

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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ON

THE FINANCIAL STATEMENTS OF  
KENYA TSETSE AND TRYPANOSOMIASIS  
ERADICATION COUNCIL

FOR THE YEAR ENDED

30 JUNE 2018





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**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30<sup>TH</sup> JUNE, 2018**

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

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

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

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

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

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

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

**(b) Principal Activities**

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

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

- Perform such other function as may be assigned to it by the Minister

**(c) Key Management**

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

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

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had a direct fiduciary responsibility were:-

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

### **(e) Fiduciary Oversight Arrangements**

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

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

#### **Audit Committee:**

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

#### **Human, Resource and Finance Committee:**

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

#### **Internal Control**

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

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

#### **Parliamentary committee activities:**

The Council's Audit report for 2016/2017 had an unqualified opinion.

#### **(f) Council's Headquarters**

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

#### **(g) Council's Contacts**

Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC)  
Crescent Business Centre Building 3<sup>rd</sup> Floor, Block C  
Telephone :( 254) 020 2513131/2  
E-mail: info@kenttec.go.ke  
Website: www.kenttec.go.ke

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**(h) Council's Bankers**

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

**(i) Independent Auditors**

Auditor General,  
Kenya National Audit Office,  
Anniversary,  
Nairobi, Kenya.  
Towers, University Way  
P.O.Box 30084  
GOP 00100  
Nairobi, Kenya.

**(j) Principal Legal Adviser**

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

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II. THE BOARD OF DIRECTORS

	<u>PROFILE</u>
	<p><b>Dr. David Wamamili Wanyonyi-</b> The current KENTTEC Board chairman. Dr. Wanyonyi is an academician with a wealth of experience in research, teaching and leadership. He is a lecturer at the Moi University and currently the head of the Department of Curriculum, Instruction and Educational Media, Moi University.</p> <p>Dr. Wanyonyi holds a Bachelor of Arts degree, a postgraduate Diploma in Education from Kenyatta University and a Doctor of Philosophy of the Department of Curriculum, Instruction and Educational Media from Moi University. He brings to the Board a wealth of experience in research and leadership.</p>
	<p><b>Dr. Pamela Olet-</b> The KENTTEC CEO, prior to this she was the National Coordinator for the Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC-Kenya). Dr. Pamela Olet holds a PhD in entomology and a Masters degree in Business Management. Dr. Olet has spent all her career time in studying and eradication of Tsetse and Trypanosomiasis, her efforts were recognized through a Presidential award (Moran of Burning Spear- MBS) she received in 2011.</p>
	<p><b>Mr. Samuel Kamau-</b>He represents the Director of Veterinary Services on the KENTTEC Board. He is a Senior Deputy Director, Zoological Services and Head, Vector Regulatory and Zoological Services in the Directorate of Veterinary Services. He holds an MSc in Medical and Veterinary Entomology from University of Nairobi. Research areas are in animal trypanosomiasis management, honeybee health and mosquito-borne arboviruses.</p>



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



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

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



**Mrs. Mary Kanyi**-She represents the Director of Livestock Production and a Deputy Director of Livestock production (DDLDP).She holds a Master's Degree in Agricultural Economics and Bachelor of Science in Agriculture. She has a wide experience in management and coordination of livestock development programs. She is also a member of the Animal Production Society of Kenya (APSK).



**Mr.Erastus Wanjohi Wahome**-He represents the Cabinet Secretary of the National Treasury and Planning on the KENTTEC board.He is a Senior Deputy Director at the department of Macro-economics of the National Treasury.. He holds a Masters degree and post graduate Diploma in Economics from Monach University Australia. He also holds a Bachelors degree (Economics) from the University of Nairobi. He is an experienced Economist with a wealth of experience in linking planning to budgeting, policy prioritization, resource mobilization and expenditure control. He has worked closely with the EAC, COMESA and the African Union on regional integration issues. During his tenure at the Board of the National Environmental Authority (NEMA) the authority introduced the new policy on

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	<p>stoppage of use of plastic bags which is a national success. He is also skilled in strategic leadership.</p>
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### III.MANAGEMENT TEAM

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

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

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

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**Mrs. Agnes Ikolot Otwani** Is the Regional Coordinator for Nyanza Region caved from the larger Lake Victoria Basin Region. Her duties and responsibilities involve coordination of tsetse and trypanosomiasis eradication activities in Nyanza region. She has formerly worked as the zoologist in-charge of PATTEC activities in Teso North and Teso South Sub counties for four years and as the zoologist in-charge of KENTTEC activities in Busia County for two years. She holds a Bachelor of Science degree from Makerere University with a Zoology major and Botany minor. She is currently writing her thesis for a Master of Science in Applied Parasitology at Kenyatta University. She has gained a lot of experience from working in the field and attending short courses in Geospatial analysis of disease vectors and use of GIS and Population genetics to identify isolated tsetse populations.



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



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

## IV. CHAIRMAN'S STATEMENT

### Introduction

I am pleased to present our Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2018.

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

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

Tsetse transmitted Trypanosomiasis is among the greatest constraint in rural development and the major cause of poverty in many Countries & counties in Kenya. In Kenya, the total tsetse infested area is about 138,000 Km<sup>2</sup>, which translates to 38 out of 47 counties. The infestation denies Kenya 60% of its rangelands which would be used for production. According to World Health Organization, 60 Million people are at risk of infection with sleeping sickness spread by tsetse flies. As per the World Bank (2008) per capita indicator, 22 out of the 25 poorest countries are tsetse infested with a high prevalence of Trypanosomiasis. Tsetse infestation is a major cause of poverty hence the name "poverty insect"

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

In the last three years, the Government has continued to commit financial resources for the eradication of Tsetse and Trypanosomiasis Kshs.300 Million in 2015/2016, Kshs.365 Million 2016/2017 and Kshs.139.5 Million during last FY 2017/2018. This has enabled us to successfully carry out our core mandate of suppressing tsetse fly in the four regions namely Meru National Park, Lake Victoria, Lake Bogoria basin and Coastal region (Faza Island).

