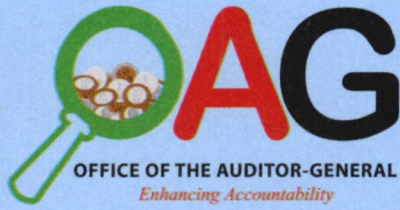


REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL  
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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KISII COUNTY VETERINARY  
SERVICES DEVELOPMENT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

PAPERS LAID	
DATE	12.11.25.
TABLED BY	S.M.L
COMMITTEE	-
CLERK AT THE TABLE	Angela.



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**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2025**

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

**KISHI COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
COT	Certificate of Transport

**B. Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**2. Key Entity Information and Management**

**a) Background information**

Kisii County Veterinary Services Development Fund is established by and derives its authority and accountability from Section 111 of the PFM Act, 2012 on 7<sup>th</sup> January, 2016. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to help deal with unforeseen circumstances

**c) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Fund Manager/ Administrator	Agnes Choti
2	Fund Accountant	John Nyandanyi
3	Chief Officer Finance	Vincent Nyang'wara

**d) Registered Offices**

P.O. Box 4550-40200  
Municipal Building  
Kisii Keroka Road  
Kisii, Kenya

**e) Fund Contacts**

Telephone: (254) 582030005  
E-mail: info@kisii.go.ke  
Website: www.kisii.go.ke

**f) Fund Bankers**

Kenya Commercial Bank  
Kisii Branch  
P.O. BOX 476-4120  
KISII

**g) Independent Auditors**

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

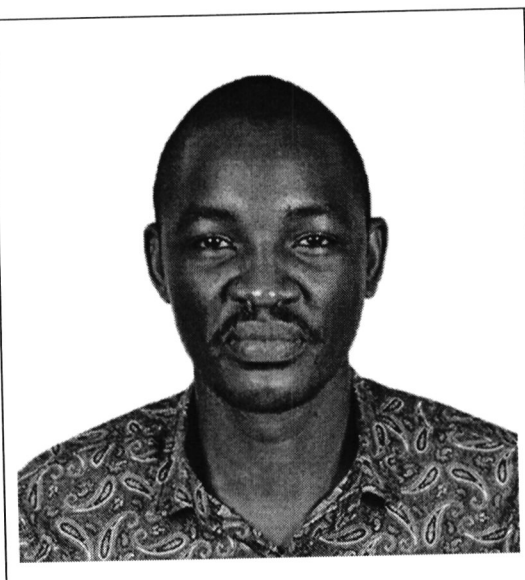
**h) Principal Legal Adviser**

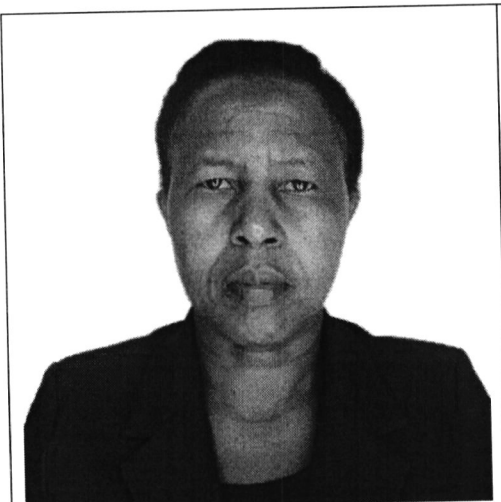
County Attorney  
County Government of Kisii  
P.O Box 4550-Kisii  
Kisii

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**


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**3. Fund Administration Committee**

