

REPUBLIC OF KENYA



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REPORT

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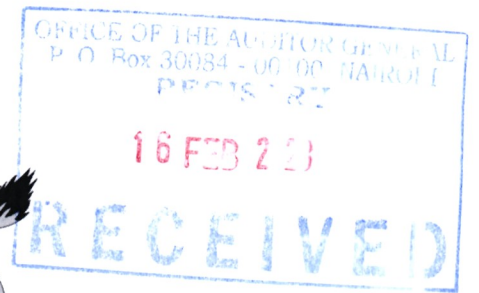
THE AUDITOR-GENERAL

ON

KENYA VETERINARY BOARD

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

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 MAY 2023	DAY: Thursday
TABLED BY: Har. Kimani Ichungwah (Leader of the Majority Party)	
CLERK-AT THE TABLE: Joyce Kemerele	



KENYA VETERINARY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2022

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

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1. KEY BOARD INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Veterinary Board is a State Corporation, under State Department of Livestock in the Ministry of Agriculture and Livestock. The Board is established under the Veterinary Surgeons and Veterinary Paraprofessionals Act, CAP 366.

(b) Principal Activities

The mandate and the purpose of the Board is to exercise general supervision and control over training, business, practice and employment of veterinary surgeons and veterinary paraprofessionals in Kenya and advise the government in relation to all aspects thereof.

(c) Key Management

The Board's day-to-day management is under the Chief Executive Officer, who is also the Registrar and Secretary to the Board.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Dr. Mary Theresa Agutu
2.	Finance and Administration Officer	CPA, Simon G. Wainaina
3.	Chief Inspector	Dr. Naphtal Mwanziki
4.	Principal Veterinary Registration Officer	Dr. Winfred Kidada
5.	Supply Chain Management Officer	Ireen Nyaga
6.	Planning Officer	Herman Kengere
7.	ICT Officer	Dedan Munyao
8.	Human Resource Officer	Veronicah Koigi

Fiduciary Oversight Arrangements

The Board has established standing and Ad hoc committees as it may deem necessary for the performance of its functions and the exercise of its powers under the Veterinary Surgeons and Veterinary Paraprofessionals Act. The Board has established the following committees for the purpose of fiduciary arrangements; -

i. Inquiries and Disciplinary Committee (IDC)

Guiding implementation of the Code of Professional Ethics; implementation in full part VI Section 34-37 of the VSVP Act; handling all disciplinary matters under the jurisdiction of KVB and giving recommendations to the Board on action to be taken on each case; to propose the amendments or reviews to strengthen the VSVP Act and VSVP Regulations.

ii. Finance and Administration Committee (FAC)

Development and overseeing implementation of the Board Human Resource Policies; development and overseeing implementation of the Board Finance Policies; development and overseeing implementation of the Board Procurement Policies; board Project Management budgeting; overseeing any other administrative function.

iii. Technical Committee on Education and Quality Assurance (TeCEQA)

Develop and Review evaluation tools for all Animal Health training institutions, Develop and review minimum curriculum content for the various cadres of Animal Health courses, develop guidelines for setting up veterinary consultant colleges, recommend for accreditation or otherwise, institutions already training Animal Health courses or those yet to begin training, organize interviews or examinations for foreigners who want temporary permits or Kenyans who trained in Animal Health institutions not recognized by KVB, oversee Continuous Professional Development (CPD) matters, consider any other matter related to training in animal health, generally implement Part II Section 7 and Part IV Section 29 of VSVP Act, any other function relevant to this committee

iv. Audit and Risk Committee (ARC)

Assisting the Board in fulfilling its obligations and oversight responsibilities relating to financial planning financial and governance audit; ensure internal control systems are effective and reliable; oversee risk management functions; oversee implementation of audit recommendations.

v. Communication, Partnership and Resource Mobilization Committee (CPRM)

Resource mobilization for the Kenya Veterinary Board, development of partnership with other players in the sector, develop and oversee the implementation of the Communications Strategy of the Board, support development of communication materials, ensure visibility of the Board, recommend to the Board ways of managing communication to the veterinary professionals and general public as and when the need arises.

(e) Board Headquarters

P.O Box 513 – 00605, Uthiru, Nairobi
Kenya Veterinary Resource Centre, Kabete

(f) Board Contacts

Address: P.O. Box 513 – 00605, Nairobi
Telephone: 0722305253|0701581718
Email: info@kenyavetboard.or.ke.
Website: www.kenyavetboard.or.ke.

(g) Board Bankers

Co-operative Bank of Kenya
Westland Branch
P.O. Box 66589 - 00800
Nairobi, Kenya
A/c No 01141151721300

Standard Chartered Bank
Westland Branch
P.O Box 14438 - 00800
Nairobi, Kenya
A/c No. 0108033914300

MPESA Pay Accounts
Safaricom Limited
P.O Box 66827, 00800
Nairobi, Kenya
Paybill A/C No. 787888
Paybill A/C No. 696891

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS

During the year the Board, had no functional board of Directors as a result of the court case that followed after constitution of the Board.

3. MANAGEMENT TEAM

The following are the management team who served during the year ending 30th June 2022

No.	Designation	Name
1.	Ag. Chief Executive Officer	Dr. Mary Theresa Agutu
2.	Finance and Administration Officer	CPA, Simon G. Wainaina
3.	Chief Inspector	Dr. Naphtal Mwanziki
4.	Principal Veterinary Registration Officer	Dr. Winfred Kidada
5.	Supply Chain Management Officer	Ireen Nyaga
6.	Planning Officer	Herman Kengere
7.	ICT Officer	Dedan Munyao
8.	Human Resource Officer	Veronicah Koigi

4. PRINCIPAL SECRETARY STATEMENT

The Kenya Veterinary Board (KVB) is a Statutory Body established under Section 3 of the Veterinary Surgeons and Veterinary Paraprofessionals (VSVP) Act 2011 of the laws of Kenya. The object and purpose for which the Board is established is to “exercise general supervision and control over training, business, practice and employment of veterinary surgeons and veterinary paraprofessionals in Kenya and to advice the Government in relation to all aspects thereof”.


The Board has remained instrumental in supporting the National and County Governments through registration and regulation of veterinary practitioners, veterinary practices including animal health training institutions, veterinary laboratories, animal welfare and breeding services as provide as stipulated in the VSVP Act, 2011.

The Board has continued to ensure enhanced compliance with set Veterinary Standards for delivery of quality veterinary services. Consequently, this has resulted to safeguarding animal health and welfare, promotion of human health and protection of economic interests of the public in animal health resource industry, thereby, contributing to improved livelihoods and food safety.