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

### Strategy

The Board has continued to monitor the implementation of its five-year Strategic Plan (2013-2017) which was reviewed during the year to develop a draft Strategic Plan 2018-2023. The FY2017/18 work plan was extracted from this five year strategic plan. The deliverables that were set out in the work plan and performance contract for FY 2017/2018 were however not achieved because of the drastic reduction of budgeted grants from the National government. Nevertheless, the Board carried out monitoring and evaluation of utilization of the grants from the Ministry and collaborative projects from ICIPE and FAO, and the internal capacity continue to be strengthened to ensure effective delivery of the Board's mandate.

The Board has also prioritised the finalisation of the draft Strategic Plan 2018-2023 during the FY 2018/2019.

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**Corporate Governance**

Strong Corporate Governance is integral to the Board's long-term success and is essential in delivering KENTTEC's strategy. The various board committees continue to play a vital role in supporting the board in discharging its duties. The Statement of Corporate Governance, included in this report, details the measures that the Board has undertaken to ensure a robust corporate governance environment. The report is in line with Mwongozo guidelines on State Corporations governance of 2015. It should be noted that the board wasn't fully constituted due to non appointment of independent members.

**Future Outlook**

The Board is actively engaged in activities aimed at increasing and sustaining the Council to meet the ever increasing farmers' needs. The Board remains committed to deepening relationships with its stakeholders and key partners. Further, the Board shall endeavour to develop its people, innovative and cost-effective methods of eradicating Tsetse and Trypanosomiasis. The Board will integrate the Big 4 agenda in its operations.

**Acknowledgement**

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

Signed.....  


**Dr. David W. Wanyonyi**  
**CHAIRMAN-KENTTEC**

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**V.REPORT OF THE CHIEF EXECUTIVE OFFICER**

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

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

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

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

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

The government has been committed to the implementation of the Council's activities and has consistently provided funds in the last three financial years as evidenced by Kshs 300 Million in 2015/2016, Kshs. 365 Million in 2016/2017 and 139.5 Million during 2017/2018FY. The reduction in funding drastically affected our operations during the period and thus we were unable to achieve all our targets. The funds allocated mitigates against the following:

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

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

During the Financial Year 2017/2018, KENTTEC presented a budget of Ksh.400 million to enable her carry out planned activities of Tsetse and Trypanosomiasis Eradication in the tsetse belts. However, the Council was allocated Kshs.327Million which was a reduction of Kshs.73 Million. The amount allocated was further reduced by Kshs.187.5 million thus leaving the Council with Kshs.139.5 Million. This adversely affected our operations hence cutting down on some of the critical activities that we had planned to undertake during the stipulated period.

At the end of the financial year, the Council had received a total of Kshs.141, 285,557 as a grant, of which Kshs.139, 500,000 was from the State Department of Livestock inclusive of Kshs.62.5Million for development activities, 77 Million for recurrent, Kshs.772, 357 from The International Centre for Insect Physiology and Ecology (ICIPE) and Kshs.979, 200 from the Food and Agricultural Organisation (FAO) for collaborative Tsetse eradication activities in designated areas.

During the financial year the Council reported a deficit of Kshs.24,374,482 as compared to the last years' surplus of Kshs. 4,987,709.This was due the reduction of budgeted grant from the Ministry which exposed the Council to accrued expenses and hence the deficit.

The employee cost for the period was Kshs.25, 717,816 as compared to Kshs.36, 382,929 which was a reduction due to stoppage of payment of staff extraneous allowances.

Contracted Services had a total expenditure was Kshs.3, 750,000 an amount incurred on payment of consultancy works for the installation of Tsetse targets in Lambwe valley in Homabay.

The cost of Specialised Materials for Tsetse control for the period was Kshs. 48,944,679 as compared to Kshs.217, 524,135 for the previous period. This is attributed to the non-purchase of materials due to the reduction of Development grant by 75% by the National Treasury and Planning.

## **VI. CORPORATE GOVERNANCE STATEMENT**

### **Introduction**

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

### **The Board of Directors**

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

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

### **Composition of the Board**

The Board of the Council is made up of the 11 non-executive directors; with a three year term limit. During the period 2017/2018 the Board had seven members out of eleven listed in profiles on pages 8-11 of this report.

The Chief Executive Officer is the Secretary to the Board.

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

The members are provided with opportunity for training and during the year they were evaluated on their performance as per the Mwongozo Code of Governance for State Corporations of 2015.

The management of the Council has disclosed to all employees that they have the responsibility of reporting any irregularities of general, operational and financial nature to the directors or any other designated official.

## Board Meetings

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

During the period under review the Board held 12 meetings three of which were special.

The directors' attendance of the (twelve) 12 Board meetings held during 2017/2018 is as follows;

	NAME OF DIRECTOR	NO.OF BOARD MEETINGS ATTENDED
1	Dr. David W.Wanyonyi-Chairman	12
2	Dr.John M.Wekesa	12
3	Mrs Mary Kanyi	5
4	Dr.Charles Toroitich	8
5	Dr. Samuel Kasiki	9
6	Mr Samuel Kamau	11
7	Mr Erastus Wahome	9

## Board Committees

The composition of the board committees was set up in compliance with the Mwongozo Code of conduct for State Corporations of 2015 to have a maximum of five members. However the committees' work was affected due to non appointment of the independent members whose term had expired but were not replaced during the period.