	<p><b>Mr. VINCENT OKIOMA NYANGWARA—CO FINANCE AND ACCOUNTING SERVICES</b></p> <p>Prior to his appointment, Mr. Nyangwara was a clerical officer II Kisii County Government. He had also served in various capacity as a Constituency Manager at Parliamentary Service Commission, IFMIS (Integrated Financial Management Information System as a procurement requester.</p> <p>He holds Bachelor’s Degree of Arts in International Relations from Kenya Methodist University.</p>
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	<p><b>AGNES CHOTI— CO FISHERIES, LIVESTOCK AND VETERINARY SERVICES.</b></p> <p>Mrs. Agnes Choti, Heads the Livestock, Fisheries and veterinary services as the Chief Officer. Prior to her appointment, she was a teacher.</p> <p>She holds a degree in science-agriculture education &amp; extension from Egerton university.</p> <p>Until her appointment, she was working with the Teachers Service Commission as a teacher.</p>
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**4. Management Team**

	<p><b>Mr. VINCENT NYANGWARA—CO FINANCE AND ACCOUNTING SERVICES</b></p> <p>Mr. Vincent Okioma Nyangwara- CO Finance and Accounting services Prior to his appointment, Mr. Nyangwara was a clerical officer II Kisii County Government. He had also served in various capacities as a Constituency Manager at Parliamentary Service Commission, IFMIS (Integrated Financial Management Information System as a procurement requestor Kisii County.</p> <p>He holds Bachelor’s Degree of Arts in International Relations from Kenya Methodist University.</p>
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	<p><b>Agnes Choti – FISHERIES, LIVESTOCK AND VETERINARY SERVICES.</b></p> <p>Mrs Agnes Choti, Heads the Livestock, Fisheries and Veterinary services as the Chief Officer. Prior to her appointment, she was a teacher.</p> <p>She holds a degree in science-agriculture education &amp; extension from Egerton university.</p> <p>Until her appointment, she was working with the Teachers Service Commission as a teacher.</p>
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**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

**5. Report of the Fund Administrator**

The fund through Directorate has a target of collecting Kshs.15 million annually. This effectively forms the fund’s budget. The fund managed to collect Kshs. 9,443,077 from operating activities of the Directorate of Veterinary Services.

The disease control programme through the vaccination of dogs has led to a reduction in terms of people seeking prophylactic treatment against rabies by more than half. It is estimated that at least one dog bite is reported in Kisii daily. The cost of prophylactic treatment of one person is 20,000 Kenyan shillings translating to 8 million shillings annually. Fortunately, only half of the people require prophylactic treatment as some bites are from vaccinated dogs hence saving more than 4 million shillings among Kisii County households.

The fund has gone a long way in increasing livestock productivity through disease control with over 8,277 animals vaccinated against diseases such as Rabies, Foot and Mouth disease and New Castle Disease Virus under the disease control programme. Veterinary public health which is supported by the fund has gone a long way in ensuring that the residents of Kisii County have access to safe food of animal origin through meat inspection. Seventy-three thousand nine hundred and sixteen carcasses (64,803) were inspected during the financial year.

One of the major challenges of the fund is under-staffing in the Directorate of Veterinary Services. This hinders Operations that contribute monies to the fund. The Directorate however targets to increase the budget to Kshs.15 million by increasing efficiency so as to access as many clients as possible

Signed:  \_\_\_\_\_

Name: Agnes Choti

**6. Statement of Performance Against the County Fund’s Predetermined Objectives**

The County Government through the Directorate of Veterinary Services offers animal disease and pests control to livestock farmers in the County. Other services offered by the Directorate include provision of Veterinary public health, extension and animal breeding services. All these are geared towards increasing livestock productivity. The Directorate had the following objectives as outlined in its annual work plan.

Main Objective	Subject	Activities and targets	Actuals attained.

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND  
Annual Report and Financial Statements for the year ended 30 June 2025**

