

REPUBLIC OF KENYA



Enhancing Accountability

| DATE | PAPERS LAID |
|--------------------|---------------|
| TABLED DATE | 24/5/2023 |
| TABLED BY | Majority Whip |
| COMMITTEE | |
| CLERK AT THE TABLE | Angela |

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REPORT

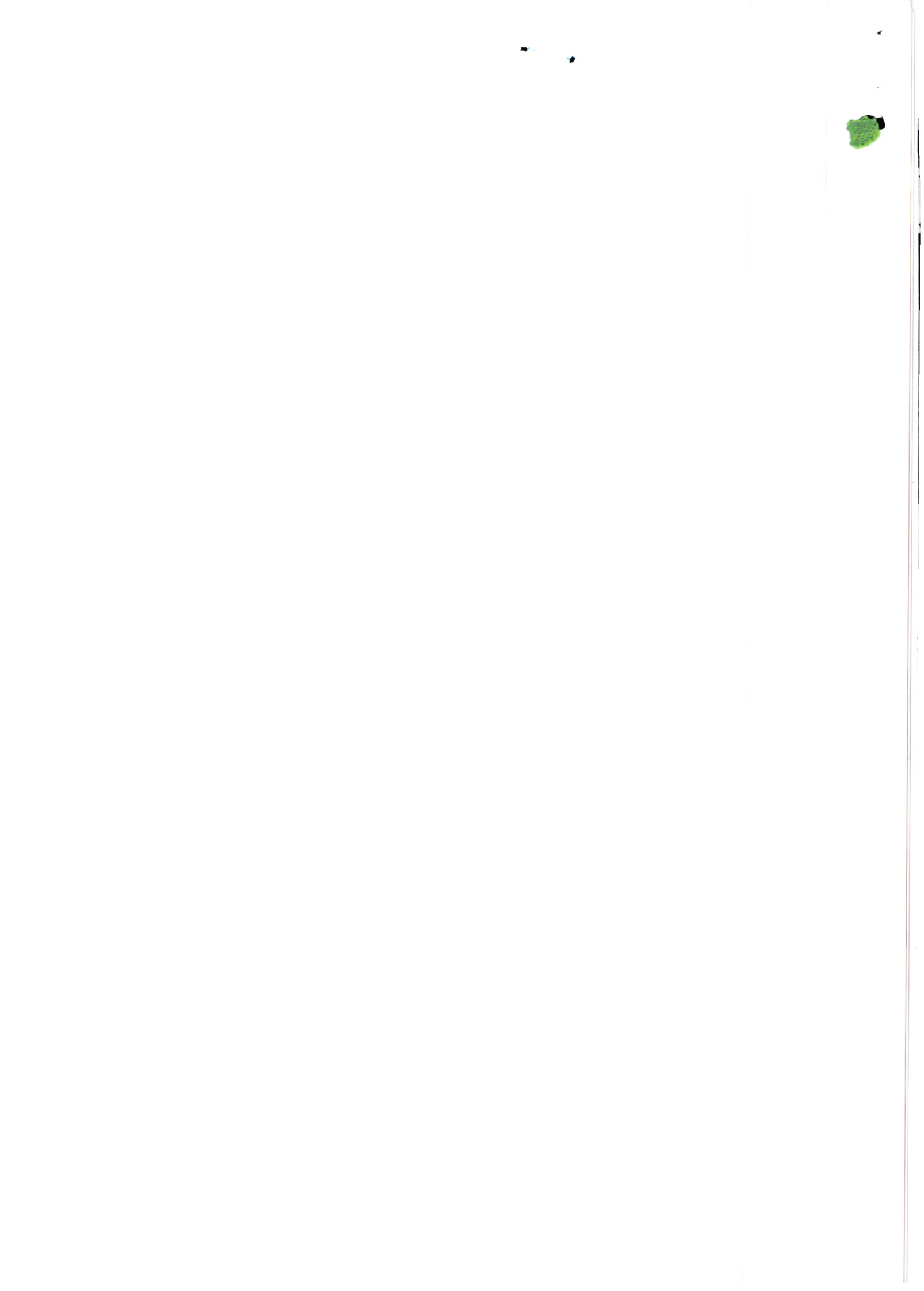
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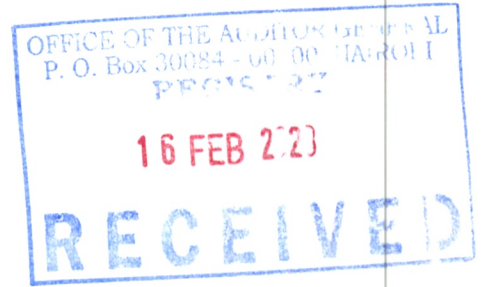
THE AUDITOR-GENERAL