Though KVB was established in 1953, it was reengineered through enactment of VSVP Act, 2011, that greatly expanded its functions, thus requiring additional basic structures, office space and staffing to enhance regulatory and compliance capacity.

The Governance of the Board which is vested to seventeen (17) Directors who are appointed for a three-year term, as stipulated in the VSVP Act, 2011. The term of the previous Board of Directors came to an end in March 2021 and the new board is not yet in place, and this affect policy decisions making.

In the year under review, with the assistance from the National Treasury, through the State Department of Livestock, the Board completed construction of Kenya Veterinary Resource Centre and Headquarters offices which addressed inadequate office accommodation. This has since created a conducive working environment for delivery of services by the Board.



**MR. HARRY KIMTAI, CBS
PRINCIPAL SECRETARY
STATE DEPARTMENT OF LIVESTOCK**

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The functions of Kenya Veterinary Board are derived from section 6 of Veterinary Surgeon and Veterinary Paraprofessional (VSVP), Act No. 29 of 2011. The core functions include: - registration and regulation of professional conduct of veterinary practitioners to ascertain adherence to set standards as stipulated to the Act and attendant regulations; inspection of veterinary practices to ascertain compliance and promotion of Continuous Professional Development; approval of Animal Health Training Courses and advice the Government in all aspects thereof. These regulatory activities are geared towards safeguarding animal health and welfare, promoting human health and protecting the economic interests of the stakeholders in the animal resources industry.

KVB plays a vital role as an enabler to food security through improving food and nutrition security & safety arising from increased productivity of livestock, fish and other food animals through better health and welfare from veterinary interventions, promoting public health by guaranteeing consumption of animal products free from zoonotic diseases and drug residues among other food contaminants, providing quality assurance for raw materials and finished products of animal origin necessary for manufacturing and industrialization.

The Board has embarked on resource mobilization with National Treasury and partners to strengthen Boards regulatory and compliance capacity by recruiting more staff, establishing regional offices, acquisition of inspection vehicles and improve ICT infrastructure.

The Board source of funds includes Government grant and internal collection from registration and licencing of veterinary practices. Section 33 of the VSVP Act requires the Board to keep proper records and accounts relating to the income, expenditure, assets and liabilities and be audited by the Auditor General. The Financial statement for the period ending 30 June 2022 has been submitted in compliance with the stipulated regulations.



DR. MARY THERESA AGUTU
Ag. CHIEF EXECUTIVE OFFICER

6. STATEMENT OF KENYA VETERINARY BOARD'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The Kenya Veterinary Board Strategic Plan 2018 – 2022 outlines the priorities that the Board desires to pursue its mandate. The Strategic Plan is also aligned to key policy including Constitution, the Kenya Vision 2030 and its Third Medium Term Plan (MTP III) 2018-2022, Government Agenda on the 'Big Four', the Veterinary Surgeons and Veterinary Paraprofessionals Act, 2011 and other Government policies and international protocols.

The Kenya Veterinary Board has the following strategic objectives

- a) Inadequate human, financial and institutional resources
- b) Poor infrastructure and inappropriate location
- c) Inadequate enforcement of the VSVP Act 2011 and non-compliance with set standards
- d) Inadequate Visibility of KVB
- e) Poor access to quality veterinary services.
- f) Weak Administration and Governance structures

7. CORPORATE GOVERNANCE STATEMENT

The Board and Management are committed to the highest levels of Corporate Governance by adhering to the core values: - Professionalism, Integrity, Transparency and Accountability which are key pillars to Corporate Governance.

The Vision of the Board

A premier agency for regulating and advancing quality veterinary services and practice in Kenya.

The Mission Statement

To protect and promote animal health & welfare and public health through enforcement of the Veterinary Surgeons and Veterinary Paraprofessionals Act, 2011 to promote access to quality veterinary services for the growth of the animal resource industry.

The Mandate of the Board

The mandate is to exercise general supervision and control over veterinary training, business, practices and employment of veterinary surgeons and veterinary paraprofessionals in Kenya and advice the government in relation to all aspects thereof.

The Role of the Board

Kenya Veterinary Board is a statutory body, mandated to regulate veterinary surgeons, veterinary paraprofessionals, training institutions, veterinary laboratories, veterinary inputs, animal welfare, breeding services and advice the Government in relation to all aspects thereof. The objective of regulation is to ensure delivery of quality veterinary services to the stakeholders and animal welfare services.

Composition of the Board

The Board Governance consist of seventeen directors who are stipulated in Section 4 of the VSVP Act who include, the Principal Secretary, National Treasury, the Principal Secretary, State department of livestock, Director of Veterinary Services, Dean of the Faculty of Veterinary Medicine of a public university in Kenya, a Principal of a veterinary para-professional training institute, four elected registered veterinary surgeons, three elected veterinary para-professionals, chairperson of the Kenya Veterinary Association, a representative of Veterinary Research institutions, a veterinary practitioner representing Kenya Wildlife Service, two representative of the Animal resource Industry who are neither veterinary surgeons or veterinary para-professionals.

The Board Committees

The Board governance is through established committees which after deliberations on policy issues forward their recommendations to the Board of Directors for consideration and decision making. The decisions made are then implemented by the Management. In the year under review, the Board has established the following committees;

Inquiries and Disciplinary Committee (IDC)

Guiding implementation of the Code of Professional Ethics; implementation in full part VI Section 34-37 of the VSVP Act; handling all disciplinary matters under the jurisdiction of KVB and giving

recommendations to the Board on action to be taken on each case; to propose the amendments or reviews to strengthen the VSVP Act and VSVP Regulations.

Finance and Administration Committee (FAC)

Development and overseeing implementation of the Board Human Resource Policies; development and overseeing implementation of the Board Finance Policies; development and overseeing implementation of the Board Procurement Policies; board Project Management budgeting; overseeing any other administrative function.

Technical Committee on Education and Quality Assurance (TeCEQA)

Develop and Review evaluation tools for all Animal Health training institutions, Develop and review minimum curriculum content for the various cadres of Animal Health courses, develop guidelines for setting up veterinary consultant colleges, recommend for accreditation or otherwise, institutions already training Animal Health courses or those yet to begin training, organize interviews or examinations for foreigners who want temporary permits or Kenyans who trained in Animal Health institutions not recognized by KVB, oversee Continuous Professional Development (CPD) matters, consider any other matter related to training in animal health, generally implement Part II Section 7 and Part IV Section 29 of VSVP Act, any other function relevant to this committee

Audit and Risk Committee (ARC)

Assisting the Board in fulfilling its obligations and oversight responsibilities relating to financial planning financial and governance audit; ensure internal control systems are effective and reliable; oversee risk management functions; oversee implementation of audit recommendations.

