended; and
- iv. The foot notes to the statement of financial performance and statement of financial position do not indicate the page numbers on which the statements appear.

In the circumstances, the financial statements were not prepared in accordance with the financial reporting guidelines issued by the Public Sector Accounting Standards Board.

2. Inaccuracies in the Financial Statements

2.1 Comparative Balances

The statement of cash flows reflects six (6) items with comparative balances which differ with the corresponding balances shown in the audited financial statements for the year ended 30 June, 2021, as shown below;

Description	Balance in the 2020/2021 Audited Financial Statements (Kshs)	Comparative Balances in the 2021/2022 Financial Statements (Kshs)	Variance (Kshs)
Employee Cost	3,742,614	2,129,110	(1,613,504)
Chairman Honoraria	600,000	0	(600,000)
Board Members Cost	2,229,700	6,513,514	4,283,814
General Expenses	26,883,856	22,890,631	(3,993,225)
Net Cash flows from Operating Activities	(1,612,560)	2,439,460	4,052,020
Purchase of Property, Plant, Equipment and Intangible Assets	(9,391,252)	(11,134,824)	(1,743,572)

In the circumstances, the accuracy and completeness of the respective balances in the statement of cash flows could not be confirmed.

2.2 Trade Payables

The statement of financial position reflects Kshs.26,592,526 in respect of trade payables as disclosed in Note 11 to the financial statements. However, a recasting of Note 11 reflects a balance of Kshs.26,313,562 resulting in a variance of Kshs.278,964 which has not been explained or reconciled.

In the circumstances, the accuracy and completeness of the trade payables balance of Kshs.26,592,526 could not be confirmed.

2.3 Statement of Financial Performance

The statement of financial performance reflects Kshs.39,947,270 in respect of general expenses as disclosed in Notes 6 to the financial statements. However, a recasting of Notes 6 reflects corresponding amounts of Kshs.39,931,949 resulting in variances of Kshs.15,321, which have not been explained or reconciled.

In the circumstances, the accuracy and completeness of the respective balances could not be confirmed.

3. Property, Plant and Equipment

3.1 Lack of Ownership Documents for Land and Buildings

The statement of financial position reflects a property, plant and equipment balance of Kshs.89,723,183 as disclosed in Note 9 to the financial statements. Included in this balance is Kshs.81,429,255 relating to land and buildings whose ownership documents were not provided for audit review.

3.2 Failure to Update Assets Register

Review of the assets register revealed that all the assets acquired during the year costing Kshs.47,228,040, as disclosed in Note 9 to financial statements, are not recorded in the

assets register. Further, as at 30 June, 2022, the register was not updated as it did not disclose the year and cost of acquisition of the reflected assets.

In the circumstances, the accuracy, completeness and correct valuation of the assets could not be confirmed.

3.3 Lack of Ownership Documents for Vehicles and Motorcycles

The statement of financial position reflects a balance of Kshs.89,723,183 in respect of property, plant and equipment which, as disclosed in Note 9 of the financial statements. Included in this balance is Kshs.3,090,235 relating to Motor vehicles. However, logbooks for three (3) motor vehicles and two (2) motorcycles were not provided for audit verification.

In the circumstances, the ownership of land and fair presentation of property, plant and equipment balance of Kshs.89,723,183 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kakamega County Dairy Development Corporation Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.98,913,200 and Kshs.73,632,441 respectively resulting to under-funding of Kshs.25,280,759 or 26 % of the budget.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised under Report on the financial statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Management has not resolved the issues or provided reasons for the delay in resolving the prior year audit issues. Further, the issues reported in the progress on follow up of prior year auditor's recommendations do not relate to 2019/2020 but relate to 2020/2021 financial year.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Reserve 30% of Procurement Projects for Special Groups

The annual procurement plan provided by the Corporation for audit revealed that the Corporation planned to procure goods, works and services amounting to Kshs.141,453,823. However, the Corporation reserved procurements worth Kshs.2,109,180 or about 1.5% of the planned procurement expenditure for the youth, women and persons with disabilities. This is contrary to Section 157(5) of the Public Procurement and Asset Disposal Act, 2015, which states that an Accounting Officer of a procuring entity shall, when processing procurement, reserve a prescribed percentage of its procurement budget, which shall not be less than thirty (30) per cent, to the disadvantaged groups and comply with the provisions of this Act and the Regulations in respect of preferences and reservations.

In the circumstances, Management was in breach of the law.

2. Stalled Project - Modern Smart Farm Unit in Malava

The County Government of Kakamega, through the Kakamega County Dairy Development Corporation, signed a contract for the construction of a modern smart farm unit in Malava on 02 April, 2020 at a contract sum of Kshs.16,664,026. The works were to be completed within a period of 16 weeks from the date of signing the contract. As at 30 June, 2022 a total amount of Kshs.15,227,599 had been paid representing about 91% of the contract sum. However, an audit inspection carried out on 28 September, 2022 revealed that the project had stalled and the contractor was not on site.

As at the time of inspection, the following works were still outstanding: roofing, plastering, doors, windows, feeding troughs and slurry pit.

In the circumstances, the Corporation did not obtain value for money from the project.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed under the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that, internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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 maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Corporation's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Corporation or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Corporation's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

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

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 March, 2023

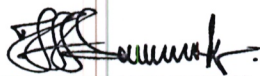
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1. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from County Treasury	1	68,561,155.50	30,415,975.00
		68,561,155.50	30,415,975.00
Revenue from exchange transactions			
Receipts from sale of Milk and Bulls	2	5,071,285.00	2,567,635.00
Total revenue		73,632,440.50	32,983,610.00
Expenses			
Employee costs	3	6,860,959.60	3,742,614.00
Board Expenses	4	2,268,150.00	2,829,700.00
Depreciation and amortization expense	5	4,418,070.74	1,743,572.00
General Expenses	6	39,947,270.00	25,140,284.00
Total expenses		53,494,450.34	33,456,170.00
Surplus/(deficit) for the period/year		20,137,990.16	(472,560.00)
Remission to County Treasury	7	(2,476,691.50)	(1,140,000.00)
Net Surplus for the year		17,661,298.66	(1,612,560.00)

The notes set out on pages 26 to 36 form an integral part of these Financial Statements.