### Audit Committee

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

The following were the members of the committee;

1. Dr. Samwel Kasiki- Chairperson
2. Dr. John Masasabi
3. Mr. Erastus Wahome
4. Mrs.Mary Kanyi

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

The Committee:

- Considers the appropriateness of the company's accounting policies and procedures.
- Monitors and assess the role and effectiveness of the internal audit function.

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- Reviews procedures to manage financial and operational risks;
- Responsible for Internal Audit and risk management programs.

The committee managed to hold 3 meetings during the FY 2017/2018.

	<b>NAME OF DIRECTOR</b>	<b>NO.OF COMMITTEE MEETINGS ATTENDED</b>
1	Dr. Samwel Kasiki-Chairman	3
2	Dr. John Masasabi	3
3	Mr. Erastus Wahome	3
4	Mrs. Mary Kanyi	3

**Technical Committee**

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

The Committee was comprised of the following directors:

1. Mr Samuel Kamau- Chairperson
2. Mrs Mary Kanyi
3. Dr.JohnM.Wekesa
4. Dr. Samwel Kasiki
5. Dr.Charles Toroitich

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

During the period under review the Board managed to hold 7 meetings

	<b>NAME OF DIRECTOR</b>	<b>NO.OF COMMITTEE MEETINGS ATTENDED</b>
1	Mr.Samuel Kamau– Chairperson	7
2	Mrs Mary Kanyi	4
3	Dr.JohnM.Wekesa	4
4	Dr. Samwel Kasiki	5
5	Dr.Charles Toroitich	5

### **Human Resource, Finance and Administration Committee**

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

The committee was composed of the following directors:

1. Mr. Erastus Wahome-Chairperson
2. Dr. Charles Toroitich Kisa
3. Mr. John Wekesa
4. Mr. Samuel Kamau

The committee had six meetings during the year.

	<b>NAME OF DIRECTOR</b>	<b>NO.OF COMMITTEE MEETINGS ATTENDED</b>
1	Mr. Erastus Wahome-Chairperson	6
2	Dr.Charles Toroitich Kisa	6
3	Mr. John Wekesa	6
4	Mr Samuel Kamau	6

### **Risk Management**

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

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

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

Risk management is overseen by the Audit Committee.

## **Ethical Standards**

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

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

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

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

## **Corporate Communication**

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

## **Environment**

The Board encourages responsible environmental management including undertaking projects to manage or reduce the environmental impact of KENTTEC's field operations. The council developed an Environmental policy according to the EMCA 1999 that guides the implementation of Tsetse eradication programs. As part of corporate social responsibility, the council provides and trains stakeholders on the best practices in usage of insecticides, animal husbandry and improvement of their livestock especially in the tsetse freed areas. In order that outputs from our operation is mitigated, the council conducts annual environmental audits to align the implementation of the Tsetse control programs with the requirements of the Environmental Management and Conservation ACT 1999. The

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national Environmental protection agencies (NEMA) provides guidelines and framework/checklist for environmental sustainability; audit report preparation consistent with the provisions of EMCA, 1999.

**Community Engagement**

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

## VII.MANAGEMENT DISCUSSION AND ANALYSIS

### Operational and financial Performance

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

During the Financial Year 2017/2018, KENTTEC had an approved a budget of Ksh.327 million to enable her carry out planned activities of Tsetse and Trypanosomiasis Eradication in the tsetse belts. However, the Council was allocated Kshs.139.5 Million which due to the reduction of the Development grant by 75% by The National Treasury. This reduction of the development grant, negatively impacted on the planned activities for Tsetse and Trypanosomiasis for the year.

At the end of the financial year, the Council had received a cumulative total of Kshs.139, 500,000 as a grant, from the State Department of Livestock inclusive of Kshs.62.5 Million for development activities, Kshs.77 Million for recurrent expenses. The Council also received Kshs.979, 200 and Kshs.772, 357 from FAO and ICIPE respectively.

During the period the Council incurred a deficit of Kshs.24,374,482 as compared to surplus for the previous year of Kshs.4,987,709 .The deficit is attributed to mainly to accrued expenses due to reduction of the development grant by 75%.

During the year there was a decline in expenditure on all items except payment of Board expenses which rose to Kshs 7,357,372 as compared to Kshs 3,704,760 which was due to more meetings Board evaluation and strategic plan workshops held during the year. Employee cost incurred was Kshs.25, 717,816 as compared to Kshs.36, 382,929.

The cost incurred on Specialised Materials for Tsetse control for the year was Kshs. 48,944,679 as compared to Kshs.217, 524,135.The decline was due to the reduction of the budget which mainly affected the Development grant hence limiting our purchases.

## **VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

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

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

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

The Council works to empower women and youth in the Tsetse infested and freed areas by ensuring that women and youth groups are involved in training farmers, target making, deployment and servicing. Upon successful suppression the youth and women are supported to engage in commercial agriculture and to access micro-financing services.

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

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

When working with the local communities KENTTEC recognizes the responsibility to act responsibly and constructively as a member of these communities. Through a broad range of community initiatives,

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charitable giving and continued awareness creation on tsetse and trypanosomiasis eradication, animal husbandry, breed improvement and environmental conservation.

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

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

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**IX. REPORT OF THE DIRECTORS**

The Directors have pleasure in submitting their report together with the financial statements for the year ended June 30<sup>th</sup>, 2018 which disclose the state of affairs of the Council.