Communication, Partnership and Resource Mobilization Committee (CPRM)

Resource mobilization for the Kenya Veterinary Board, development of partnership with other players in the sector, develop and oversee the implementation of the Communications Strategy of the Board, support development of communication materials, ensure visibility of the Board, recommend to the Board ways of managing communication to the veterinary professionals and general public as and when the need arises.

8. MANAGEMENT DISCUSSION AND ANALYSIS

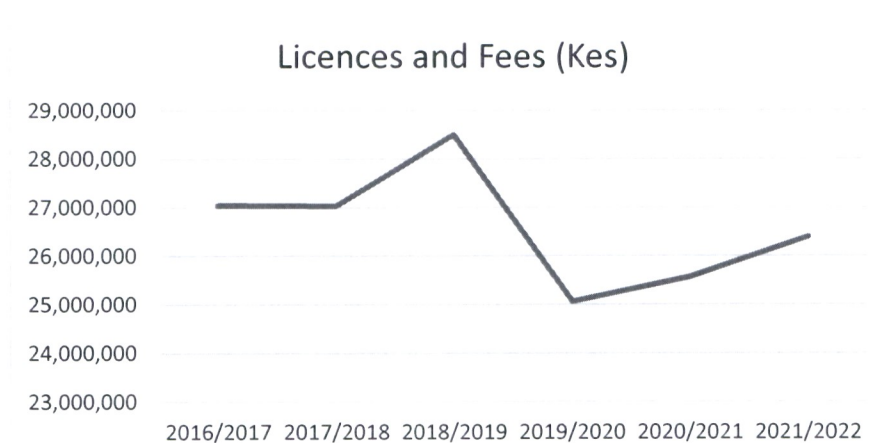
The Board operational and financial performance for the last 5 years is as follows

a) Board Income Analysis

The Board income has shown a downward trend over the years. This decline has been attributed to transfer of inspection for premises to Veterinary Medicines Directorate. Further the Board has a big shortage of staff especially the Inspectorate unit, which if supplemented may result to increased collection of internally generated funds.

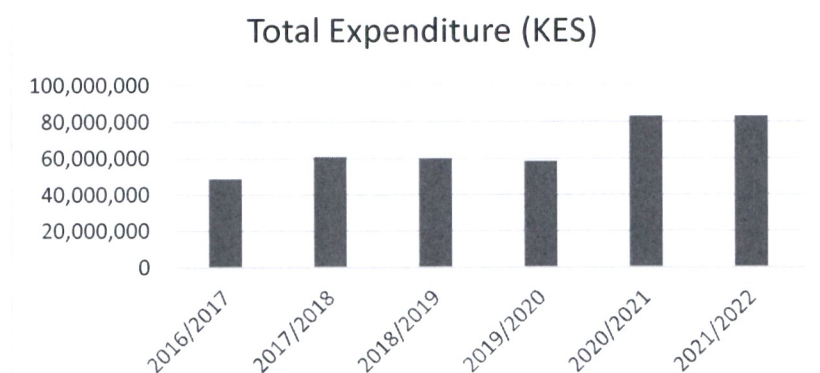
The Kenya Veterinary Board income for the last 5 years is as follows.

Financial Year	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Licences and Fees (Kes)	27,047,566	27,029,333	28,492,668	25,063,608	25,573,757	26,387,940



b) Board expenditure

Financial Year	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Total Expenditure (KES)	48,769,699	60,870,543	59,925,273	58,379,093	82,958,366	87,476,121

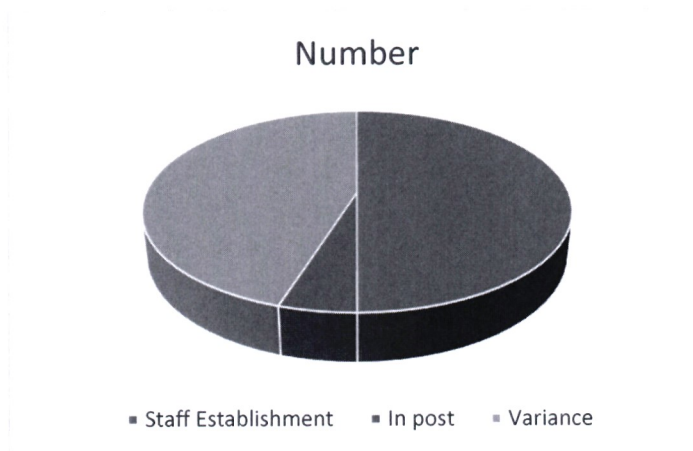


c) Board staffing

The Kenya Veterinary Board suffers from an acute shortage of staff; the Board current has 20 in-post out of an approved establishment of 202 by the Directorate of Public Service Management. The Board has employed 15 staff and has 6 deployed by the line Ministry of Agriculture, Livestock, Fisheries and Cooperatives. This shortage of staff greatly impacts service delivery to the members of the public and jeopardizes the regulatory mandate as stipulated in the Veterinary Surgeons and Veterinary Paraprofessional Act, 2011.

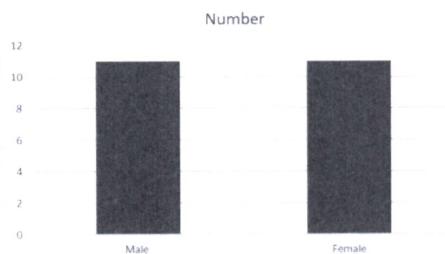
The Board Staffing levels is as follows

	Staff Establishment	In post	Variance
Number	202	21	181
Percentage	100%	10%	90%



Board Staffing on Gender is as follows

Gender	Male	Female	Total
Number	11	10	21



To address the gap the Board initiated development of the Human Resource policies which have been approved by State Corporation Advisory Committee but have not been fully implemented due to financial resource challenges. The Board has embarked on consultation with the ministry to address the staffing challenges.

d) Construction of Headquarter Offices

The Board in the year 2021/2022 completed construction of Kenya Veterinary Board Resource Centre and Headquarters offices following allocation of development grant by The National Treasury in from year 2018.. The Board headquarter office shall assist the Board carry out its regulatory mandate as stipulated in the Veterinary Surgeon and Veterinary Paraprofessional Act, 2011. The Board also has plans in future to establish 13 regional offices covering the whole country to enforce compliance to the veterinary set standards, a funding assistance shall be sought from the National Treasury and suitable partners to realize this objective.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability

The overarching goal of the Kenya veterinary Board (KVB) is to uphold veterinary standards in the country. The Board achieves this by vigorously undertaking its statutory mandate of exercising general supervision and control over the training, business, practice and employment of veterinary surgeons and paraprofessionals in Kenya as well as advising the Government in relation to all aspects thereof.