Promote access to Markets	Disease and pest control.	<ol style="list-style-type: none"> <li>1 Vaccinate 40,000 animals.</li> <li>2 Process 300 laboratory samples.</li> <li>3 Issue 1200 movement permits.</li> <li>4 Capacity builds 300 farmers.</li> </ol>	<p>1.8,277 animals vaccinated.</p> <p>2.197 laboratory samples processed</p> <p>3.2,132 movement permits issued.</p> <p>4.287 farmers capacity building.</p>
Increase productivity	Artificial insemination (A.I)	<ol style="list-style-type: none"> <li>1. Capacity build 65 Farmers and 20 A.I service providers.</li> <li>2. Inseminate 35,000 heads of cattle.</li> </ol>	<ol style="list-style-type: none"> <li>1. 47 farmers trained on benefits of adopting A.I.</li> </ol>
Safeguarding animal and human health.	Veterinary Public health and routine meat inspection	<ol style="list-style-type: none"> <li>1. Inspect 25,000 carcasses.</li> <li>2. Sensitize Stakeholders</li> <li>3. Carry out 4 monthly spot checks in every sub-county.</li> </ol>	<ol style="list-style-type: none"> <li>1. 64,803 carcasses inspected.</li> <li>2. Butchers trained on meat hygiene and relevant regulations.</li> <li>3. monthly Spot checks done in every Sub-County HQ staff.</li> </ol>

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**7. Management Discussion and Analysis**

The fund through Directorate has a target of collecting Kshs.15 Million. This effectively forms the fund's budget. The fund managed to collect Kshs 9,443,077 million from operating activities of the Directorate of Veterinary Services.

The disease control programme through the vaccination of dogs has led to a reduction in terms of people seeking prophylactic treatment against rabies by more than half. It is estimated that at least one dog bite is reported in Kisii daily. The cost of prophylactic treatment of one person is 20,000 Kenyan shillings translating to 8 million shillings annually. Fortunately, only half of the people require prophylactic treatment as some bites are from vaccinated dogs hence saving more than 4 million shillings among Kisii County households.

The fund has gone a long way in promoting the animal breeding programme where artificial insemination has seen over 30,000 heads of cattle inseminated and over 140,000 animals vaccinated against diseases such as Rabies, Foot and Mouth disease and New Castle Disease Virus under the disease control programme.

One of the major challenges of the fund is under-staffing in the Directorate of Veterinary Services. This hinders Operations that contribute monies to the fund. The Directorate however targets to increase the budget to 16 million by increasing efficiency to access as many clients as possible.

## **8. Corporate Governance Statement**

In the course of the financial year, the Board managed holds five (5) sittings which were all attended by the Fund Administration Committee Members as a best practice and in line with the law relating to meetings, they were all presided by the chairman. In cases of his or her absence the members elect one of their members to preside over the meeting.

The Fund is a semi-autonomous entity being managed by the Fund Administrator. The management intends to develop Board Service Charter. The process of appointment and removal of Fund Administration Committee members, roles and functions of the Committee members and their remuneration are clearly stated in the Veterinary Services Development Fund Regulations, 1996.

The members of the board recommended that a programme be developed on induction and training members on their roles to enable them offer better services to the public and a budgetary provision to be made in the forward budget.

## **9. Environmental and Sustainability Reporting**

Corporate social responsibility exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

### **1. Sustainability strategy and profile**

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **2. Environmental performance**

**KISHI COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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Towards Biodiversity and environmental conservation, the Directorate applies the meat control act (Cap 356) that gives guidelines on structural requirement of slaughter facilities so as ensure proper waste management. The directorate requires a current Certification from National Environmental Management Authority (NEMA) before licensing any slaughter facility. The Directorate is currently sensitizing Farmers on climate smart agriculture.

**3. Market place practices**

The organization should outline its efforts to:

**a) Responsible competition practice.**

All technical staff adheres to an ethical practise where Vaccines, drugs and reagents are requisitioned by use technical names or actives rather than trade names to avoid brand promotion.

**b) Responsible Supply chain and supplier relations**

There is an elaborate procurement process well explained to suppliers.

**c) Responsible marketing and advertisement**

The Directorate of Veterinary Services enforces the Veterinary code of ethics that govern advertisement of services or practices by practitioners. This is done during spot checks to sub-counties to ensure the public is not misled as they seek Veterinary services.

**d) Product stewardship**

The fund has facilitated activities in veterinary public health that goes along way ensuring safe and high-quality animal proteins are available for the public.

**4. Community Engagements**

The Directorate has held Farmer's field events and Veterinary Public Health sensitization campaigns.