The Financial Statements set out on pages xxx to xxx were signed on behalf of the Board of Directors by:



Dr. Isaac Lubutsi
Accounting Officer

Date 30/9/2022



CPA. Vitalis Laudo
Head of Finance
ICPAK No. 23079

Date 30/9/2022



Dr. Dickens Chibeu
Chairman of the Board

Date

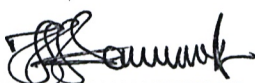
KAKAMEGA COUNTY DAIRY DEVELOPMENT CORPORATION
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Statement of Financial Position as at 30 June 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	8	7,918,223.02	6,474,367.00
Total Current Assets		7,918,223.02	6,474,367.00
Non-Current Assets			
Property, Plant and Equipment	9	89,723,182.87	46,913,215.00
Biological Assets	10	20,520,000.00	0
Total Non- Current Assets		110,243,182.87	46,913,215.00
Total Assets		118,161,405.89	53,387,581.00
Liabilities			
Current Liabilities			
Trade and Other Payables	11	26,592,526.00	0
Total Current Liabilities		26,592,526.00	0
Non-Current Liabilities			
Borrowings		0	0
Total Non- Current Liabilities		0	0
Total Liabilities		26,592,526.00	0
Net Assets			
Reserves		20,520,000.00	0
Accumulated Surplus		7,002,144.66	(10,659,154.00)
Capital Fund		64,046,735.00	64,046,735.00
Total Net Assets		91,568,879.66	53,387,581
Total Net Assets and Liabilities		118,161,405.89	53,387,581.00

The financial statements set out on pages xxx to xxx were signed on behalf of the Board of Directors

by:




.....

Dr. Isaac Lubutsi
Accounting Officer

CPA. Vitalis Laudo
Head of Finance
ICPAK No. 23079

Dr. Dickens Chibeu
Chairman of the Board

Date 30/9/2022

Date 30/9/2022

Date

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11. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE, 2022

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
At July 1, 2021	64,046,735.00			(10,659,154.00)			53,387,580.00
Revaluation gain		20,520,000.00					20,520,000.00
Total comprehensive income				17,661,298.66			17,061,299.51
Capital/Development grants received during the year							0.00
At June 30, 2022	64,046,735.00	20,520,000.00	0.00	7,002,144.66	0.00	0.00	91,568,879.66

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13. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
Revenue	KShs	KShs	KShs	KShs	KShs	
Transfers from County Govt.	144,913,200.00	51,000,000	93,913,200.00	68,561,155.50	(25,352,044.50)	73%
Other income	5,000,000.00	-	5,000,000.00	5,071,285.00	71,285.00	100%
Total income	149,913,200.00	51,000,000	98,913,200.00	73,632,440.50	(25,280,759.50)	74%
Expenses						
Staff costs	11,256,000	2,056,000	9,200,000.00	9,129,109.00	(70,891.00)	99%
General expenses	16,133,891	13,866,109	30,000,000.00	29,648,102.49	351,897.51	99%
Transfers	-	-	-	2,476,691.50	(2,476,691.50)	
Development expenses	120,000,000	51,000,000	69,000,000	43,450,684.00	25,549,316	63%
Total expenditure	147,389,891.00	66,922,109.00	108,200,000.00	110,253,903.00	(2,899,480.01)	100%

The revenue performance was at 74% , this was caused by failure by County Treasury to remit the budgeted amount to the corporation. The Development index was at 63% which caused by delayed disbursement of funds by the County Treasury to the Corporation.

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14. NOTES TO THE FINANCIAL STATEMENTS:

1. GENERAL INFORMATION:

Kakamega County Dairy Development Corporation is established by and derives its authority and accountability from PFM Act. The Corporation is wholly owned by the Government of Kenya and is domiciled in Kenya. The Corporation principal activity is engaging in the commercial rearing and breeding of dairy livestock

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity'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 9.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

i) Relevant new standards and amendments to published standards effective for the period ended 30 June 2020

IFRS 16: Leases

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of

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low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020(Continued)

Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognised in respect of most operating leases where the Company is the lessee.

IFRIC 23: Uncertainty Over income tax treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1 January 2020, allow entities to measure prepayable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017.

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The amendments, applicable to annual periods beginning on or after 1st January 2020, provide additional guidance on applying the acquisition method to particular types of business combination.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020(Continued)

Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2019)

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2020, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity re-measures its net defined benefit liability (asset) in the manner specified in the amended standard.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

IFRS 17 Insurance Contracts (Issued 18 May 2017)

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2019- Applicable for annual periods beginning 1 January 2020)

Together with the revised *Conceptual Framework* published in March 2019, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. *The document contains* amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2019) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

iii) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the Corporation's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Corporation's activities as described below.

- i) **Revenue from the sale of goods and services** is recognised in the year in which the Corporation delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government are recognised in the year in which the Corporation actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds
- ii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iii) **Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- iv) **Rental income** is recognised in the income statement as it accrues using the effective lease agreements.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) **Other income** is recognised as it accrues.

b) In-kind contributions

In-kind contributions are donations that are made to the Corporation in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Corporation includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Buildings and civil works	25 years or the unexpired lease period
Plant and machinery	12.5 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	12.5 years

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

h) Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to, lessee accounting, the requirements for lessor accounting have remained largely unchanged.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

j) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities.

l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges, and is determined on the moving average price method.

m) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

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n) Taxation Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Taxation (Continued)

Current income tax (Continued)

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Taxation (Continued)

Deferred tax (Continued)

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

p) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

q) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4

respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2018. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act.

s) Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

t) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

u) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly on Jun 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget..

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences .

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Budget information (Continued)

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 of these financial statements.

v) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) Comparative figures

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

x) 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 30, 2019.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION

UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY
(Continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets
- Changes in the market in relation to the asset

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Transfers from Other Government entities

Description	2021-2022	2020-2021
	KShs	KShs
Transfers from County Government of Kakamega Treasury	68,561,155.50	30,415,975.00
Total Government Grants And Subsidies	68,561,155.50	30,415,975.00

(The transfers were received from the Country Treasury to support construction of smart farms, renovation of existing smart farms and support normal operations)

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2 Sale of Milk and Bulls

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of goods		
Sale of Milk		
Bukura Smart Farm	1,903,452.00	827,131.00
Matungu Smart Farm	2,183,298.00	1,205,011.00
Kabras Smart Farm	830,955.00	465,493.00
Khwisero Smart Farm	153,600.00	-
Sub Total from Sale of Milk	4,951,285.00	2,497,635
Sale of Bulls		
Bukura Smart Farm	35,000.00	15,000.00
Matungu Smart Farm	35,000.00	45,000.00
Kabras Smart Farm	45,000.00	10,000.00
Khwisero Smart Farm	5,000.00	0
Sub Total from Sale of Bull Calves	120,000.00	70,000.00
Total revenue from the sale of goods	5,071,285.00	2,567,635.00

(The milk was sold at an average price of sh.47.5, for Bukura 40,550 ltrs, Matungu 46,460 ltrs, Kabras 17,680 ltrs and Khwisero 3,270 litres. 24 bull calves were sold at a standard price of Ksh. 5,000)

3 Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	4,872,109.00	3,742,614.00
Other casual wages *	1,988,850.00	0
Employee costs	6,860,959.00	3,742,614.00

(The other casual wages relates to casuals engaged on the crop farms other than those engaged on regular basis)*

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7. Remissions to County Treasury

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers to County Treasury	2,476,691.50	1,140,000
Total	2,476,691.50	1,140,000.00

8. Cash and Bank Balances

Financial institution	Account number	FY2021/2022	FY2020/2021
		KShs	KShs
a) Commercial accounts			
Kenya Commercial bank	1174166983	483,816.51	3,997,675
Kenya Commercial bank	1211938727	5,071,285.00	2,476,692
Kenya Commercial Bank-Retention	1291252371	2,363,121.00	-
Sub- total		7,918,223.02	6,474,367

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Farm Machinery	Total
Cost	KShs	KShs	KShs	KShs	Kshs	KShs
Balance as At 1 st Jul 2021	38,063,389.00	4,120,313.00	2,158,395.00	2,571,117.00	0.00	46,913,215.00
Additions	45,453,795.61	-	448,614.00	1,147,870.00	177,760.00	47,228,039.61
Disposals	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-
At 30th Jun, 2022	83,517,184.61	4,120,313.00	2,607,009.00	3,718,987.00	177,760.00	94,141,253.61
Total	83,517,184.61	4,120,313.00	2,607,009.00	3,718,987.00	177,760.00	94,141,253.61
Depreciation and impairment At 30 th Jun 2022	2,087,929.62	1,030,078.25	325,876.13	929,746.75	44,440.00	4,418,070.74
Depreciation	2,087,929.62	1,030,078.25	325,876.13	929,746.75	44,440.00	4,418,070.74
Impairment	-	-	-	-	-	-
Total	2,087,929.62	1,030,078.25	325,876.13	929,746.75	44,440.00	4,418,070.74
Net book values						

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At 30 th June 2022	81,429,254.99	3,090,234.75	2,281,132.88	2,789,240.25	133,320.00	89,723,182.84
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10. VALUATION OF BIOLOGICAL ASSETS

FARM	Classification	Quantity	FY2021/2022 KShs	FY2020/2021 KShs
BUKURA	Lactating Cows	14	2,800,000.00	-
	Dry cows	8	1,600,000.00	-
	Incalf Heifers	0	0	-
	Bulling heifers	0	0	-
	Weaners	9	900,000	-
	Female Calves	2	100,000.00	-
	Sub-Total		33	5,400,000.00
MATUNGU	Lactating Cows	18	3,600,000.00	-
	Dry cows	6	1,600,000.00	-
	Incalf Heifers	3	750,000.00	-
	Bulling heifers	7	1,400,000.00	-
	Weaners	2	400,000.00	-
	Female Calves	1	50,000.00	-
	Sub-Total		36	7,800,000.00
KABRAS	Lactating Cows	6	1,200,000	-
	Dry cows	6	1,200,000	-
	Incalf Heifers	4	100,000	-
	Bulling heifers	9	1,800,000	-
	Weaners	2	400,000	-

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	Female Calves	0	0	-
Sub-Total		33	5,600,000	-
KHWISERO	Lactating Cows	3	900,000	-
	Dry cows	0	0	-
	Incalf Heifers	0	0	-
	Bulling heifers	10	1,800,000	-
	Weaners	12	1,200,000	-
	Female Calves	2	100,000	-
Sub-Total		33	4,000,000.00	-
Gross Total			22,800,000	-
	Less estimated cost of Disposal at 10% gross sale		(2280,000)	-
Net Total		123	20,520,000.00	-

11. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

PAYEE	FY2021/2022	FY2020/2021
	KShs	KShs
WITSAM ENTERPRISES	225,545.00	0.00
FARM INPUTS	874,200.00	0.00
SPENDRITE LIMITED	3,557,165.60	0.00

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DREAMTECH ENTERPRISES	9,245,600.00	0.00
JENGA FEEDS	1,254,960.00	0.00
SAMKAI	3,335,001.60	0.00
ORIJO	3,250.00	0.00
GROOVE FEEDS	2,336,880.00	0.00
BISHOP STAM	212,829.80	0.00
LOGMA GUEST HOUSE	88,000.00	0.00
DIXA AGROVET	874,050.00	0.00
NASMOLA ENTERRPRISES	822,805.00	0.00
MOTHERLAND KENYA	633,924.00	0.00
KIMILILI VETERNARY SERVICES	979,800.00	0.00
EVISHAT LIMITED	253,186.00	0.00
MWANGAVET LTD	578,820.00	0.00
MODERN STRATEGIES	601,200.00	0.00
ONE COW INITIATIVE	436,345.00	0.00
TOTAL	26,592,526.00	0.00