The end result is that animal health and welfare is guaranteed together with the protection of public health and the environment. When animal health and welfare is guaranteed, productivity in livestock enterprises is enhanced. This ensures that there is increased availability of nutritious food of animal origin, therefore promoting human health and wellbeing.

Enhanced livestock productivity arising from upheld veterinary standards boosts the livelihoods of livestock dependent communities, promotes rural economies and secures the economic wellbeing of these communities and the country and large.

It is also important to note healthy animals have diminished opportunities of passing on zoonotic diseases to people. In addition, upholding veterinary standards ensures that use of medicines (like antibiotics) is done prudently, forestalling emerging threats like Antimicrobial Resistance (AMR) which has been identified as the greatest public health threat of our time.

ii) Employee welfare

The Board has approved Human Resource policy documents in place; Human Resource Procedure Manual, Career Guidelines and Organizational Structure.

The Kenya Veterinary Board has also followed the guidelines issued by Public Service Commission, Salaries and Remuneration Commission and State Corporation Advisory Committee among other Government Circulars and Guidelines issued from time to time.

The Board has insured its staff with comprehensive medical cover and Group Accident insurance cover. The Board has a pension contribution scheme for its staff.

iii) Corporate Social Responsibility / Community Engagements

The Board recognizes its obligations to act responsibly, ethically and with integrity in its dealings with staff, customers, neighbours and the environment as a whole.

The Boards' source of funding is the Government of Kenya and internal collection. The Board has ensured that utilization of funds is utilized in an effective and efficient manner, to deliver quality services to citizens.

The Board is dedicated to creating a workplace that is safe, fair and enriching, during the year under review, it conducted a work environment survey. Safety procedures and programs are constantly monitored and improved to help ensure that our employees work safely.

During the financial year, the Board carried out staff training creating awareness on work safety and occupational hazard including provision of protective wares to staff for prevention of COVID-19.

The Board remains firmly committed to strongly participate in corporate social responsibility activities as it continues to deliver on its mandate and functions.

10. REPORT OF THE BOARD OF DIRECTORS

The Board submit its annual report and financial statements for the year ended June 30, 2022 which show the state of the Board's affairs.

i) Principal activities

The principal activities of the Board is to exercise general supervision and control over training, business, practice and employment of veterinary surgeons and veterinary para-professionals in Kenya and advise the government in relation to all aspects thereof.

ii) Results

The results of the Board for the year ended June 30, 2022 are set out on page 20

iii) Board Directors

There was no functional Board of Directors during the year under review.


iv) Auditors

The Auditor General is responsible for the statutory audit of the Board in accordance with Article 229 of the Constitution of Kenya, Public Audit Act 2015 and Section 30 of the Veterinary Surgeons and Paraprofessional Act, CAP 366 and section 23 of the Public Audit Act, 2015

The Auditor General carried out the audit of the Board for the year ended June 30, 2022.



**MR. HARRY KIMTAI, CBS
PRINCIPAL SECRETARY
STATE DEPARTMENT OF LIVESTOCK**



**MARY THERESA AGUTU
Ag. CHIEF EXECUTIVE OFFICER
KENYA VETERINARY BOARD**



**CPA, SIMON G. WAINAINA
FINANCE AND ADMINISTRATION OFFICER
ICPAK No. 8472**

11. STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 30 of the Veterinary Surgeons and Paraprofessional Act, 2011 require the Board of Directors to prepare financial statements in respect of that Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year/period and the operating results of the Board for that year/period. The Board of Directors are also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Board of Directors are also responsible for safeguarding the assets of the Board.

The Board of Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year (period) ended on June 30, 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 Board; (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 Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Directors accept responsibility for the Board'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 Section 30 of the Veterinary Surgeons and Paraprofessional Act, CAP 366. The Board of Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2022, and of the Board's financial position as at that date. The Board of Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Directors to indicate that the Board 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 Board's financial statements were approved and signed on its behalf by:



MR. HARRY KIMTAI, CBS
PRINCIPAL SECRETARY
STATE DEPARTMENT OF LIVESTOCK



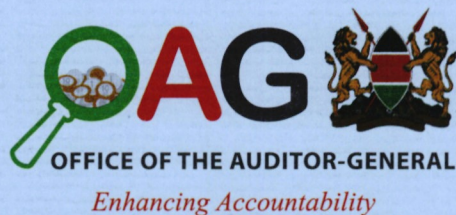
DR. MARY THERESA AGUTU
Ag. CHIEF EXECUTIVE OFFICER
KENYA VETERINARY BOARD



CPA, SIMON G. WAINAINA
FINANCE AND ADMINISTRATION OFFICER
ICPAK No. 8472

**12. REPORT OF THE AUDITOR GENERAL FOR THE FINANCIAL STATEMENT OF
THE KENYA VETERINARY BOARD**

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON KENYA VETERINARY BOARD 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 the intended purpose.
- C. Report on the 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

Qualified Opinion

I have audited the accompanying financial statements of the Kenya Veterinary Board set out on pages 20 to 46, which comprise of the statement of financial position as at 30 June, 2022, 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

Report of the Auditor-General on Kenya Veterinary Board for the year ended 30 June, 2022

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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Veterinary Board 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 Veterinary Surgeons and Veterinary Para-professionals Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Land Ownership

The statement of financial position reflects property, plant and equipment balance of Kshs.297,159,645 as disclosed in Note 17 to the financial statements. However, the balance excludes land measuring approximately one and half (1.5) acres situated near the Veterinary Sports Club. The Management provided a memorandum of understanding between the State Department of Livestock, Directorate of Veterinary Services and the Board. However, valuation and title deed for the parcel of land were not provided for audit review.

In the circumstances, the completeness, accuracy and valuation of the value of property, plant and equipment balance of Kshs.297,159,645 as at 30 June, 2022 could not be confirmed.