ON

**KISII COUNTY VETERINARY SERVICES
DEVELOPMENT FUND**

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





KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2022**

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

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

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KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
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1. Key Fund's 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 7th 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

| Ref | Name | Position |
|------------|-----------------------------|-------------------|
| 1 | Fund Manager/ Administrator | Dr AlphanusMokaya |
| 2 | Fund Accountant | John nyandanyi |
| 3 | Chief Officer Finance | Wilfred O.Auma |

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

d) Registered Offices

P.O. Box 4550-40200
Municipal Building
KisiiKeroka 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

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

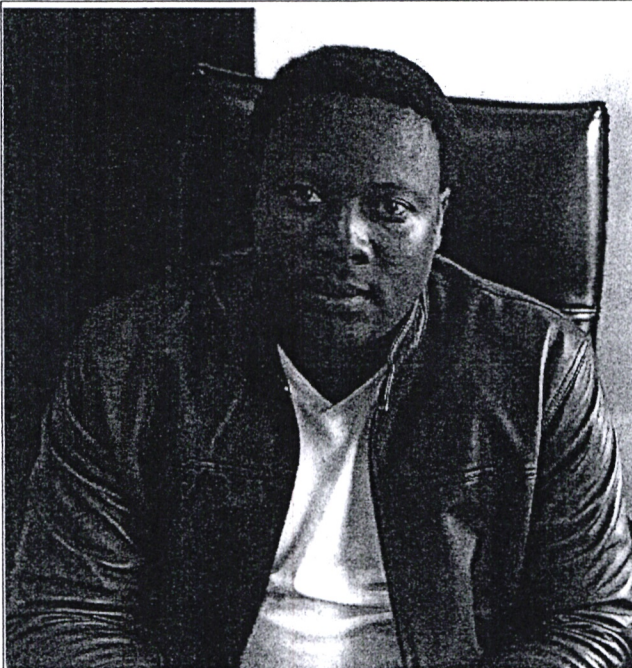
2. Fund Administration Committee



Mr. Wilfred O. Auma – CO Finance and Economic Planning

Mr. Wilfred Auma heads the Finance and Accounting Services as a Chief Officer. Prior to his appointment, he headed the department of Planning and Economic Development. He holds Master's Degree in Business Administration (Finance) from Kisii University, Bachelor of Commerce in Statistics, Accounting, Income Tax, Business Management and Auditing from Devi Alhilya Vishwavid Valaya, Indore and a Higher National Diploma In Finance Analysis from Indian Management Training and Research Institute.

Until his appointment, he was working with Wakenya Pamoja Sacco Society Ltd as a manager in Business Growth Development.



DR ALPHANUS O. MOKAYA – CO VETERINARY SERVICES.

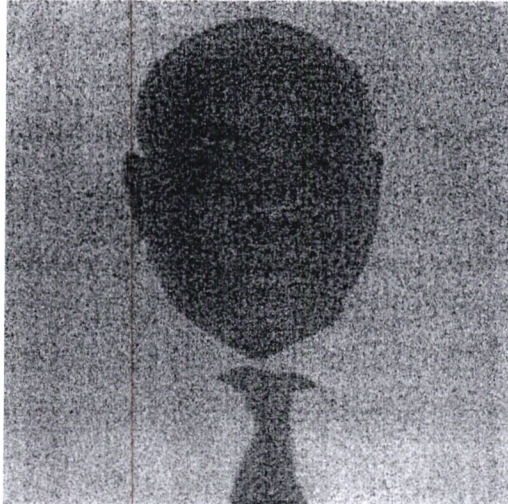
Dr. Alphanus O. Mokaya

Heads the Livestock, Fisheries and veterinary services as the Chief Officer. Prior to his appointment, he was the Director of Veterinary services in acting capacity.