**The main objective of the council is;**

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

**Results**

The results of the council for the year ended June 30<sup>th</sup>, 2018 are set out on page 33

**Directors**

The members of the Board of Directors who served during the year are shown on page 8. During the year 2018 Mrs Caroline Ngunjiri representative of Director Livestock Production was replaced by Mrs Mary Kanyi while Mr. Erastus Wahome Alternate to the PS National Treasury was appointed with effect from December and September 2017 respectively.

**Dividends/Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Council did not remit surplus to the consolidated fund for (FY 2017 Kshs4, 987,709).

**Auditors**

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

By Order of the Board

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

Date:.....23/1/19.....

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**X.STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14(3) of the State Corporations Act, requires the Directors to prepare financial statements in respect of The Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) which give a true and fair view of the state of affairs of the Council at the end of the financial year/period and the operating results of the organization for that year ending 30<sup>th</sup> June 2018. During the period under review, the Council has kept proper accounting records which disclose with reasonable accuracy the financial position of the Council and the assets of the organization have been properly safeguarded.

The KENTTEC Board of Directors are responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state affairs of the Council at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the direct manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Council's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the Council's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the Financial Statements**

The Council's financial statements were approved by the Board on 25/9/1 2018 and signed on its behalf by:



**Dr. David W. Wanyonyi**  
**CHAIRMAN-KENTTEC**

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Opinion

I have audited the accompanying financial statements of Kenya Tsetse and Trypanosomiasis Eradication Council set out on pages 31 to 55, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, 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, I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Tsetse and Trypanosomiasis Eradication Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Tsetse and Trypanosomiasis Eradication Council Order, 2012 and Public Finance Management Act, 2012.

##### Basis for Opinion

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

##### Key Audit Matters

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

#### REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

##### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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*Report of the Auditor-General on the Financial Statements of Kenya Tsetse and Trypanosomiasis Eradication Council for the year ended 30 June 2018*

## **Basis for Conclusion**

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 f its assessment of the effectiveness of internal control.

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

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

In addition to the responsibility for 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 authorities which govern them, and that the public resources are applied in an effective manner.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 provision 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 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 weakness 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 the 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 in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

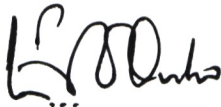
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

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 disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Kenya Tsetse and Trypanosomiasis Eradication Council 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 Kenya Tsetse and Trypanosomiasis Eradication Council to cease sustaining 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 Kenya Tsetse and Trypanosomiasis Eradication Council to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**21 March 2019**

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**XI.KENTTEC STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30TH JUNE 2018.**

<b>Revenue from non-exchange transactions</b>	<b>Notes</b>	<b>2017/2018 Kshs.</b>	<b>2016/2017 Kshs.</b>
Government grant	6	139,500,000	365,817,187
Other income (ICIPE)	8	772,357	978,072
Other income (FAO)	8	979,200	3,916,800
Other income (Sale of tender documents)	7	34,000	-
<b>Total revenue</b>		<b>141,285,557</b>	<b>370,712,059</b>
<b>Expenses</b>			
Employee costs	9	25,717,816	36,382,929
Domestic travel and Subsistence Cost	10	27,410,824	40,568,431
Board Expenses	11	7,357,372	3,704,760
Depreciation expense	12	13,388,124	13,797,944
Repairs and Maintenance	13	4,988,927	8,219,785
Contracted services	14	3,750,000	2,745,416
General expenses	15	34,102,297	42,780,950
Specialized Materials Other Supplies	16	48,944,679	217,524,135
<b>Total Expenses</b>		<b>165,660,039</b>	<b>365,724,350</b>
<b>Surplus/(Deficit) before tax</b>		<b>(24,374,482)</b>	<b>4,987,709</b>
Taxation		-	-
<b>Net Surplus/(Deficit) for the period</b>		<b>(24,374,482)</b>	<b>4,987,709</b>

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE  
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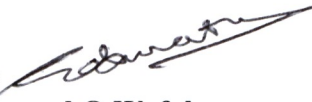
**XII.KENTTEC STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018.**

	Notes	2017/2018 Kshs.	2016/2017 Kshs.
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17	543,948	1,546,170
Inventory	19	-	8,946,679
<b>Non-current Assets</b>			
Property, plant and equipment	20	47,042,614	57,430,738
<b>Total Assets</b>		<b>47,586,562</b>	<b>67,923,587</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade Payables	18	4,898,262	1,440,805
Provision for Audit Fees	23	1,160,000	580,000
<b>Total Liabilities</b>		<b>6,058,262</b>	<b>2,020,805</b>
<b>Net Assets</b>			
Accumulated Surplus		41,528,300	65,902,782
<b>Total Net Assets and Liabilities</b>		<b>47,586,562</b>	<b>67,923,587</b>


The Financial Statements set out on pages 31 to 37 were signed on behalf of the Board of Directors by:

Signed:   
Dr. Pamela A. Olet PhD MBS  
CHIEF EXECUTIVE OFFICER

Date.....23/1/19.....

Signed:   
Mr. Edmund O. Wafula  
ICPAK M/N.8276  
PRINCIPAL ACCOUNTANT

Date.....23/1/19.....

Signed:   
Dr. David W. Wanyonyi  
CHAIRMAN

Date.....23/1/19.....