2. UnderCollection of Revenue

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects licenses and fees amount of Kshs.26,387,940. Included in this amount is Kshs.3,832,200 and Kshs.11,414,324 for practice fees and retention fees respectively. However, re-calculation of amount to be collected for the year under review revealed that there was an under collection of Kshs.24,090,000 and Kshs.52,440,000 for practice fee and retention fee respectively. Further, the Board did not apply provisions of Section 21(5) of the Veterinary Surgeons and Veterinary Para-Professionals Act, 2011 that stipulate that any veterinary surgeon or veterinary para-professional who contravenes the provisions of subsection (2) shall have her or his name deleted from the relevant register, and any reinstatement on the register shall be upon payment of the outstanding amount together with such penalty as the Board may, with the approval of the Cabinet Secretary, prescribe. No explanation has been provided for the failure to collect Kshs.76,530,000 and no meaningful progress has been reported towards recovery of these fees as at the date of the audit.

In the circumstances, the recoverability, accuracy and completeness of the licenses and fees amount of Kshs.26,387,940 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Veterinary Board 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.

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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Presentation of the Financial Statements

The financial statements prepared and presented for audit did not have the Management team's passport size photos and key professional/academic qualifications contrary to the financial statements reporting framework requirements issued by the Public Sector Accounting Standards Board as highlighted by the guidelines issued by the Public Sector Accounting Standards Board and The National Treasury's Circular.

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

2. Non-Compliance with Approved Pension Contribution Rates

Review of retirement benefits deductions revealed that the Board contributes to the retirement benefits scheme 16% of an employee's basic salary while the employee contributes 8% contrary to Section 15.11 of the Kenya Veterinary Board Human Resources Policy & Procedures Manual August 2018 which states that the Board contributes to the scheme 20% of an employees' basic salary while the employee contributes 10%.

In the circumstances, Management was in breach of the the Board's Human Resources Policy & Procedures Manual.

3. Lack of Disaster Recovery and Business Continuity Planning and Implementation

The Board awarded a contract for the supply, delivery, installation and implementation of Microsoft Dynamics Navision Enterprise Resource Planning (ERP) to automate the Board's business processes at a contract sum of Kshs.7,034,507 on 17 September, 2018. The contract was for a period of twelve (12) weeks. However, the system went down on 14 December, 2021 and resulting in failure to manage the business process. As at the

time of the system failure, Management did not have back-up procedures in place for data recovery and business continuity to ensure continuity of operation during the period when the system was down and for reverting to normal operations. Further, Management did not provide evidence of progress on the recovery of the lost data for audit review.

In addition, Management did not provide the Disaster Recovery Policy and the Business Continuity Plans together with evidence of training of staff for audit verification.

In the circumstances, the value for money was not realised on the expenditure of Kshs.7,034,507 for the installation and implementation of ERP.

4. Anomalies in Registration of Veterinary Surgeons and Veterinary Para-Professional

The statement of receipts and payments reflects licenses and fees of Kshs.26,387,940 and as disclosed in Note 7 to the financial statements. Review of member register revealed that the Board did not maintain separate register records as listed below: -

- i. Register for veterinary surgeons.
- ii. Each category of veterinary paraprofessionals.
- iii. Temporary registration,
- iv. Licensed veterinary surgeons and veterinary para-professionals in private practice;
- v. Approved animal health training institutions;
- vi. Licensed veterinary laboratories;
- vii. Facilities and organizations offering animal health and welfare services; and
- viii. Such other particulars as the Board may direct in respect of persons registered

In addition, details of the names, qualifications, addresses and the date of registration of every person registered were missing contrary to Section 19(1) of the Veterinary Surgeons and Veterinary Para-Professional Act, 2011. No explanation was provided for failure to maintain separate registers and input of key information.

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

5. Seconded or Deployed Staff

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects employee costs amounting to Kshs.34,025,721. Review of Board's payroll revealed irregular payment of top-up allowance amounting to Kshs.3,619,729 to deployed or seconded staff. The Board was declared a public service with effect from 1 July, 2018 for purposes of pensions act and a pension scheme established by Circular OP/CAB.1/66A July, 2019 from the Executive Office of the President. However, no authority was provided from the Salaries and Remuneration Commission and State Corporation Advisory Committee on payment of the top-up allowances. This was contrary

to Section B.33 (4) of Public Service Commission Human Resource Policies, 2016 which states that deployed and seconded officers from the civil service to other organizations shall be authorized only in cases where an officer is joining an institution that has not been declared a 'Public Service' for pension purposes.

Further, approvals from Public Service Commission were not provided for audit review and the period of deployment was not defined. This was contrary to Section B.33 (2) of PSC HR Policies May, 2016 which states that approval for secondment for officers moving from the Civil Service to other public administrations shall be the responsibility of the Ministry responsible for Public Service. Management did not provide explanation on why the deployed staff had not transferred their service to Kenya Veterinary Board as per Circular MPSYG/DPSM/HRM/2/7/4(70) dated 9 September, 2019.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for 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 overall governance were not effective.

Basis for Conclusion

1. Lack of Enterprise Wide Risk Management Strategy and Policies

The Board did not have a well-documented Enterprise Risk Management Strategy and Policies in place to effectively guide the enterprises risk management processes. It was, therefore, not clear how risk exposures are managed. This is in contravention of Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the entity develops risk management strategies, which include fraud prevention mechanisms; and a system of risk management and internal controls that builds robust business operations.

In the circumstances, the effectiveness of internal controls implemented by Management to mitigate against risks could not be confirmed.

2. Lack of a Functional Board of Directors

The tenure of office of the Board of Directors ended on 20 March, 2021 and a new Board had been appointed as at 30 June, 2022. Review of the status as at the time of audit in the month of December, 2022 revealed that, three (3) instead of four (4) veterinary

surgeons and one (1) instead of three (3) veterinary para-professionals had been appointed. This is contrary to Section 4(1)(f and g) of the Veterinary Surgeons and Veterinary Paraprofessionals Act, 2011 which provides that the Board shall consist of four (4) registered veterinary surgeons and three (3) veterinary para-professionals appointed by the Cabinet Secretary after being elected by registered veterinary paraprofessionals.

Further, the three (3) elected professionals who were not gazetted sought redress in the High Court vide Case No. E017 of 2021 which issued conservatory orders barring the Cabinet Secretary from convening the inaugural meeting of the Board until the case is determined.

In the circumstances, the Board may not have effectively executed its mandate. Management lacked the support of the Board on issues of risk, controls and governance and associated assurance and follow up on implementation of recommendations of internal and external auditors.