He had a brief stint at the Kenya Veterinary laboratory. He holds a Bachelors of science degree in veterinary medicine from university of Nairobi.

Until his appointment, he was working with Ministry of Agriculture as the director Veterinary services.

3. Management Team



Mr. Wilfred O. Auma – CO Finance and Economic Planning

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KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

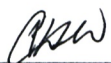
4. Report of the Fund Administrator

The fund through Directorate has a target of collecting Kshs.3.2 million annually. This effectively forms the fund's budget. The fund managed to collect Kshs.2.9 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 understaffing 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.3.5 million by increasing efficiency to access as many clients as possible

Signed: 

/ Name: Dr. Alphanus Mokaya

17/11/2022

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

5. 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. |
|---------------------------|-------------------------------|---|--|
| Promote access to Markets | Disease and pest control. | <ol style="list-style-type: none"> 1 Vaccinate 40,000 animals. 2 Process 300 laboratory samples. 3 Issue 1200 movement permits. 4 Capacity build 300 farmers. | <p>1.148,931 animals vaccinate.</p> <p>2.197 laboratory samples processed</p> <p>3.1,062 movement permits issued.</p> <p>4.287 farmers capacity builded.</p> |
| Increase productivity | Artificial insemination (A.I) | <ol style="list-style-type: none"> 1. Capacity build 65 Farmers and 20 A.I service providers. 2. Inseminate 35,000 heads of cattle. | <ol style="list-style-type: none"> 1. 47 farmers trained on benefits of adopting A.I. 2. 32,432 heads of cattle vaccinated |

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

| | | | |
|---------------------------------------|--|--|--|
| Safeguarding animal and human health. | Veterinary Public health and routine meat inspection | <ol style="list-style-type: none"> 1. Inspect 25,000 carcasses. 2. Sensitize Stakeholders 3. Carry out 4 monthly spot checks in every sub-county. | <ol style="list-style-type: none"> 1. 29,950 carcasses inspected. 2. Butchers trained on meat hygiene and relevant regulations. 3. 3 monthly Spot checks done in every Sub-County HQ staff. |
|---------------------------------------|--|--|--|

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

6. Management Discussion and Analysis

The fund through Directorate has a target of collecting Kshs.3.2 million annually. This effectively forms the fund's budget. The fund managed to collect Kshs.2.9 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.

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One of the major challenges of the fund is understaffing in the Directorate of Veterinary Services .This hinders Operations that contribute monies to the fund. The Directorate however targets to increase the budget to 3.5 million by increasing efficiency to access as many clients as possible

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

7. 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.

8. 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

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 licencing any slaughter facility. The Directorate is currently sensitizing Farmers on climate smart agriculture.

3. Market place practices

The organisation 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.

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

9. 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 2022, which show the state of the Fund affairs.

8.1 Principal activities

The principal activities of the Fund are Artificial inseminations and disease control.

8.2 Performance

The performance of the Fund for the year ended 30 June 2022, are set out on page 1-18

8.3 Fund administration committee

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

8.4 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.

10. 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 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 judgements 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 2022, 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 2022

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 17/11/2022 and signed on its behalf by:



/ Dr. Alphanus Mokaya
Administrator of the County Public Fund

REPUBLIC OF KENYA

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



Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kisii County Veterinary Services Development Fund set out on pages 1 to 15, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of

Report of the Auditor-General on Kisii County Veterinary Services Development Fund for the year ended 30 June, 2022

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, the financial statements present fairly, in all material respects, the financial position of Kisii County Veterinary Services Development Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the 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 the Kisii County Veterinary Services Development Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects final revenue budget and actual on comparable basis of Kshs.3,600,000 and Kshs.2,991,216 respectively, resulting in under collection of Kshs.608,784 (or 17%) of the budget. Similarly, the Fund spent an amount of Kshs.2,213,444 out of the approved expenditure budget of Kshs.3,600,000, resulting in under expenditure of Kshs.1,386,556 (or 39%) of the budget.