**XIII. KENTTEC STATEMENT OF CHANGES IN NET ASSETS  
AS AT 30TH JUNE 2018**

	<b>Accumulated surplus <u>Kshs.</u></b>	<b>Total <u>Kshs.</u></b>
<b>Balance as at 30<sup>th</sup> June 2017</b>	<b>65,902,782</b>	<b>65,902,782</b>
Surplus/(deficit) for the period	(24,374,482)	(24,374,482)
<b>Balance as at 30<sup>th</sup> June 2018</b>	<b>41,528,300</b>	<b>41,528,300</b>

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XIV.KENTTEC STATEMENT OF CASHFLOWS  
AS AT 30<sup>TH</sup> JUNE 2018

Cash flows from operating activities	Notes	2017/2018	2016/2017
Receipts		Kshs.	Kshs.
Government grant	6	139,500,000	365,817,187
Other income (ICIPE)	8	772,357	978,072
Other income (FAO)	8	979,200	3,916,800
Other income (Sale of tender documents)	7	34,000	-
		<b>141,285,557</b>	<b>370,712,059</b>
Payments			
Employee Costs	9	25,717,816	36,382,929
Domestic travel and Subsistence Cost	10	27,410,824	40,568,431
Board Expenses	11	7,357,372	3,704,760
Repairs and Maintenance	13	4,988,927	8,219,785
Contracted services	14	3,750,000	2,745,416
General expenses	15	34,102,297	42,780,950
Specialized Materials Other Supplies	16	48,944,679	217,524,135
Audit fees for previous years paid	18	-	1,160,000
Provision for Audit Fees	23	(580,000)	(580,000)
Increase in Trade payables	18	(3,457,457)	-
Inventory balance Paid	19	-	8,946,679
Inventory expensed	19	(8,946,679)	(9,170,000)
<b>Total expenses</b>		<b>139,287,779</b>	<b>352,283,085</b>
<b>Net cash flows from operating activities</b>		<b>1,997,778</b>	<b>18,428,974</b>
Cash flows from investing activities:			
Purchase of Property, Plant and Equipment		-	(17,502,540)
Intangible Assets	20	(3,000,000)	-

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Net Cash flow used in investing activities		(3,000,000)	(17,502,540)
Net increase/(decrease) in cash and cash equivalents		(1,002,222)	926,434
Cash and cash equivalent as at 1 <sup>st</sup> July 2017	17	1,546,170	619,736
Cash and cash equivalent as at 30 <sup>th</sup> June 2018	17	543,948	1,546,170

**XV. KENTTEC STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDING 30<sup>TH</sup> JUNE 2018**

F		Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Diff. between actual and budget
		2017/2018	2017/2018	2017/2018	2017/2018	2017/2018	
1	Revenue	KShs.	KShs.	KShs.	KShs.	KShs.	
	Government grants	327,000,000	(187,500,000)	139,500,000	139,500,000	-	0
	Other income(ICIPE)	-	772,357	772,357	772,357	-	0
	Other income(FAO)	-	979,200	979,200	979,200	-	0
2	<b>Total income</b>	<b>327,000,000</b>	<b>(185,748,443)</b>	<b>141,251,557</b>	<b>141,251,557</b>	-	0
3	<b>Expenses</b>			-		-	
	Employee costs	27,087,000	(1,317,000)	25,770,000	25,717,816	52,184	0.2
	Domestic travel and subsistence costs	59,884,565	(34,570,758)	25,313,807	27,410,824	(2,097,017)	-8.3
	Board expenses	11,052,000	(3,752,000)	7,300,000	7,357,372	(57,372)	-0.8
	Contracted Services	18,472,892	(14,722,892)	3,750,000	3,750,000	-	0.0
	Repairs and Maintenance	6,340,000	(1,240,000)	5,100,000	4,988,927	111,073	2.2
4	<b>General expenses:</b>						
	(i) Printing, advertising and other information costs	11,600,000	(9,850,000)	1,750,000	2,834,938	(1,084,938)	-62
	(ii) Office Rent	20,000,000	-	20,000,000	19,984,652	15,348	0
	(iii) Foreign Travel Costs	700,000	(200,000)	500,000	621,392	(121,392)	-24
	(iv) Training Expenses	6,763,100	(6,113,100)	650,000	617,230	32,770	5
	(v) Audit Fees	580,000	-	580,000	580,000	-	0
	(vi) Hospitality Expense	1,920,000	-	1,920,000	1,893,360	26,640	1
	(vii) General expenses	3,189,443	(389,443)	2,800,000	2,732,397	67,603	2
	(viii) Bank						

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	Charges	150,000	(50,000)	100,000	84,721	15,279	15
	(ix) Fuel Cost	6,000,000	(3,500,000)	2,500,000	2,950,000	(450,000)	-18
	(x) Telephone and Courier expense	2,100,000	(600,000)	1,500,000	1,803,607	(303,607)	-20
5	Specialized Materials other Supplies	127,611,000	(88,893,250)	38,717,750	48,944,679	(10,226,929)	-26
6	Refurbishment of Buildings (offices)	4,300,000	(4,300,000)	-	-	-	
7	Purchase of Computers Software and other accessories	4,250,000	(1,250,000)	3,000,000	3,000,000	-	
8	Purchase of Motor Vehicles	15,000,000	(15,000,000)	-	-	-	
9	<b>Total expenditure</b>	<b>327,000,000</b>	<b>(185,748,443)</b>	<b>141,251,557</b>	<b>155,271,915</b>	<b>(14,020,358)</b>	<b>-9.9</b>
	<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,020,358)</b>	<b>14,020,358</b>	

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

<b>Expenditure as per statement of Comparison of budget and Actuals</b>	<b>155,271,915</b>
Add: Depreciation expenses	13,388,124
Less: Amount paid for Noncurrent assets (Capital expenditure)	(3,000,000)
<b>Expenditure as per the Statement of Financial Performance</b>	<b>165,660,039</b>

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**XVI. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

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

**2. Statement of compliance and basis of preparation**

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

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

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

**3. Adoption Of New And Revised Standards**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach. The standard does not have an impact on the Financial statements since the Council does not have pension liability since the staff are seconded from the ministry.
IPSAS 40: Public Sector	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange

Standard	Effective date and impact:
Combinations	transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

ii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2018.