3. Understaffing of the Board

Review of the Board's approved staff establishment revealed an authorised establishment of two hundred and two (202) employees. However, only twenty (20) employees were in post resulting in a variance of one hundred eighty-two (182) employees. Further, the Board has not promoted any staff for a period of eight (8) years. This was contrary to Section 2.23.2 of the Human Resources Policy and Procedures Manual. Also, the Board had two Inspectors serving the whole country.

In the circumstances, due to staff lack of motivation for performance and the requisite staffing levels to be able to run the day-to-day activities, the effectiveness of management and deployment of human resource 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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls 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 controls 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 controls.
- 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 Board'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 Board 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 Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 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

18 April, 2023

**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE
2022**

	Note	Jun-22	Jun-21
Revenue from Non-Exchange Transactions		Kshs	Kshs
Government Grant	6	73,000,000	63,500,000
Revenue from Exchange Transactions			
Licences and Fees	7	26,387,940	25,573,757
Total Revenue		99,387,940	89,073,757
Expenses			
Remuneration of Board of Directors	8	-	12,915,509
Operating Expenses	9	12,109,578	12,875,372
Employee Cost	10	34,025,721	32,361,185
Administrative Expenses	11	34,678,047	21,914,441
Depreciation and Amortization	12	6,662,776	2,891,859
Total Expenses		87,476,121	82,958,366
Surplus/(Loss) before Tax		11,911,819	6,115,391
Taxation*			-
Surplus/(Loss) after Tax		11,911,819	6,115,391


*The Board is exempt from taxation

The notes set out on pages 27 to 47 form an integral part of these Financial Statements

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Jun-22	Jun-21
CURRENT ASSETS		Kshs	Kshs
Cash and Cash Equivalents	13	56,148,920	34,814,141
Receivables from exchange transaction	14	-	860,984
Receivables from Non-exchange transaction	15	341,906	33,059,107
Inventory	16	647,151	105,487
NON-CURRENT ASSETS			
Property and Equipment	17	297,159,645	199,091,414
Intangible Assets : Software's	18	7,868,399	7,312,250
TOTAL ASSETS		<u>362,166,021</u>	<u>275,243,383</u>
CURRENT LIABILITIES			
Payables from exchange transactions	19	9,213,616	10,522,973
Payables from non-exchange transactions	20	500,740	508,209
Staff gratuity provision	21	3,148,212	1,820,568
ACCUMULATED RESERVES			
Revenue Reserves	22	29,303,452	17,391,633
Capital Reserves	23	320,000,000	245,000,000
TOTAL RESERVES AND LIABILITIES		<u>362,166,021</u>	<u>275,243,383</u>

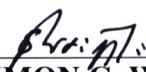
The Financial Statements set out on pages 25 to 26 were signed on behalf of the Board by:



MR. HARRY KIMTAI, CBS
PRINCIPAL SECRETARY
STATE DEPARTMENT OF LIVESTOCK



DR. MARY THERESA AGUTU
Ag. CHIEF EXECUTIVE OFFICER
KENYA VETERINARY BOARD



CPA, SIMON G. WAINAINA
FINANCE AND ADMINISTRATION OFFICER
ICPAK No. 8472

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

	Accumulated Reserves		Capital Reserves		Total Reserves
	<u>Kshs</u>		<u>KShs</u>		<u>Kshs</u>
AS AT 30TH JUNE 2020	11,276,242		175,000,000		186,276,242
Increase in the period	6,115,391		70,000,000		76,115,391
Decrease in the period	-		-		-
Transfer of reserves	-		-		-
AS AT 30TH JUNE 2021	17,391,633		245,000,000		262,391,633
Increase in the period	11,911,819		75,000,000		86,911,819
Decrease in the period	-		-		-
Transfer of reserves	-		-		-
AS AT 30TH JUNE 2022	29,303,452		320,000,000		349,303,452

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

		Jun-22	Jun-21
Cash generated from operations	Note	Kshs	Ks
Surplus/(deficit) for the year before tax		11,911,819	6,115,3
<u>Adjustment for Non-Cash transactions</u>	-		
Depreciation and Amortisation		6,662,776	2,891,8
Staff Gratuity Provision		1,327,644	730,1
Net Cash flows from operating activities before changes in working capital		19,902,238	9,737,3
<u>Changes in Working Capital</u>	-		
Decrease/(Increase) in Receivables		33,578,185	(16,396,75
Decrease/(Increase) in inventory		(541,664)	(15,38
(Decrease)/Increase in payables		(1,316,825)	4,271,9
Net Change in Working Capital		31,719,697	(12,140,21
Net Cash flows from operating Activities		51,621,935	(2,402,85
Cash flows from investing activities			
Purchasing of Non-Current Assets	17	(48,383,400)	
KVB Resource Centre Works in Progress	17	(53,566,996)	(116,128,10
Purchase of Intangible assets	18	(3,336,760)	(4,167,90
Net cash generated from (used in) Investing Activities		(105,287,156)	(120,296,01
Cash flows from Financing Activities			
Increase (Decrease) in Capital Grant		75,000,000	70,000,0
Net cash generated from (used in) Financing Activities		75,000,000	70,000,0
Increase/(decrease) in Cash & Cash Equivalents		21,334,779	(52,698,86
Cash and Cash equivalents at the beginning of the year		34,814,141	87,513,0
Cash and Cash equivalents at the end of the year	13	56,148,920	34,814,1

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Budget	Adjustments	Adjusted Budget	Actual	Performance Difference	Variance %
Income						
Government Recurrent Grant	73,000,000	-	73,000,000	73,000,000	-	0%
Government Development Grant	75,000,000	-	75,000,000	75,000,000	-	0%
Internally Generated Funds	30,000,000	-	30,000,000	26,387,940	3,612,060	14% i
Development Fund B/fwd	34,814,141	-	34,814,141	34,814,141	-	0%
Total Income	212,814,141	-	212,814,141	209,202,081	3,612,060	
Expenditure						
Employee Cost	34,500,000	-	34,500,000	34,025,721	474,279	1%
Remuneration of Board of Directors	13,250,000	-	13,250,000	-	13,250,000	-100% ii
Operating Expenses	12,200,000	-	12,200,000	12,109,578	90,422	1%
Administrative Expenses	34,564,141	-	34,564,141	34,678,047	- 113,906	0%
Depreciation and Amortization	6,300,000	-	6,300,000	6,662,776	- 362,776	-5%
Construction of KVB Resource Centre (WIP)	108,500,000	-	108,500,000	101,950,396	6,549,604	6%
Purchase of Software's	3,500,000	-	3,500,000	3,336,760	163,240	5%
Total Expenses	212,814,141	-	212,814,141	192,763,277	20,050,864	
Difference	-	-	-	16,438,804	- 16,438,804	