The under collection and under expenditure may have adversely affected provision of veterinary services to the residents of Kisii County.

Key Audit Matters

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

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.

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

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 overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and 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 for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability 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 Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 March, 2023

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

| | Note | 2021-2022 | 2020-2021 |
|---|------|------------------|------------------|
| | | Kshs | Kshs |
| Revenue From Exchange Transactions | | | |
| Other Income | 1 | 2,991,216 | 2,487,685 |
| Total Revenue | | 2,991,216 | 2,487,685 |
| Expenses | | | |
| Use of goods and services | 2 | 2,213,444 | 1,514,910 |
| Total Expenses | | 2,213,444 | 1,514,910 |
| Surplus For The Period | | 777,772 | 972,775 |

The notes set out on pages 6 to 14 form an integral part of these Financial Statements

.....
 Name: *Kennedy Wanjau*
 Administrator of the Fund

.....
 Name: *JAMES MANDARI*
 Fund Accountant
 ICPAK Member Number: *13723*

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

13. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

| | Note | 2021-2022 | 2020-2021 |
|-----------------------------|------|------------------|------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 3 | 2,255,794 | 1,478,022 |
| Total current assets | | 2,255,794 | 1,478,022 |
| Total Assets | | 2,255,794 | 1,478,022 |
| | | | |
| Net Assets | | | |
| Accumulated Surplus | | 2,255,794 | 1,478,022 |
| Total Net Assets | | 2,255,794 | 1,478,022 |

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 17/11 2022 and signed by:

.....
 Name: Kennedy OJA
 Administrator of the Fund

.....
 Name: JAN MANDARI
 Fund Accountant
 ICPAK Member Number: 13733

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

14. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

| | Accumulated surplus | Total |
|-----------------------------------|------------------------|-----------|
| | Kshs | Kshs |
| Balance As At 1 July 2020 | 505,247 | 505,247 |
| Surplus/(Deficit) For the Period | 972,775 | 972,775 |
| Balance As At 30 June 2021 | 1,478,022 | 1,478,022 |
| Balance As At 1 July 2021 | 1,478,022 | 1,478,022 |
| Surplus/(Deficit) For the Period | 777,772 | 777,772 |
| Balance As At 30 June 2022 | 2,255,794 | 2,255,794 |

.....
 Name: *Kennedy OJA*
 Administrator of the Fund

.....
 Name: *JAN MANDARI*
 Fund Accountant
 ICPAK Member Number: 13733

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
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15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 2021-2022 | 2020-2021 |
|---|----------|------------------|------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Other income | 1 | 2,991,216 | 2,487,685 |
| Total receipts | | 2,991,216 | 2,487,685 |
| Payments | | | |
| Use of goods and services | 2 | 2,213,444 | 1,514,910 |
| Total payments | | 2,213,444 | 1,514,910 |
| Net cash flows from operating activities | | 777,772 | 972,775 |
| | | | |
| Net increase/(decrease) in cash & cash Equivalents | | 777,772 | 972,775 |
| Cash and cash equivalents at 1 July | 3 | 1,478,022 | 505,247 |
| Cash and cash equivalents at 30 June | 3 | 2,255,794 | 1,478,022 |

.....
 Name: *Kennedy WJA*
 Administrator of the Fund

.....
 Name: *JAN MANDARI*
 Fund Accountant
 ICPAK Member Number: *13723*

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
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16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilisation |
|------------------------------------|----------------------------|--------------------|---------------------|---|-----------------------------------|----------------------|
| | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 |
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Public Contributions And Donations | - | - | - | - | - | |
| Transfers From County Govt. | | | | | | |
| Interest Income | - | - | - | - | - | |
| Other Income | 3,600,000 | - | 3,600,000 | 2,991,216 | 608,784 | 83.48% |
| Total Income | 3,600,000 | - | 3,600,000 | 2,991,216 | 608,784 | 83.48% |
| Expenses | | | | | | |
| Use of goods and services | 3,600,000 | - | 3,600,000 | 2,213,444 | 1,386,556 | 61.49% |
| Total Expenditure | 3,600,000 | - | 3,600,000 | 2,213,444 | 1,386,556 | 61.49% |
| Surplus For The Period | - | - | - | 777,772 | (777,772) | |