## **10. Report of the Fund Administration Committee**

The fund administrator prepares and submits their financial statements report together with the audited financial statements for the year ended 30 June 2025, which show the state of the Fund affairs.

### **10.1 Principal activities**

The principal activities of the Fund Are Artificial insemination and disease control.

### **10.2 Performance**

The performance of the Fund for the year ended 30 June 2025, are set out on page 1-18

### **10.3 Fund administration committee**

The members of the Fund administration committee who served during the year are shown on page iv.

### **10.4 Auditors**

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

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**11. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Veterinary services development Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on 30 June 2025. 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 fund; (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 fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the veterinary services development fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended 30 June 2025, and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

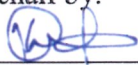
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In preparing the financial statements, the Administrator of the veterinary services development fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund's financial statements were approved by the Board on 30<sup>th</sup> July, 2025 and signed on its behalf by:



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Agnes Choti.

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kisii County Veterinary Services Development Fund set out on pages 1 to 18, which comprise of the statement of financial

position as at 30 June, 2025 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, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kisii County Veterinary Services Development Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Public Sector Accounting Standards (Accrual Basis) and comply with and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unconfirmed Other Operating Expenses Amount**

The statement of financial performance reflects use of goods and services amount of Kshs.8,181,296 which, as disclosed in Note 2 to the financial statements, includes other operating expenses amount of Kshs.100,000 which was a reversal since it had erroneously been deposited in the Fund's bank account. Therefore, the amount was not an expense of the Fund for the year under review.

In the circumstances, the accuracy, completeness of the other operating amount of Kshs.100,000 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final income budget of Kshs.15,000,000 and actual receipts of Kshs.10,526,729, resulting in under-collections of Kshs.4,473,271, or 30% of the budget. Similarly, out of the actual receipts amount of Kshs.10,526,729, the Fund spent Kshs.8,181,296, resulting in underutilization of Kshs.2,345,433 or 22%.

The underfunding, underutilization and non-implementation of projects affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **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. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matter**

In the prior years' audit reports, two (2) issues were raised under the Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following matter remained unresolved:

<b>S/No.</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Budgetary Control and Performance

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xiv which comprises Key Entity Information and Management, Fund Administration Committee, Management Team, Report of the Fund Administrator, Statement of Performance against Predetermined Objectives, Management Discussion and Analysis, Corporate Governance Statement, Environment and Sustainability Reporting, Report of the Fund Administration Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of the Kisii County Veterinary Services Development Fund financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

## **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1.0. Capacity Building Held Outside Duty Station**

The statement of financial performance reflects use of goods and services amount of Kshs.8,181,296 which, as disclosed in Note 2 to the financial statements, includes Kshs.1,560,965 in respect to capacity building. However, expenditure records reviewed indicated that a Regulatory Impact Assessment workshop of twenty-five (25) persons for four (4) days was held in Migori (Miyare ATC), contrary to the Treasury Circular No.20/2015 of 4 November, 2015, which requires all accounting officers to hold all workshops and retreats within the precincts of the duty station where the majority of participant's work. Management did not explain why the event was held at Migori (Miyare ATC) yet the county Government of Kisii had a facility (Kisii ATC) dedicated for hosting such events.

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

### **2.0. Centralization of Fuel Supply**

The statement of financial performance reflects use of goods and services amount of Kshs.8,181,296 which, as disclosed in Note 2 to the financial statements, includes Kshs.2,253,590 incurred on fuel. However, it was noted that the fuel distributors were based in Kisii Town, yet the motor vehicles and motor cycles were domiciled in different sub-counties. Therefore, the cost of fuel incurred on fueling motor vehicles and motor cycles while travelling to Kisii Town and back to the sub counties could have been avoided if the Management had contracted a fuel vendor in each sub county.

In the circumstances, the value for money realized from the expenditure of Kshs.2,253,590 on fuel could not be confirmed.

### **3.0. Composition and Operation of the Veterinary Services Development Committee**

The Veterinary Services Development Committee operated with only two (2) members, contrary to Regulation 8(1) of the Public Finance Management (Kisii County Veterinary

Services Development Fund) Regulations of, 2024 which requires the Committee to be composed of eight (8) members.