Variance analysis

- i) The AIA recorded was low and is attributed to impact of COVID -19 that affected collection of revenue from practitioners.
- ii) The Board of directors was not appointed as stipulated in the VSVPA Act

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Kenya Veterinary Board was established under the Veterinary Surgeons and Veterinary Paraprofessionals Act, CAP 366. The Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Board's principal activity is to exercise general supervision and control over training, business, practice and employment of veterinary surgeons and veterinary para-professionals in Kenya and advise the government in relation to all aspects thereof.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act, Veterinary Surgeons and Veterinary Paraprofessionals Act, CAP 366, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

There were no new standards and amendments to published standards effective for the year ended 30 June 2022 that required the Board to adopt or affected the Board.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Fees and Licences

The Board recognizes revenues from fees, taxes and fines when the event occurs. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Board and the fair value of the asset can be measured reliably.

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 Board and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

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 annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Board. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Board differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

The Board'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 statement of comparison of budget and actual amounts.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Board operates and generates taxable income.

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NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Board and the same taxation Board.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation Board, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation Board is included as part of receivables or payables in the statement of financial position.

d) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Board recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in administrative expenses. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

It is the Board policy to depreciate its assets using reducing balance method the following month after purchase as follows;

Asset Category	Depreciation Rate
Motor Vehicles	25.0%
Furniture and Fittings	12.5%
Computers and Printers	30.0%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Kitchen Equipment	30.0%
Office Equipment	12.5%

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The Board policy is to amortize intangible assets using straight line method the following month after purchase as follows;

Asset Category	Amortization Rate
Software	33.0%

The useful life of the intangible assets is assessed as either finite or indefinite.

f) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Board determines the classification of its financial assets at initial recognition.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Board determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Board.

h) Provisions

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

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

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

i) Contingent liabilities

The Board does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

j) Contingent assets

The Board does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board in the notes to the financial statements. Contingent assets are assessed continually to ensure that

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Board does not create or maintain any reserves.

l) Changes in accounting policies and estimates

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

m) Employee benefits

(i) Defined contribution scheme

The Board contributes to the statutory National Social Security Fund (NSSF) whose rates are determined by Kenyan statutes and amount charged in the income statement in the year they relate.

(ii) Gratuity

Entitlements to gratuity are recognized when they accrue to qualifying employees at 31% of the basic pay.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. During the financial year there were no foreign exchange transactions.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Standard Chartered Bank, Co-operative Bank and Safaricom MPESA Accounts at various commercial banks at the end of the financial year.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Board'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. There are no significant judgements, estimates and assumptions to be reported in this financial year.

Key going concern assumption

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

Useful lives and residual values

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

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

Provisions

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6	Government Grant						
			Jun-22			Jun-21	
	AIE Number	Date	Kshs		AIE Number	Date	Kshs
	A929019	2307-2021	18,250,000		A943447	11-08-2020	15,875,000
	B101356	22-10-2021	18,250,000		A948633	15-10-2020	15,875,000
	B101411	24-01-2022	18,250,000		A497724	13-05-2020	1,750,000
	B101419	11-04-2021	<u>18,250,000</u>		A929109	30-06-2022	30,000,000
			<u>73,000,000</u>				<u>63,500,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7	Licenceand Fees	Jun-22	Jun-21
		Kshs	Kshs
	Application Fees	1,891,955	95,000
	CPD Fees	2,000,500	269,066
	Inspection Fees	5,050,000	5,041,000
	Internship Fees	388,500	154,500
	Licence Fees	529,650	204,000
	Other incomes	-	9,500
	Practice Fees	3,832,200	4,227,000
	Registration Fees	1,280,811	2,414,818
	Retention Fees	11,414,324	13,158,873
		<u>26,387,940</u>	<u>25,573,757</u>

8	Remuneration of Board of Directors	Jun-22	Jun-21
		Kshs	Kshs
	Board and Committee Sitting Allowances	-	6,136,800
	Board Committee Transport	-	684,742
	Board and Committee Accommodation	-	3,976,000
	Board Chairman Honoraria and Telephone	-	630,000
	GPA Cover - Board Members	-	26,544
	Board Election	-	1,461,423
		<u>-</u>	<u>12,915,509</u>

9	Operating Expenses	Jun-22	Jun-21
		Kshs	Kshs
	Conference and seminars	3,720,869	3,837,315
	Corporate Social Responsibility	417,892	196,040
	CPD Supervision	2,333,607	704,830
	Examination	685,700	-
	Inspection	2,687,275	3,529,050
	Magazines and Periodicals	232,000	94,812
	Publicity & communication	470,911	4,068,608
	Repairs and Maintenance	167,195	332,717
	Standards and Quality Assurance	1,259,728	-
	Trainig Institution Inspection	134,400	112,000
		<u>12,109,578</u>	<u>12,875,372</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10	Employee Cost	Jun-22	Jun-21
		Kshs	Kshs
	GPA/WIBA Cover	75,541	156,056
	Gratuity	1,327,644	1,133,643
	NITA	103,553	-
	NSSF Pension	211,822	155,520
	Staff Medical	4,222,871	4,167,874
	Wages and Stipend	1,591,189	1,394,040
	Umbrella Pension	1,363,663	1,325,613
	Staff Salaries	25,129,439	24,028,440
		<u>34,025,721</u>	<u>32,361,185</u>

11	Administrative Expenses	Jun-22	Jun-21
		Kshs	Kshs
	Auditing	348,000	348,000
	Awards/Donations	140,000	7,424
	Bank Charges	271,555	322,636
	Cleaning Services	101,374	-
	Computer Maintenance	135,090	-
	Consultancy	-	2,722,400
	Electricity	2,112,950	-
	Motor Vehicle Fuel	1,252,452	1,080,440
	Vehicle Insurance	275,688	242,569
	Vehicle Maintenance	1,984,225	800,012
	Office Welfare	2,261,163	749,213
	Postage	27,860	17,990
	Printing & Stationeries	2,840,051	1,952,252
	Security	1,594,170	600,690
	Sewage and Garbage Collection	145,800	-
	Software Licences & Maintenance	364,312	976,239
	Subscription	65,000	20,000
	Subsistence Allowance	16,656,113	10,258,107
	Telephone Expenses	183,191	773,894
	Training and Education	2,365,320	490,800
	TRANSPORT	490,540	241,640
	Water	253,254	-
	Website,E-mail and Networking	809,939	310,135
		<u>34,678,047</u>	<u>21,914,441</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12	Depreciation and Armotization	Jun-22	Jun-21
		Kshs	Kshs
	Armotized-Software's	2,780,611	1,901,129
	Depreciation- Furniture & Fitti	1,129,240	58,980
	Depreciation- Kitchen Equipm	153,960	-
	Depreciation-Computers	243,894	348,420
	Deprecition- Motor Vehicle	359,434	479,245
	Deprecition-Office Equipment	1,995,637	104,085
		<u>6,662,776</u>	<u>2,891,859</u>