**4. Summary of significant accounting policies**

**(a) Revenue recognition**

**(i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities have been measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) and that the transfer was free from unjust conditions and the economic benefits or service potential, related to the asset accrued to the entity and was measured reliably.

**(ii) Revenue from Exchange Transactions**

**Sale of goods/Services**

Revenue from the sale of goods/services is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods/service and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

**Grants from Donors**

Grant revenues from donors are recognized on obtaining control of the asset (cash, goods, services and property) and that the transfer was free from unjust conditions and the economic benefits or service potential, related to the asset accrued to the entity and was measured reliably.

**b) Budget information**

The original budget for FY 2017-2018 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional/reduced appropriations are added/reduced to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded revised appropriations of Kshs.185, 748,443 on the 2017-2018 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from

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the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

**c) Property, plant and equipment**

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

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

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

**d) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite (See note 20(b))

**e) Inventories**

Inventories of Specialised tsetse materials used shall be recognised as an expense in the period in which they are issued and consumed. According to IPSAS 12 on inventories, a public sector entity may hold inventories that embody future economic benefits or service potential that will be distributed at no or at a nominal charge. As a consequence its future economic benefit or service potential does not reflect the future potential to generate future cash inflows for the

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

**f) Nature and purpose of reserves**

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

**g) Changes in accounting policies and estimates**

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

**h) Employee benefits**

**Retirement Benefit Plans**

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

**i) Related parties**

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

**j) Cash and cash equivalents**

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

**k) Comparative figures**

Comparative figures for the previous financial year 2016/2017 are shown.

**l) 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<sup>th</sup>, 2018.

### m.) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

## 5. Critical Accounting Estimates and Judgements in applying the Council's accounting policies

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

### Property and equipment

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

### Contingent liabilities

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

## 6. Transfers from Ministries, Departments and Agencies

Name of Entity Sending Grant	Amount Recognised to the Comprehensive income	Amount deferred under deferred income	Amount recognised in capital fund	Total Grant income during the year 2017/2018	2016/017
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
State Department of Livestock	139,500,000	-	3,000,000	139,500,000	365,817,187

**7. Other Incomes**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Shs</b>	<b>Shs</b>
Sale of Tender documents	34,000	0
<b>Total</b>	<b>34,000</b>	<b>0</b>

**8. Public donations and contributions**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Shs</b>	<b>Shs</b>
Grant for Collaborative tsetse activities (ICIPE)	772,357	978,072
Grant for Collaborative tsetse activities (FAO)	979,200	3,916,800
<b>Total</b>	<b>1,751,557</b>	<b>4,894,872</b>

**9. Employee costs**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Shs.</b>	<b>Shs.</b>
Staff salaries and Allowances	12,249,532	26,835,569
Internship Stipends	7,487,000	4,163,060
Casual wages	5,981,284	5,384,300
<b>Employee costs</b>	<b>25,717,816</b>	<b>36,382,929</b>

**10. Domestic travel and subsistence costs**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Shs.</b>	<b>Shs</b>
Subsistence allowances for officers field travel	26,074,268	38,374,763
Travel Cost	1,336,556	2,193,668
<b>Total Domestic travel and subsistence cost</b>	<b>27,410,824</b>	<b>40,568,431</b>

**11. Board Expenses**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Shs</b>	<b>Shs</b>
Board Expenses	7,357,372	3,704,760

**12(a). Depreciation Expense**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Shs</b>	<b>Shs</b>
Buildings	217,295	217,295
Office Equipment	1,809,069	1,809,069
Motor vehicles	2,701,560	2,701,560
Furniture, Fixtures and Fittings	7,663,229	7,663,229
Computer and Accessories	416,971	826,791
Machinery	580,000	580,000
<b>Total Depreciation Expense</b>	<b>13,388,124</b>	<b>13,797,944</b>

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13. Repairs and maintenance

	2017/2018	2016/2017
	Shs	Shs
Office Equipment and Computer Accessories	1,199,495	1,142,360
Motor Vehicles and Cycles	3,789,432	7,077,425
<b>Total repairs and maintenance</b>	<b>4,988,927</b>	<b>8,219,785</b>

14. Contracted Services

	2017/2018	2016/2017
	Shs	Shs.
ISO Certification process	-	2,745,416
Installation of Tsetse Targets in Lambwe Valley	3,750,000	-
<b>Total contracted services</b>	<b>3,750,000</b>	<b>2,745,416</b>

15. General Expenses

	2017/2018	2016/2017
	Kshs	KShs
Printing publicity and Advertising Expenses	2,834,938	7,733,674
Office Rent	19,984,652	19,931,605
Foreign Travel	621,392	1,724,576
Training Expenses	617,230	845,532
Hospitality expenses	1,893,360	1,182,247
Bank charges	84,721	130,144
Telephone, Courier and Internet Expenses	1,803,607	2,181,617
Fuel and oil	2,950,000	5,930,000
Office Stationery	1,953,589	1,664,010
General office expenses (Headquarters and five regions)	778,808	877,545
Audit fees (Provision)	580,000	580,000
<b>Total General Expenses</b>	<b>34,102,297</b>	<b>42,780,950</b>

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16. Specialised Tsetse materials and other supplies