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12. GENERAL EXPENSES PAID DURING THE YEAR

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumables-Supplies for production	10,628,360.00	17,452,809
Artificial Insemination services	175,600.00	0.00
One Cow Initiative	1,292,270.00	0.00
Animal treatment	116,240.00	0.00
Supply of computer accessories	34,560.00	0.00
Other consumables e.g tanks	200,701.00	0.00
Motor vehicle insurance	98,892.00	0.00
Strategic plan development	0.00	0.00
Purchase of uniforms	0.00	0.00
Public participation	392,550.00	0.00
Membership subscription	92,200.00	0.00
Sanitary materials	94,892.00	0.00
Farm development	4,632,982.00	0.00
Daily Subsistence allowances	2,099,930.00	2,993,225
Maintenance of buildings	1,280,680.30	0.00
Utilities supplies and services	502,825.00	713,250
Communication supplies and services	639,000.00	219,264
Domestic Travel and subsistence	1,776,175.00	2,037,060
Publishing and printing services	1,372,150.00	29,905
Hospitality supplies and services	757,671.00	601,945

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General office supplies(papers, pencils)	617,089.00	370,098
Bank charge	259,560.85	36,035
Refined fuels, lubricants for transport	1,234,440.00	424,221
Maintenance - motor vehicles & cycles, Building and Stations	539,790.00	262,472
Total	28,893,211.15	25,140,284

13. CASH PAID TO ACQUIRE PROPERTY, PLANT AND EQUIPMENT

Details	2021-2022	2020-2021
	Kshs	Kshs
Construction of Buildings	29,315,328.23	9,088,623.00
Purchase of Computers	1,147,870.00	0.00
Purchase of Furniture	448,614.00	2,046,201.00
Purchase of Farm Machinery	177,760.00	0.00
Total	31,089,572.23	11,134,824

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 REVALUATION RESERVE

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

13 FAIR VALUE ADJUSTMENT RESERVE

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

17. RETAINED EARNINGS

The retained earnings represent amounts available for distribution to the Corporation's shareholders. Undistributed retained earnings are utilised to finance the Corporation's business activities.

18. BORROWINGS

There were no borrowings

19. DEFERRED TAX LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

20. RELATED PARTY DISCLOSURES

(a) County Government of Kakamega

The Government of Kenya is the principal shareholder of the Corporation holding 100% of the Corporation equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) Ministry of Agriculture Livestock and Fisheries
- ii) Key management

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iii) Board of directors

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties

	2021-2022	2020-2021
	Kshs	Kshs
a) Sales to related parties		
Total		
b) Grants from the Government		
Grants from County Government	68,561,155.50	30,415,975
Total	68,561,155.50	30,415,975
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for Corporation employees	-	
Payments for goods and services for the Corporation		
Total		
d) Key management compensation		
Directors' emoluments		
Compensation to the CEO		
Compensation to key management		
Total		

21. CAPITAL COMMITMENTS

Capital commitments at the year- end for which no provision has been made in these financial statements are:

	2021-2022	2020-2021
	Kshs	Kshs
Amounts authorised and contracted for		
Amounts authorizes but not contracted for		
Less: Amounts included in Work in progress		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(i) Credit risk

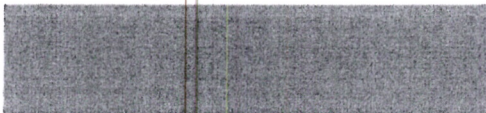
The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

19 FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)



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	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

20 FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

21 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

22 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Ref. in external auditor report	Issue/observations from Auditor	Management comments	REMARKS