Notes

- a) The under-collection of income was caused by reduced disease prevalence
- ii) Under expenditure was as a result of low disease outbreaks

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
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17. 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 7th 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 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

| Standard | Effective date and impact: |
|--|---|
| IPSAS 41: Financial Instruments | Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none">• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; |

**KISHI COUNTY VETERINARY SERVICES DEVELOPMENT FUND
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| Standard | Effective date and impact: |
|--|--|
| | <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| IPSAS 42: Social Benefits | |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | <p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| Other improvements to IPSAS | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. |
| IPSAS 43 | <p>Applicable 1st January 2025</p> <p>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</p> |

**KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
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| Standard | Effective date and impact: |
|---|--|
| | <p>the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| <p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p> | <p><i>Applicable 1st January 2025</i> 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.</p> |

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

KISHI COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

4. 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 2021-2022 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 2021-2022 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.

Summary Of Significant Accounting Policies (Continued)

c) 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.

d) 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 imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

e) Comparative figures

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

f) Events after the reporting period

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

g) Currency

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

KISHI COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

Summary Of Significant Accounting Policies (Continued)

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 judgements, 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 2022

6. Notes to the Financial Statements

1) Other income

| Description | 2021/2022 | 2020/2021 |
|----------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Artificial Insemination | 524,120 | - |
| Vaccination | 171,250 | - |
| Meat inspections | 1,903,256 | 2,161,485 |
| Movement permits | 270,950 | 141,400 |
| Certificate of Transport (C.O.T) | 78,690 | 170,400 |
| Dispatch Notes | 2,200 | 3,200 |
| Licensing of S/H /slabs | 40,750 | 11,200 |
| Total other income | 2,991,216 | 2,487,685 |

The total of the comparative amounts for meat inspection and movement permit had been misstated in the previous year's financial statements. They errors have been corrected.

2) Use of Goods And Services

| Description | 2021/2022 | 2020/2021 |
|----------------------------|------------------|------------------|
| | Kshs | Kshs |
| Daily Substances Allowance | 2,206,400 | 1,500,000 |
| Bank charges | 7,044 | 14,910 |
| Total | 2,213,444 | 1,514,910 |

3) Cash and cash equivalents

| Description | 2021/2022 | 2020/2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Current account | 2,255,794 | 1,478,022 |
| Total cash and cash equivalents | 2,255,794 | 1,478,022 |

Detailed analysis of the cash and cash equivalents are as follows:

| Financial institution | Account number | 2021/2022 | 2020/2021 |
|------------------------------|-----------------------|------------------|------------------|
| | | Kshs | Kshs |
| Current account | | | |
| Kenya Commercial bank | 1154294579 | 2,255,794 | 1,478,022 |
| Total | | 2,255,794 | 1,478,022 |

Other Disclosures

4) 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 minimise 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

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

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

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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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.

KISII COUNTY VETERINARY SERVICES DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended 30 June 2022

Other Disclosures Continued

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:

| | 2020/2021 | 2020/2021 |
|---------------------|------------------|------------------|
| | Kshs | Kshs |
| Accumulated surplus | 2,255,794 | 1,478,022 |
| Total funds | 2,255,794 | 1,478,022 |

**KISHI COUNTY VETERINARY SERVICES DEVELOPMENT FUND
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**18. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S
RECOMMENDATIONS**

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: <i>(Resolved / Not Resolved)</i> | Timeframe: <i>(Put a date when you expect the issue to be resolved)</i> |
|---|--|---|---|--|
| Other Matter | 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 2021/2022 | Resolved | |

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