	2017/2018	2016/2017
	Shs.	Shs.
Deltamethrin 5%	0	32,710,000
Tsetse Odours	5,420,000	10,900,000
Alphacypermethrin 10%	0	44,872,500
Albendazole 10%	0	5,242,500
Acetone GPR	4,158,000	0
Diminazene Aceturate	0	6,030,000
Tsetse Biconical traps	1,715,000	7,603,500
Tsetse Targets	15,725,000	18,000,000
NGU Tsetse traps	0	20,900,000
Sticky panels	0	2,399,400
Flumethrine 1%	5,910,000	27,400,000
Laboratory Reagents	4,788,679	3,698,965
Livestock feeds and Sexed Semen	352,000	585,000
Spray Pumps	2,060,000	9,538,000
Deltamethrin treated Nets and Community materials	0	13,470,000
Protective Kits	0	8,496,360
Farm inputs	0	4,331,910
Cleaning materials	0	1,346,000
Material for Community Trap making	8,816,000	0
<b>Total</b>	<b>48,944,679</b>	<b>217,524,135</b>

### 17. Cash and cash equivalents:

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

		2017/2018 Shs.	2016/2017 Shs.
Bank Balance		543,948	1,546,170
<b>Financial institution</b>	<b>Account number</b>	<b>2017/2018 Shs.</b>	<b>2016/2017 Shs.</b>
<b>Current account</b>			
Co-operative Bank	01136008428802	374,065	544,087
Co-operative Bank	01136008428803	169,883	1,002,083
<b>Grand total</b>		<b>543,948</b>	<b>1,546,170</b>

### 18. Trade payables;

At the closure of the financial year 2017/2018 there were accrued expenses totalling Kshs.4,898,262 payable to various entities as follows:

	2017/2018 Kshs.	2016/2017 Kshs.
Balance b/f	1,440,805	1,440,805
Accrued expenses for the year	3,457,457	-
Balance c/f	4,898,262	1,440,805

### 19. Inventories;

These were no goods for specialised tsetse material that were in stock at the close of the financial year :

	2017/2018 Kshs	2016/2017 Kshs
Acetone GPR	-	4,158,000
Laboratory Reagents	-	4,788,679
<b>Total</b>	<b>-</b>	<b>8,946,679</b>

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20. Property, Plant and equipment.

Cost	Buildings	Motor Vehicles and Cycles	Office equipment	Computer and Accessories	Furniture, Fixtures and Fittings	Machinery	Intangible Asset(WIP)	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs.	Shs
At 1st July 2017	8,691,802	44,966,278	50,208,455	24,441,453	62,584,424	3,635,000	-	194,527,412
Additions	-	-	-	-	-	-	3,000,000	3,000,000
Disposals	-	(3,020,000)	-	-	-	-	-	(3,020,000)
At 30th June 2018	8,691,802	41,946,278	50,208,455	24,441,453	62,584,424	3,635,000	3,000,000	194,507,412
<b>Depreciation</b>								-
At 1 July 2017	(651,885)	(34,160,038)	(47,632,667)	(23,607,512)	(28,132,572)	(2,912,000)	-	(137,096,674)
Depreciation Charge 2017/2018	(217,295)	(2,701,560)	(1,809,069)	(416,971)	(7,663,229)	(580,000)	-	(13,388,124)
Disposal	-	3,020,000	-	-	-	-	-	3,020,000
At 30th June 2018	(869,180)	(33,841,598)	(49,441,736)	(24,024,483)	(35,795,801)	(3,492,000)	-	(147,464,798)
At 1st July 2016	8,691,802	31,458,478	50,208,455	23,190,541	59,364,684	3,635,000	-	176,548,960

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Additions	-	13,507,800		1,250,912	3,219,740	-	-	17,978,452
Disposals		-	-	-	-	-	-	-
<b>At 30th June 2017</b>	<b>8,691,802</b>	<b>44,966,278</b>	<b>50,208,455</b>	<b>24,441,453</b>	<b>62,584,424</b>	<b>3,635,000</b>	<b>-</b>	<b>194,527,412</b>
<b>Depreciation</b>								<b>-</b>
At 1 July 2016	(434,590)	(31,458,478)	(45,823,598)	(22,780,721)	(20,469,343)	(2,332,000)	-	(123,298,730)
Depreciation Charge	(217,295)	(2,701,560)	(1,809,069)	(826,791)	(7,663,229)	(580,000)	-	(13,797,944)
<b>At 30th June 2017</b>	<b>(651,885)</b>	<b>(34,160,038)</b>	<b>(47,632,667)</b>	<b>(23,607,512)</b>	<b>(28,132,572)</b>	<b>(2,912,000)</b>	<b>-</b>	<b>(137,096,674)</b>
<b>Net Book Value At 30th June 2018</b>	<b>7,822,622</b>	<b>8,104,680</b>	<b>766,719</b>	<b>416,970</b>	<b>26,788,623</b>	<b>143,000</b>	<b>3,000,000</b>	<b>47,042,614</b>
<b>Net Book Value At 30th June 2017</b>	<b>8,039,917</b>	<b>10,806,240</b>	<b>2,575,788</b>	<b>833,941</b>	<b>34,451,852</b>	<b>723,000</b>	<b>-</b>	<b>57,430,738</b>

**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)  
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**21. Surplus for the period reconciliation with cash generation**

	2017/2018	2016/2017
	Kshs.	Kshs.
<b>Surplus/(Deficit) for the period</b>	<b>(24,374,482)</b>	<b>4,987,709</b>
<b>Adjusted for:</b>		
Depreciation	13,388,124	13,797,944
Audit fees for previous years (Paid)	-	(1,160,000)
Inventory( Paid)	-	(8,946,679)
Provision for audit fees 2017/2018	580,000	580,000
Accrued expenses for the year	3,457,457	-
Inventory expensed	8,946,679	9,170,000
<b>Net cash flow from operating activities</b>	<b>1,997,778</b>	<b>18,428,974</b>