In addition, it was noted that the Chief Officer, Fisheries Livestock and Veterinary Services was the Fund Administrator, contrary to Regulation 8(1)(h,) which states that the County Director responsible for matters relating to veterinary services shall be the Administrator of the Fund.

Further, no appointment letters for the Veterinary Services Development Committee and Fund Administrator were provided for audit, contrary to Regulation 8(1(a-g) and Regulation 10(1), which state that the veterinary services development committee and fund administrator shall be designated in writing by the County Executive Committee member.

Additionally, minutes of the Fund's Administration Committee meetings were not provided for audit.

In the circumstances, the constitution of the Committee and its operations were in breach of the law.

#### **4.0. Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects total income budget of Kshs.15,000,000 and total expenditure budget of Kshs.14,040,500, indicating an unbalance budget, contrary to Regulation 31(c) and (e) of the Public Finance Management (County Governments) Regulations, 2015, which provide that budget revenue and expenditure appropriations shall be balanced and that total budget revenue shall cover total budget expenditure.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1.0. Weak Controls Over Vaccination Income**

Review of records revealed that vaccines were issued to veterinary officers in the various sub-counties for distribution. However, it was noted that all officers did not indicate which sub-counties they were serving. Further, examination of the income returns reports from the various sub-counties revealed that there was no connection between the vaccines issued and the returns submitted. As a result, it was not possible to account for the revenue generated, vaccines spillage and losses or expiration. Further there was no system in place to record and account for the number of unused vaccines returned for storage.

It was also noted that the officers collected payments in hard cash and banked them without issuing any receipts to farmers, thus the income generated from the vaccination activities could not be traced in the receipt books, cash book and the receipt ledger.

In the circumstances, the existence and/ or effectiveness of internal controls over collection of vaccination income could not be confirmed.

### **2.0. Weak Revenue Collection System**

The statement of financial performance reflects other income amount of Kshs.9,443,077. However, it was noted that during the year under review, the Fund collected revenue manually using miscellaneous receipts, contrary to requirements of Regulation 63(1) of the Public Finance Management (County Governments) Regulations, 2015. Official receipt books were issued from the central stores and received in the Revenue Department for distribution to the revenue collectors within the County. However, review of records revealed the following anomalies:

- i. Collection control sheets used to account for the money collected through manual receipt books were not being maintained and sequentially filed to confirm which months had not been surrendered.
- ii. There were no daily collection sheets signed by revenue officers and supervisors.
- iii. Cash survey was not performed.
- iv. There was no evidence of requisition, budget, procurement process and delivery of accountable documents.
- v. A schedule of each class of other income generated during the year and the approved rates and charges were not provided.

vi. The other income could not be traced both in the cash book and the bank statements

In the circumstances, the existence and/or effectiveness of internal controls on revenue collection could not be confirmed.

### **3.0. Petty Cash and Imprest Management System**

Review of accounting records revealed lack of clear management of the petty cash/imprest as highlighted below:

- i. No imprest register was maintained to record all imprests issued, surrendered and outstanding balances.
- ii. Officers were paid per diem and travel allowances directly to their bank accounts without the use of imprest warrants, contrary to Regulation 91(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires the officer authorized to hold and operate an imprest shall make formal application for the imprest through an imprest warrant.
- iii. Imprests were issued, but no surrender documents were provided for audit verification. This lack of accountability exposed the Fund to potential loss of funds and indicated a failure in prudent financial management practices.
- iv. Imprests totalling Kshs.797,294 were used to purchase goods and services which could have been used to abuse or circumvent procurement laws.

In the circumstances, the effectiveness of internal controls over the management of petty cash and imprests could not be confirmed.

### **4.0. Regular Stock Take, Annual Inventory and Stores Records**

The statement of financial position, reflects nil inventories balance. However, review of records revealed that the Fund held inventories of unknown value which were not disclosed in the financial statements.