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1	<p>1. Presentation and Disclosure</p> <p>The financial statements submitted for audit were not prepared in accordance with International Public Sector Accounting Standards (IPSAS) –Accrual Basis and in the format prescribed by the Public Sector Accounting Standards Board (PSASB). The statements indicate that they have been prepared in accordance with the International Financial Reporting Standards (IFRS) framework instead of IPSAS (Accrual) as required under Section 22 of the Kakamega County Dairy and Development corporation Act, 2018 which states that within a period of three months after the end of each financial year, the Board shall submit to the Auditor-General the accounts of the corporation in respect of that year together with a statement of the income and expenditure of the corporation during that year; and a statement of the assets and liabilities of the corporation on the last day of that financial year.</p> <p>Details on the Corporation management including positions held, responsibilities and board of directors, including their bio data, experience and passport photos for three (3) of them have not been provided as required by the prescribed reporting format. In addition, the report on Corporation performance against predetermined objectives has not been included in the report and financial statements as required.</p> <p>Although the corporate governance statement and management discussion and analysis have been included in the financial statements, they do not give adequate details as per the guidelines provided by the PSASB. Also, the fiduciary oversight arrangements have not been identified, described or explained.</p> <p>A statement of profit or loss and other comprehensive income has been prepared instead of a statement of financial performance.</p> <p>In addition, the significant accounting policies have been replicated as given in the prescribed reporting format without customizing them to the nature and operations of the Corporation. Further, the financial statements and accompanying notes include blank disclosures that do not reveal or support any balances and do not therefore provide any information to the intended users of the financial statements.</p> <p>Disclosures of the projects implemented and the details of inter-entity transfers together with the recordings of the transfers from other government entities have also not been provided.</p> <p>Consequently, the financial statements as presented did not comply with the format prescribed by the Public Sector Accounting Standards Board (PSASB).</p>	<p>The three officers who had not provided the passport size are the County staff whose details are already in their personal files this are- i).Moses Sande-County Attorney ii).Dr. Kelly Nelima-Chief Officer Livestock and fisheries iii).CPA,Amb.JamesOchami -Chief Officer Finance and Economic planning</p> <p>The statement of Corporation performance against predetermined objectives has been included in Chairman’s and Directors statements; however in subsequent financial statements we shall be reporting separating.</p> <p>Corporate governance statement and management discussion and analysis will be improved on in the subsequent financial statements.</p> <p>The template provided by the PSASB requires the entity to prepare a statement of profit or loss and other comprehensive income as prescribed in the financial statements.</p> <p>The blank spaces have been deleted and proper formatting done.</p> <p>Disclosures of the projects implemented will be included in the subsequent financial statements, the details of inter-entity transfers together with the recordings of the transfers from other government entities have been provided in the financial statements on page no 34.</p>	<p>NOT RESOLVED</p>
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2	<p>2. Transfers from the County Government</p> <p>The statement of financial performance reflect transfers from County Treasury amount of Kshs.59,322,792 for the year ended 30 June 2020 which is indicated in note no.1 to the financial statements as payments by the County on behalf of the entity , while the financial statements of the County Executive of Kakamega for the same period disclose amount transferred to the Corporation of Kshs.40,322,792 resulting to an unexplained variance of Kshs.19,000,000. In addition, all the amount has been recognized as income yet part of it was supposed to be applied towards capital development.</p> <p>Consequently, the completeness and accuracy of the transfers from county government figure of Kshs.59,322,792 for the year ended 30 June 2020 could not be confirmed.</p>	<p>Note no 1 indicates a figure of Ksh 59,322,792 as transfers from treasury to KDDC but not payments made on behalf of the entity.</p> <p>In the financial statements of the County Executive the amount of 19 million had already been recognized in the financial year 2018/2019 since it was disbursed during the closure of the year 2018/2019 June and KDDC received at the start of the year 2019/2020.</p> <p>The amount is recognized as income in the statement of profit and loss account and on the payment side of the profit and loss account it is recognized as a capital expense since it is used on development purposes.</p>	<p>NOT RESOLVED</p>
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3	3. Transfers	The Ksh 6.5M transferred to County treasury is part of balance c/f from previous financial year of	NOT RESOLVED
	<p>The statement of financial performance reflects transfers of Kshs.6,500,000 disclosed in note 5 to the financial statements as transfers to the county treasury for the year ended 30 June 2020. Although the amount was transferred from the revenue collection account, the financial statements of the Corporation do not disclose such amount as revenue generated from operations of the entity and no reason has also been provided for the transfer has not been explained. In addition, the financial statements of County Executive of Kakamega have not recorded the transfer as a receipt.</p> <p>Consequently, the accuracy and occurrence of the transfer of Kshs.6,500,000 for the year ended 30 June 2020 cannot be confirmed.</p>	Ksh 5,841,339.00 and also part of Ksh 1,725,842 as receipts from sale of milk. In the County executive financial statements it has been recognized as returned to CRF.	

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6	<p>6. Property, Plant and Equipment</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.37,521,963 as at 30 June 2020 as detailed in note 8 to the financial statements and which include land and buildings with a cost of Kshs.34,517,277. The amount of Kshs.34,517,277 was in respect of expenditure incurred by the Corporation on repairs, maintenance, renovation, partitioning of buildings. However, the ownership of the land on which the buildings stand could not be confirmed due to lack of ownership documents.</p> <p>In addition, the Corporation did not maintain an asset register to account for the property, plant and equipment balance of Kshs.37,521,963 as at 30 June 2020. Further, the depreciation policy has provided the depreciated rate in years instead of percentage (%) as required.</p> <p>Consequently, the property, plant and equipment balance of Kshs.37,521,963 as at 30 June 2020 could not be confirmed.</p>	<p>The land that the Kakamega Dairy Development Corporation is using was acquired by the County Executive and the ownership documents are still in the address of the Kakamega County Government. The Corporation has commenced a process to transfer all its land assets into its ownership.</p> <p>The Corporation is still in the process of developing an asset register and currently we have an inventory list.</p> <p>The depreciation rates have been provided in percentages. Refer to financial statements page 23 where figures have been calculated in percentages.</p>	<p>NOT RESOLVED</p>
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7	<p>7. Inventory</p>	<p>The inventory listing is provided for your review.</p>	<p>NOT RESOLVED</p>
	<p>The statement of financial position has not disclosed any inventory balances as at 30 June 2020 and no stock sheets were available to show that there was no balance of the consumables and milk stocks at the Corporation and the smart farms as at 30 June 2020.</p> <p>Consequently, financial statements have not disclosed significant information on the state of execution of the Corporation's activities.</p>		
8	<p>8. Cash and Cash Equivalents</p> <p>The statement of financial position reflects cash and cash equivalents balance of Kshs.17,478,178 as at 30 June 2020 comprising cash at bank and cash on hand amounting to Kshs.4,553,660 as disclosed in note 7A of the financial statements. However, the cash on hand balance of Kshs.4,553,660 was not supported by the cashbook and board of survey report as at 30 June 2020</p> <p>Consequently, the accuracy and existence of the cash balance of Kshs.4,553,660 as at 30 June 2020 cannot be confirmed.</p>	<p>The original cash book balance reflected a different figure but after adjusting cash book the new cash balance reflected is Ksh 4,553,660</p> <p>There was no board of survey report.</p>	<p>NOT RESOLVED</p>