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**22. Financial Risk Management Objectives and policies**

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

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

- Credit risk
- Liquidity risk

**(a) Liquidity risk**

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

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

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

	within 1 year Shs	Between 2-3 years Shs	Over 3 years Shs	Total amount Shs
<b>30<sup>th</sup> June 2018</b>				
Unexpended grants	543,948	-	-	543,948
Payables	3,457,457	1,440,805	-	4,898,262
	4,001,405	1,440,805	-	5,442,210
	4,001,405	1,440,805	-	5,442,210
<b>30<sup>th</sup> June 2016</b>				
Unexpended grants	1,546,170	-	-	1,546,170
Payables	2,020,805	-	-	2,020,805
	3,566,975	-	-	3,566,975
	3,566,975	-	-	3,566,975

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**(b) Credit Risk**

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

	Total Amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 <sup>th</sup> June 2018				
Grants receivable	-	-	-	-
Receivables	-	-	-	-
Cash at Bank	543,948	543,948	-	-
	=====	=====	=====	=====
As at 30 <sup>th</sup> June 2017				
Grants receivable	-	-	-	-
Prepayments and other receivables	-	-	-	-
Cash and cash equivalents	1,546,170	1,546,170	-	-
	=====	=====	=====	=====

**(c) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Council processes, personnel, technology and infrastructure and from external factors other than credit and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Council operations.

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

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

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

**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)  
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**23. Provision for Audit Fees**

	Kshs.
Balance at the beginning of the year	580,000
Provision for 2017/2018	580,000
<b>Total</b>	<b>1,160,000</b>

**24. Related Parties Balances**

The Government of Kenya is the principal shareholder in Kenya Tsetse And Trypanosomiasis Eradication Council. Other Related Parties are:

- i) The Parent Ministry of Agriculture Livestock and fisheries,
- ii) Key Management,
- iii) Board of Directors.

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

Transactions with related parties	2017/2018 Kshs	2016/2017 Kshs
<b>a) Sales to related parties</b>		
Sales of goods to	-	-
Sales of services	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>b) Grants from the Government</b>		
Grants from Parent Ministry(National government)	139,500,000	365,817,187
<b>Total</b>	<b>139,500,000</b>	<b>365,817,187</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>d) Key management compensation</b>		
Directors' emoluments(Sitting and Other allowances)	7,357,372	3,704,760
Chairman's Honoraria	1,020,000	1,020,000
Compensation to CEO and Key management	11,032,104	25,985,569
<b>Total</b>	<b>19,201,276</b>	<b>30,710,329</b>

**25. Events After The Reporting Period**

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

**26. Ultimate And Holding Entity**

The Council is a Semi- Autonomous Government Agency under the Ministry of Agriculture, Livestock and Fisheries. Its ultimate parent is the Government of Kenya.

**27. Currency**

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

**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE  
2018**

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As at 30 <sup>th</sup> June 2018				
Grants receivable	-	-	-	-
Receivables	-	-	-	-
Cash at Bank	543,948	543,948	-	-
	=====	=====	=====	=====
As at 30 <sup>th</sup> June 2017				
Grants receivable	-	-	-	-
Prepayments and other receivables	-	-	-	-
Cash and cash equivalents	1,546,170	1,546,170	-	-
	=====	=====	=====	=====

**(c) Operational risk**

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**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)  
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**23.Provision for Audit Fees**

	<b>Kshs.</b>
<b>Balance at the beginning of the year</b>	<b>580,000</b>
Provision for 2017/2018	580,000
<b>Total</b>	<b>1,160,000</b>

**24.Related Parties Balances**

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	<b>Kshs</b>	<b>Kshs</b>
<b>a) Sales to related parties</b>		
Sales of goods to	-	-
Sales of services	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>b) Grants from the Government</b>		
Grants from Parent Ministry(National government)	139,500,000	365,817,187
<b>Total</b>	<b>139,500,000</b>	<b>365,817,187</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>d) Key management compensation</b>		
Directors' emoluments(Sitting and Other allowances)	7,357,372	3,704,760
Chairman's Honoraria	1,020,000	1,020,000
Compensation to CEO and Key management	11,032,104	25,985,569
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**27.Currency**

**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)  
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**Appendix 2: Inter Entity Transfers**


a.	<b>Recurrent Grants</b>	Bank Statement Date	Amount (KShs)	<b>FY</b>
		5/9/2017	19,250,000	2017/2018
		27/12/2017	19,250,000	2017/2018
		02/02/2018	2,625,000	2017/2018
		16/02/2018	19,250,000	2017/2018
		16/05/2018	16,625,000	2017/2018
		<b>Total</b>	<b>77,000,000</b>	
b.	<b>Development Grants</b>	Bank Statement Date	Amount (KShs)	
		7/9/2017	62,500,000	2017/2018
		<b>Total</b>	<b>62,500,000</b>	
c.	<b>Direct Payments</b>	Bank Statement Date	Amount (KShs)	
			0	
			0	
			0	
		<b>Total</b>	<b>0</b>	
d	Donor Receipts	Bank Statement Date	Amount (KShs)	
	ICIPE	24/11/2017	772,357	2017/2018
	FAO	29/5/2018	979,200	2017/2018
		<b>Total</b>	<b>1,751,557</b>	

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

During the year there were no transfers from other government entities.

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS  
AS AT 30<sup>th</sup> JUNE 2017**

During the financial year 2016/2017 the Council had an unqualified opinion on its Financial Statements.

Signed..........Date.....23/1/19.....

**Dr. David W. Wanyonyi**  
**CHAIRMAN-KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL**

Signed..........Date.....23/1/19.....

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

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