Further, the inventory and stock taking report for the year under review was not provided for audit review, contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015, which requires the Head of Procurement Function to arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer.

In addition, there were no reliable stores ledgers, counter receipt vouchers and counter requisition and issue vouchers.

Finally, review of various stores records in sections revealed that, Management did not regularly update stores records to take on charge purchases on timely basis.

In the circumstances, the effectiveness of internal controls over the management of inventories could not be confirmed.

#### **5.0. Lack of Approved Strategic Plan**

The Fund did not have an approved strategic plan in place to provide guidance on the broader objective that are to be achieved by it and the responsibilities as stipulated in section 149(2)(g) of Public Finance Management Act 2012.

In the circumstances, the effectiveness of internal controls, risk management and governance in the Fund could not be confirmed.

#### **6.0. Weak Information Communication Technology Control Environment**

Review of the Fund's Information Communication Technology (ICT) environment revealed that there was no approved ICT policy in place during the year under review, which includes data security policy, and disaster recovery plans. Further, the ICT structure was not provided for audit review. In addition, during the period under review, the Fund did not have an Information Technology (IT) steering committee for ensuring effective IT controls and strategies.

Further, the Fund did not have data backups outside its premises and proper data recovery mechanism in case of data loss. In addition, there was no evidence of approved business continuity plan in place.

Also, the Management did not provide licenses, service agreements and acquisition or ownership documents for its software, i.e. The MS-Suite, Antivirus and its licensing/ revenue collection system among others. Therefore, the legitimacy and ownership of the fund's software is in doubt.

In the circumstances, the effectiveness of the Fund's ICT control environment could not be confirmed.

#### **7.0. Lack of Audit Committee**

Review of the Governance structure and oversight of the County Government of Kisii and the Fund revealed that the County Government of Kisii did not have an Audit Committee in the financial year 2024/2025.

In the circumstances, the effectiveness of internal controls, risk management and governance in the Fund could not be confirmed.

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

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

30 October, 2025

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

**13. Statement of Financial Performance for The Year Ended 30th June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>RevenueFromExchangeTransactions</b>			
Interest Income		-	-
Other Income	1	9,443,077	11,848,930
<b>TotalRevenue</b>		<b>9,443,077</b>	<b>11,848,930</b>
<b>Expenses</b>			
Employee Costs		-	-
Use of goods and services	2	8,181,296	7,918,391
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
<b>TotalExpenses</b>		<b>8,181,296</b>	<b>7,918,391</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
<b>Surplus/(Deficit) forthePeriod</b>		<b>1,261,781</b>	<b>3,930,539</b>



**Name: Agnes Choti**  
**Administrator of the Fund**



**Name: John Nyandanyi**  
**Fund Accountant**  
**ICPAK Member Number: 13733**

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

**14. Statement of Financial Positions at 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	9,030,719	6,685,286
Current Portion of Long- Term Receivables from Exchange Transactions		-	1,083,652
Prepayments		-	-
Inventories		-	-
Investments in financial assets		-	-
<b>Total current assets</b>		<b>9,030,719</b>	<b>7,768,938</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment		-	-
Intangible Assets		-	-
Long Term Receivables from Exchange Transactions		-	-
Investment Property		-	-
<b>Total non- current assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets (A)</b>		<b>9,030,719</b>	<b>7,768,938</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions		-	-
Current Provisions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
Social benefit liabilities		-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions		-	-
Long Term Portion of Borrowings		-	-
Non-Current Employee Benefit Obligation		-	-
Social benefit liabilities		-	-

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Total Liabilities (B)</b>		-	-
<b>Net Assets (A-B)</b>		<b>9,030,719</b>	<b>7,768,938</b>
<b>Represented By:</b>			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		9,030,719	7,768,938
<b>Net Assets</b>		<b>9,030,719</b>	<b>7,768,938</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>th</sup> July, 2025 and signed by:



**Name: Agnes Choti**  
**Administrator of the Fund**





**Name: John Nyandanyi**  
**Fund Accountant**  
**ICPAK Member Number: 13733**

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

**15. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

Description	Accumulated surplus
	Kshs
Balance As At 1 July (Previous 1 <sup>st</sup> July 2023 )	3,838,400
Surplus/(Deficit) For the year	2,846,887
Prior year Adjustment	1,083,652
<b>Adjusted BalanceAsAt30 June 2024</b>	<b>7,768,938</b>
Balance As At 1 July (Current 1st July 2024)	7,768,938
Surplus/(Deficit) For the year	1,261,781
<b>BalanceAsAt30 June (Current FY)</b>	<b>9,030,719</b>

  
**Name: Agnes Choti**  
**Administrator of the Fund**

  
**Name: John Nyandanyi**  
**Fund Accountant**  
**ICPAK Member Number: 13733**

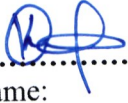
**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

**16. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cashflowsfromoperatingactivities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other income		10,526,729	10,765,278
<b>Total receipts</b>		<b>10,526,729</b>	<b>10,765,278</b>
<b>Payments</b>			
Fund administration expenses		-	-
General expenses		8,181,296	7,918,391
Finance cost		-	-
Other payments		-	-
<b>Netcashflowsfromoperatingactivities</b>	4	<b>2,345,433</b>	<b>2,846,887</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Netcashflowsusedininvestingactivities</b>		<b>0</b>	<b>0</b>
<b>Cashflowsfromfinancingactivities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Netcashflowsusedinfinancingactivities</b>		<b>0</b>	<b>0</b>
<b>Netincrease/(decrease)incash&amp;cash Equivalents</b>		<b>2,345,433</b>	<b>2,846,887</b>
Cash and cash equivalents at 1 July	3	6,685,286	3,838,400
<b>Cashandcashequivalentsat30 June</b>	3	<b>9,030,719</b>	<b>6,685,287</b>

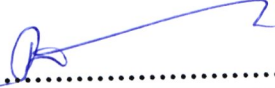
**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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.....  
Name:

Administrator of the Fund



.....  
Name: JOHN MATAMBO

Fund Accountant

ICPAK Member Number: 13733

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND  
Annual Report and Financial Statements for the year ended 30 June 2025**

**17. Statement of Comparison of Budget and Actual Amounts for The FY ended 30<sup>th</sup> June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	B	C=(a+b)	D	e=(c-d)	f=d/c*100
Interest Income	-	-	-	-	-	-
Other Income	15,000,000	-	15,000,000	10,526,729	4,473,271	70
<b>Total Income</b>	<b>15,000,000</b>	<b>-</b>	<b>15,000,000</b>	<b>10,526,729</b>	<b>4,473,271</b>	<b>70</b>
<b>Expenses</b>						
General Expenses	14,040,500	-	14,040,500	8,181,296	5,859,204	58
<b>Total Expenditure</b>	<b>14,040,500</b>	<b>-</b>	<b>14,040,500</b>	<b>8,181,296</b>	<b>5,859,204</b>	<b>58</b>
<b>Surplus For the Period</b>	<b>959,500</b>	<b>-</b>	<b>959,500</b>	<b>2,345,433</b>	<b>(1,385,933)</b>	<b>5</b>

**Note**

- i) Under-funding were a result of the Artificial insemination- Animal breeding program failing to take off as proper systems such as model of implementation and retraining of personnel had to be put in place. A Memorandum of understanding between the county government and Kenya Animal Genetics Resource Center (KAGRIC) is now in place and seamless running of this core-function of the Fund is now being witnessed.
- ii) Underspending was due to low disease outbreaks.

**ii) Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	2,345,433
1	Add Bal 1 <sup>st</sup> July 2024 as per the statement of cashflows	6,685,286
2	Closing Cash and Cash Equivalent as per the statement of Cash flows	9,030,719

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

**18. Notes to the Financial Statements**

**1. General Information**

Kisii County Veterinary services development Fund is established by and derives its authority and accountability from Section 111 of the PFM Act, 2012 on 7<sup>th</sup> January, 2016.