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9	<p>9. Statement of Changes in Equity</p> <p>The statement is erroneously referred to as statement of changes in net equity as at 30 June 2020 instead of statement of changes in net assets as required by IPSAS. The statement reflects total net assets of Kshs.151,048,634 a balance brought forward of Kshs.90,000,000 and funds received during the year under review of Kshs.61,048,634 and which is equivalent to the total revenue reflected in the statement of financial performance. In addition, these figures appear to have no basis as they cannot be linked to the statement of financial position as at 30 June 2020 and the previous year statement of changes in equity. Consequently, the accuracy of the statement of changes in net assets for the year ended 30 June 2020 cannot be confirmed.</p>	<p>The Kshs.151, 048,634 is the total accumulative receipts for the two years 2018-2019 and 2019-2020 as reflected in the statement of financial performance. The figure of 90M is reflected in the statement of financial position as total receipts for the year 2018-2019, Kshs.61,048,634 is reflected in the statement of financial position as total receipts for the year 2019-2020.</p>	NOT RESOLVED
10	<p>10. Reserves and Revolving Fund</p> <p>The statement of financial position reflects revolving fund balance of Kshs.29,516,707 and reserves balance of Kshs.34,530,028 as at 30 June 2020. However, the basis or source of these balances have not been explained or supported. Consequently, the accuracy and validity of the two balances as at 30 June 2020 could not be confirmed.</p>	<p>Revolving fund is the net book values of assets brought forward from the year 2018/2019</p> <p>The breakdown of the general reserves is highlighted below which is the opening balances for the year 2019/2020</p> <p>KCB Operation Account..... 28,688,689.46 KCB Revenue Account..... 5,841,339.00</p>	NOT RESOLVED

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11	<p>11. Statement of Cash Flows</p> <p>The statement of cash flows for the year ended 30 June 2020 has not been accurately prepared and does not explain the cashflows of the Corporation for the year ended 30 June 2020. The statement reflects cash and cash equivalents as at 1 July 2019 balance of Kshs.34,530,028 while the previous year financial statements reflects a balance of Kshs.25,504,271 to result to a variance of Kshs.9,025,757 which has not been explained or reconciled. The statement also reflects net increase in cash and cash equivalents figure of Kshs.17,478,178 while the calculated figure from the statement shows a decrease of Kshs.17,051,850 to result to a variance of Kshs.34,530,028 which has not been explained or reconciled.</p> <p>Consequently, the accuracy of the statement of cash flows for the year ended 30 June 2020 could not be confirmed.</p>	Theanormally has been noted and corrected.	NOT RESOLVED								
	<p>Budgetary Control and Performance</p> <p>According to the statement of comparison of budget and actual amounts for the year ended 30 June 2020, the corporation had a revenue budget of Kshs.100,243,800 out of which Kshs.61,048,634 or approximately 61% of the budget was realized. The corporation also had an expenditure of Kshs.78,962,200 but recorded actual expenditure of Kshs.70,095,229 to result to under expenditure of Kshs.8,866,971 or approximately 11% as below:</p> <table border="1" data-bbox="174 1173 1205 1358"> <thead> <tr> <th data-bbox="174 1173 571 1316">Expenditure Item</th> <th data-bbox="571 1173 772 1316">Approved Budget (Kshs)</th> <th data-bbox="772 1173 996 1316">Actual Expenditure (Kshs)</th> <th data-bbox="996 1173 1205 1316">Budget Utilization Difference (Kshs)</th> </tr> </thead> <tbody> <tr> <td data-bbox="174 1316 571 1358">Staff Costs</td> <td data-bbox="571 1316 772 1358">3,992,000</td> <td data-bbox="772 1316 996 1358">2,781,811</td> <td data-bbox="996 1316 1205 1358">1,210,189</td> </tr> </tbody> </table>	Expenditure Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Budget Utilization Difference (Kshs)	Staff Costs	3,992,000	2,781,811	1,210,189	The uncollected revenue of Ksh39,195,166 is what County treasury failed to remit to the entity. The underutilization resulted to late disbursement of funds from the County Treasury which resulted to under expenditures to the respective line items as observed by the Auditor.	NOT RESOLVED
Expenditure Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Budget Utilization Difference (Kshs)								
Staff Costs	3,992,000	2,781,811	1,210,189								

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General Expenses	25,900,000	25,577,945	322,055
Transfers	6,500,000	6,500,000	-
Acquisition of Assets	42,570,200	35,235,473	7,334,727
Total	78,962,200	70,095,229	8,866,971

The Corporation therefore failed to meet its revenue target by Kshs.39,195,166 or approximately 39% of the budgeted amount. In addition, the corporation did not utilize Kshs.8,866,971 or 11% of its budgeted expenditure and no reasons or explanations have been provided for this state of affairs.
 Failure to realize the targeted revenue and utilize the budgeted funds is an indication that the programs of the Corporation were not implemented as envisaged.

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1	<p>1. Expenditure Not Properly Supported</p> <p>During financial year ended 30 June 2020, the Corporation made various payments amounting to Kshs. 1,046,100 which were not properly supported by authorization, relevant reports, signed attendance lists, warrants, contract documents and other necessary documentation as detailed below.</p>	The payments are being worked on to make sure all the documentations are attached and certified by authorizing officer	NOT RESOLVED																																								
<table border="1"> <thead> <tr> <th data-bbox="147 383 273 512">Date</th> <th data-bbox="273 383 427 512">Payee</th> <th data-bbox="427 383 584 512">Details</th> <th data-bbox="584 383 719 512">Amount (Kshs)</th> <th data-bbox="719 383 1133 512">Findings</th> </tr> </thead> <tbody> <tr> <td data-bbox="147 512 273 887"></td> <td data-bbox="273 512 427 887">Jason Michieka</td> <td data-bbox="427 512 584 887">Imprest Board Selection Panel</td> <td data-bbox="584 512 719 887">482,100</td> <td data-bbox="719 512 1133 887"> <ol style="list-style-type: none"> 1. he minutes and attendance list not signed, not dated and does not indicate the venue. 2. mprest warrant not signed. 3. mprest requested, processed and cash received by the same officer-Jason Michieka. </td> </tr> <tr> <td data-bbox="147 887 273 1002">29- Aug2019</td> <td data-bbox="273 887 427 1002">M/s Maduda Enterprises</td> <td data-bbox="427 887 584 1002">Supply of Polythene Papers</td> <td data-bbox="584 887 719 1002">400,000</td> <td data-bbox="719 887 1133 1002">Contract agreement not availed, together with list of prequalified suppliers.</td> </tr> <tr> <td data-bbox="147 1002 273 1098">9- Oct2019</td> <td data-bbox="273 1002 427 1098">Brian Shivina Paul</td> <td data-bbox="427 1002 584 1098">Imprest</td> <td data-bbox="584 1002 719 1098">10,000</td> <td data-bbox="719 1002 1133 1098">No Imprest Warrant</td> </tr> <tr> <td data-bbox="147 1098 273 1169">9- Oct2019</td> <td data-bbox="273 1098 427 1169">Everlyne Nyongesa</td> <td data-bbox="427 1098 584 1169">Imprest</td> <td data-bbox="584 1098 719 1169">50,000</td> <td data-bbox="719 1098 1133 1169">No Imprest Warrant</td> </tr> <tr> <td data-bbox="147 1169 273 1241">21- Oct2019</td> <td data-bbox="273 1169 427 1241">Robai Andaj e</td> <td data-bbox="427 1169 584 1241">Imprest</td> <td data-bbox="584 1169 719 1241">94,000</td> <td data-bbox="719 1169 1133 1241">No Imprest Warrant</td> </tr> <tr> <td data-bbox="147 1241 273 1305">9- Oct2019</td> <td data-bbox="273 1241 427 1305">Janerose Mat alanga</td> <td data-bbox="427 1241 584 1305">Imprest</td> <td data-bbox="584 1241 719 1305">10,000</td> <td data-bbox="719 1241 1133 1305">No Imprest Warrant</td> </tr> <tr> <td colspan="3" data-bbox="147 1305 584 1353">Total</td> <td data-bbox="584 1305 719 1353">1,046,100</td> <td data-bbox="719 1305 1133 1353"></td> </tr> </tbody> </table>				Date	Payee	Details	Amount (Kshs)	Findings		Jason Michieka	Imprest Board Selection Panel	482,100	<ol style="list-style-type: none"> 1. he minutes and attendance list not signed, not dated and does not indicate the venue. 2. mprest warrant not signed. 3. mprest requested, processed and cash received by the same officer-Jason Michieka. 	29- Aug2019	M/s Maduda Enterprises	Supply of Polythene Papers	400,000	Contract agreement not availed, together with list of prequalified suppliers.	9- Oct2019	Brian Shivina Paul	Imprest	10,000	No Imprest Warrant	9- Oct2019	Everlyne Nyongesa	Imprest	50,000	No Imprest Warrant	21- Oct2019	Robai Andaj e	Imprest	94,000	No Imprest Warrant	9- Oct2019	Janerose Mat alanga	Imprest	10,000	No Imprest Warrant	Total			1,046,100	
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	<p>Consequently, the propriety of the expenditure of Kshs.1,046,100 included in general expenses figure of Kshs.23,917,945 for the year 30 June 2020 could not be ascertained</p>		
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2	<p>2. Lack of Procurement Plan</p>	<p>Kakamega County Dairy Development Corporation has an approved procurement plan</p>	<p>NOT RESOLVED</p>
	<p>The corporation did not provide an approved procurement plan detailing among others a brief description of the requirements, estimated values of the requirements, the procurement method and the expected award dates contrary to the provisions of section 53 (2) of the Public Procurement and Asset Disposals Act, 2015 which states that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process. Consequently, management breached the law.</p>	<p>which we had initially availed for Audit in soft copy we have attached the hard copy for your verification.</p>	
1	<p>1. Failure to Develop a Staff Establishment</p> <p>Kakamega County Dairy Development Corporation did not have a staff establishment record or plan to support achievement of goals and objectives in their strategic plan contrary to section B.2.1 of the Public Service Commission Human Resource Policies Manual. Therefore, there are no statistics of the number of staff required and available for every position and the roles played in the Corporation</p>	<p>KDDC staff establishment is majorly that of employees on secondment from the county human resource and a small component of contractual/casual workers on the farms. Coming up with annual recruitment plans at the beginning of each year has never been the case. However plans are underway in this endeavor and going forward this will be done. Further KDDC is still at its inception stages as it has been operational for a period not exceeding four years. This therefore calls for continuous process in the implementation of certain crucial policy documents such as establishment records as</p>	<p>NOT RESOLVED</p>

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		directed.	
2	<p>2. Failure to Prepare and Submit Quarterly Financial Reports Kakamega County Dairy Development Corporation failed to prepare quarterly reports contrary to Regulation 207 (1) of the Public Finance Management (County Governments) Regulations, 2015 which states that an accounting officer of a county corporation shall prepare and submit quarterly financial and non-financial statements in the format gazetted by the Cabinet Secretary within 15 days after the end of each quarter to the County Executive Committee Member responsible for the county corporation with a copy to the County Treasury and the Auditor General. Consequently, management is therefore in breach of the law.</p>	<p>Quarterly financial reports for some of the quarters were prepared and submitted however we had challenges of capacity in personnel, the entity has engaged a qualified accountant to actively prepare and adhere to PFM Act provisions, going forward the entity is doing what is required and a sample of submitted quarterly reports availed.</p>	<p>NOT RESOLVED</p>

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3	<p>3. Unauthorized Expenditure</p> <p>During the financial year 2019/2020, the Corporation incurred an expenditure of Kshs.4,553,660 through imprest. However, the vouchers in respect of surrender of the imprest were not authorised by the accounting officer and the warrants for the issue of the imprests were not signed by the imprest holders.</p> <p>Consequently, the required controls were therefore not in place and/or observed over the use of imprest in running the activities of the Corporation</p>	<p>Going forward the management is working on proper policies and controls to govern the imprest management</p>	<p>NOT RESOLVED</p>
4	<p>4. Revenue Collection at the Smart Farms</p> <p>Audit verification of the Bukura and Malava (Mbande) smart farms revealed that proper revenue records were not maintained. There were no records showing the amount of revenue collected during the year. There was also no evidence of supervision by responsible officers to ensure revenue was collected and accounted for as envisaged.</p> <p>Consequently, the accuracy of the revenue collected and accounted for during the year under review could not be confirmed.</p>	<p>Initially there has been a challenge in record keeping by the farm managers due to capacity and low supervision but going forward the entity has employed qualified farm managers who are assisting in keeping proper records.</p> <p>Also the entity has employed a quality assurance officer who supervises the day to day operation of the farms activities.</p> <p>Going forward the entity is working on the systems to improve the general operations of the farms</p> <p>Adequate internal controls have been instituted. Production and sales of milk as well as revenue collection are being monitored on daily basis.</p> <p>We have put measures to improve milk production hence improve on our revenue targets. Other revenue targets such as heifers raised have not been disclosed. In future such revenues will be disclosed which will improve our target.</p>	<p>NOT RESOLVED</p>

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There was no Audit report for the year 2020/2021

Chief Executive Officer

Chairman of the Board

Date...30/9/2022.....