The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

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

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Adoption of new and revised standards**

**(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2025**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2025

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023**

**(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025**

There were no new and amended standards issued in the financial year.

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND  
Annual Report and Financial Statements for the year ended 30 June 2025**

	The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<b>Applicable 1<sup>st</sup> January 2026</b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount,

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

	timing and uncertainty of revenue and cash flow arising from revenue transactions
IPSAS 48: Transfer Expenses	<b>Applicable 1<sup>st</sup> January 2026</b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<b>Applicable 1<sup>st</sup> January 2026</b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<b>Applicable 1<sup>st</sup> January 2027</b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

**(iii) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2025.

**KISHI COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**9. 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 are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**ii. Revenue from exchange transactions**

***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**b) Budget information**

The original budget for FY 2024-2025 was approved by the County Assembly on Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of on the FY 2024-2025 budget following the governing body's approval.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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 xxx of these financial statements.

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**  
*Summary of Significant Accounting Policies (Continued)*

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**e) Nature and purpose of reserves**

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

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**g) Cash and cash equivalents**

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

**h) Comparative figures**

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

**i) Events after the reporting period**

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

**j) Currency**

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

**5. Significant judgments and sources of estimation uncertainty**

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

State all judgments, estimates and assumptions made e.g.

**a) Estimates and assumptions** – The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**  
**Notes to the Financial Statements Continued**

**1. Other Income**

Description	2024-2025 KSH	2023-2024
Meat inspections	9,184,767	11,848,930
COT	101,560	0
Slaughter house Licencing	156,750	0
<b>Total</b>	<b>9,443,077</b>	<b>11,848,930</b>

**2. Use of other goods and Services**

Description	2024-2025 Kshs.	2023-2024 Kshs.
General Office Expenses	120,000	-
Capacity Building	1,560,965	-
Field Operations	1,440,000	3,138,500
Fuel	2,253,589.50	1,943,512
Repair and Maintenance of Motor vehicles	904,113.4	734,740
Bank Charges	16,020	16,658
Printing And Stationery	486,608	17,206
Other Operating expenses	100,000	-
Specialized Materials	120,000	2,067,575
Artificial Insemination	1,180,000	-
<b>TOTAL</b>	<b>8,181,296</b>	<b>7,918,191</b>

**3. Cash and Cash equivalents**

Description	2024-2025 Kshs	2023-2024 Kshs
Current Account	9,030,719	6,685,286
Others ( <i>Specify</i> )	-	-
<b>Total Cash and Cash Equivalents</b>	<b>9,030,719</b>	<b>6,685,286</b>

Detailed analysis of the cash and cash equivalents are as follows

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			

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Kenya Commercial Bank	1154294579	9,030,719	6,685,286
<b>Sub- Total</b>		<b>9,030,719</b>	<b>6,685,286</b>

**4. Cash generated from operations.**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>1,261,781</b>	<b>3,930,539</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase/Decrease In Receivables	1,083,652	(1,083,652)
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>2,345,433</b>	<b>2,846,887</b>

**Other Disclosures**

**1. Financial risk management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

**a) Credit risk**

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

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

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Market risk**

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

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

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

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

**d) Capital risk management**

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The Fund's capital structure comprises of the following funds:

	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Accumulated surplus	9,030,719	6,685,286
<b>Total funds</b>	<b>9,030,719</b>	<b>6,685,286</b>

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**19. Progress on Follow up of Prior Year Auditor's Recommendations**

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Other Matter	1. Budgetary Control and Performance	By the time of audit, we had begun the commitment process and the payment for the same was effected in FY 2024/2025	Not resolved	The issue of budgetary control and Performance is on progress of being resolved by the management.
	2 Lack of Enabling Legislation for Kisii County Veterinary Services	By the time of Audit, we had enabling Legislation for Kisii County Veterinary Services Fund awaiting approvals from County Assembly of Kisii.	Not resolved	The issue is on progress. By 30 <sup>th</sup> September the County Assembly will have passed the Legislation Laws governing The Kisii County Veterinary Services Fund.