Date.....

APPENDIX I1: PROJECTS IMPLEMENTED BY THE KAKAMEGA COUNTY DAIRY DEVELOPMENT CORPORATION

Projects

Projects implemented by the Kakamega County Dairy Development Corporation

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Construction of perimeter fencing at Matungu farm	CGKK/KDDC/001/20162017	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of perimeter fencing at Malava farm	CGKK/KDDC/QT/04/20162017	County gov of kakamega	2Yrs	Committed	Yes	Yes
Proposed construction of farm in the box at Matungu farm	CGKK/KDDC/QT/05/20162017	County gov of kakamega	2Yrs	Committed	Yes	Yes
Proposed of perimeter fencing at Kabras farm	CGKK/KDDC/22/2016-2017	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of 4NO Door toilets at Bukura Fram	CGKK/KDDC/24/2016-2017	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of 4NO Door toilets at Matungu farm	CGKK/KDDC/25/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of hand dug well at Matungu Farm	CGKK/KDDC/28/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes

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Construction of hay ban /silage pit at Matungu farm	CGKK/KDDC/29/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of sentry house at Matungu farm	CGKK/KDDC/33/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Construction of cattle crush at Matungu farm	CGKK/KDDC/35/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
construction of calf pen at Matungu smart farm	CGK/KDDC/37/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Internal fencing at Bukura Farm	CGKK/KDDC/27/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of feed store/paddock/slury pit and access roads	CGK/KDDC/54/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of sentry house at kabras smart farm	CGK/KDDC/46/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of sentry house at Bukura	CGKK/KDDC/QT/46/20172018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of access road at Bukura farm	CGKK/KDDC/60/2017/2018	County gov of kakamega	2Yrs	Committed	Yes	Yes

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Construction of 4NO Door toilets at Kabras Fram	CGKK/KDDC/QT/48/20172018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of farm in the box at Kabras farm	CGKK/KDDC/QT/50/20172018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of hay ban at Kabras	CGKK/KDDC/QT/40/20172018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of calf pen at Kabras farm	CGKK/KDDC/QT/42/20172018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Proposed construction of farm house at Bukura farm	CGKK/KDDC/20/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Proposed construction of farm house at Matungu farm	CGKK/KDDC/21/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Proposed fencing at Shibinga Farm	CGKK/KDDC/22/2017-2018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of cattle crush at Kabras Farm	CGKK/KDDC/QT/44/20172018	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of cooler plant at Matungu farm	CGKK/KDDC/69/2018-2019	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of cooler plant at Bukura farm	CGKK/KDDC/68/2018-2019	County gov of kakamega	2Yrs	Committed	Yes	Yes

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Fencing of Khwisero FarmPhase i	CGKK/KDDC/QT/70/20182019	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of access road and slurry pit at Kabras Farm	CGKK/KDDC/71/2018-2019	County gov of kakamega	2Yrs	Committed	Yes	Yes
Fencing of Khwisero Farm-Phase li	CGKK/KDDC/QT/79/20182019	County gov of kakamega	2Yrs	Committed	Yes	Yes
Farm in the box at Khwisero Farm	CGKK/KDDC/QT/81/20182019	County gov of kakamega	2Yrs	Committed	Yes	Yes
Drilling of borehole at Kabras Farm	CGKK/KDDC/QT/83/20182019	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of feed store at Kabras Farm	CGKK/KDDC/QT/87/20182019	County gov of kakamega	2Yrs	Committed	Yes	Yes
Water tank steel tower & equiping of borehole at Kabras	CGKK/KDDC/QT/88/20182019	County gov of kakamega	2Yrs	Committed	Yes	Yes
Proposed construction of prefab at Kabras Farm	CGKK/KDDC/97/2018-2019	County gov of kakamega	2Yrs	Committed	Yes	Yes
Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Paddocking at Kabras Farm	CGKK/KDDC/006/20192020	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of Hay ban at Khwisero farm	CGKK/KDDC/QT/19/20192020	County gov of kakamega	2Yrs	Committed	Yes	Yes

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Construction of Prefab and feed store at Khwisero farm	CGK/KDDC/QT/19/20192020	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of Sentry house and 4NO.Door toilets at Khwisero farm	CGK/KDDC/QT/21/20192020	County gov of kakamega	2Yrs	Committed	Yes	Yes
Provision of Water at Khwisero Farm	CGK/KDDC/QT/08/20202021	County gov of kakamega	2Yrs	Committed	Yes	Yes
Installation of Electricity at Khwisero farm	CGK/KDDC/QT/09/20202021	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of modern smart farm at Malava	CGK/KDDC/30/2019-2020	County gov of kakamega	2Yrs	Committed	Yes	Yes
Construction of modern smart farm at Malimili	CGK/KDDC/029/2019-2020	County gov of kakamega	2Yrs	Committed	Yes	Yes
Proposed fencing works at Malimili farm	CGK/KDDC/QT/20/20192020	County gov of kakamega	2Yrs	Committed	Yes	Yes

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the County Treasury			
FY 2021/2022			
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		Total	

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

Finance Manager

Kakamega County Dairy Corporation

Sign 

Head of Accounting Unit
Ministry-County Treasury

Sign 