13	Cash and Cash Equivalents	Jun-22	Jun-21
		Kshs	Kshs
	Cooperative Bank	7,654,281	3,972,176
	M-Pesa Paybill 696891	98,620	99,769
	M-Pesa Paybill 787888	61,500	521,310
	Petty Cash	-	8,643
	Standard Chartered Bank	48,334,518	30,212,243
		<u>56,148,920</u>	<u>34,814,141</u>

14	Receivables from Exchange Transactions	Jun-22	Jun-21
		Kshs	Kshs
	CPD Provider Receivables	-	263,200
	Membership Receivables	-	288,424
	Institutional Receivables	-	309,360
		<u>-</u>	<u>860,984</u>

15	Receivables from Non-Exchange Transactions	Jun-22	Jun-21
		Kshs	Kshs
	Postage Stamps	7,830	14,555
	Salary Advances	66,072	829,189
	Fuel Cards	119,820	291,271
	GOK Unfunded AIE	-	31,750,000
	Insurance Prepayments	148,184	174,092
		<u>341,906</u>	<u>33,059,107</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16	Inventory	Jun-22	Jun-21
		Kshs	Kshs
	Consumable Inventory	132,173	36,304
	Stationery Inventory	514,978	69,183
		<u>647,151</u>	<u>105,487</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17	Non-Current Assets: Property & Equipment									
	Furniture and Fittings	Office Equipment	Kitchen Equipment	Computers	Motor Vehicle	Land and Buildings (W-I-P)	Total			
COST (Kshs)										
01 July 2020 (b/fwd)	1,401,918	1,378,870	-	5,765,535	14,006,918	79,571,137	102,124,378			
Additions	-	-	-	-	-	116,128,108	116,128,108			
Disposals	-	-	-	-	-	-	-			
Transfer/Adjustments	-	-	-	-	-	-	-			
30th June 2021 c/fwd	1,401,918	1,378,870	-	5,765,535	14,006,918	195,699,245	218,252,486			
01 July 2021 (b/fwd)	1,401,918	1,378,870	-	5,765,535	14,006,918	195,699,245	218,252,486			
Additions	14,224,595	27,867,332	3,491,472	2,800,000	-	53,566,996	101,950,396			
Disposals	-	-	-	-	-	-	-			
Transfer/Adjustments	-	-	-	-	-	-	-			
30th June 2022 (c/fwd)	15,626,513	29,246,202	3,491,472	8,565,535	14,006,918	249,266,241	320,202,882			
DEPRECIATION										
01 July 2020 (b/fwd)	930,078	546,189	-	4,604,136	12,089,939	-	18,170,342			
Depreciation	58,980	104,085	-	348,420	479,245	-	990,729			
Disposals	-	-	-	-	-	-	-			
Impairment	-	-	-	-	-	-	-			
Transfer/Adjustments	-	-	-	-	-	-	-			
30th June 2021 (c/fwd)	989,058	650,274	-	4,952,556	12,569,184	-	19,161,072			
01 July 2021 (b/fwd)	989,058	650,274	-	4,952,556	12,569,184	-	19,161,072			
Depreciation	1,129,240	1,995,637	153,960	243,894	359,434	-	3,882,165			
Disposals	-	-	-	-	-	-	-			
Impairment	-	-	-	-	-	-	-			
Transfer/Adjustments	-	-	-	-	-	-	-			
30th June 2022 - c/fwd	2,118,299	2,645,912	153,960	5,196,449	12,928,617	-	23,043,236			
NET BOOK VALUES										
30 June 2021- c/fwd	412,860	728,596	-	812,980	1,437,734	195,699,245	199,091,414			
30 June 2022 - c/fwd	13,508,214	26,600,291	3,337,513	3,369,086	1,078,301	249,266,241	297,159,645			

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18	Intangible Assets: Softwares		
	Softwares	Total	
	COST (Kshs)		
	01 July 2020 (b/fwd)	9,477,787	9,477,787
	Additions	4,167,908	4,167,908
	Disposals	-	-
	Transfer/Adjustments	-	-
	30th June 2021 c/fwd)	13,645,695	13,645,695
	01 July 2021 (b/fwd)	13,645,695	13,645,695
	Additions	3,336,760	3,336,760
	Disposals	-	-
	Transfer/Adjustments	-	-
	30th June 2022(c/fwd)	16,982,455	16,982,455
	DEPRECIATION		
	01 July 2020 (b/fwd)	4,432,316	4,432,316
	Armotization	1,901,129	1,901,129
	Disposals	-	-
	Impairment	-	-
	Transfer/Adjustments	-	-
	30th June 2021 (c/fwd)	6,333,445	4,432,316
	01 July 2021 (b/fwd)	6,333,445	6,333,445
	Armotization	2,780,611	2,780,611
	Disposals	-	-
	Impairment	-	-
	Transfer/Adjustments	-	-
	30th June 2022 - c/fwd	9,114,056	9,114,056
	NET BOOK VALUES		
	30 June 2021- c/fwd	7,312,250	7,312,250
	30 June 2022 - c/fwd	7,868,399	7,868,399

19	Trade and Other Payables from Exchange Transactions	Jun-22	Jun-21
		Kshs	Kshs
	Account Payable	9,213,616	10,522,973
		9,213,616	10,522,973

20	Trade and Other Payables from Non-Exchange Transactions	Jun-22	Jun-21
		Kshs	Kshs
	PAYE	500,740	508,209
		500,740	508,209

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21	Staff Gratuity Provision	Jun-22	Jun-21
		Kshs	Kshs
	Balance (B/fwd)	1,820,568	1,090,455
	Provision for the Year	1,327,644	1,133,643
	Payment during the Year	-	(403,530)
	Balance (C/fwd)	<u>3,148,212</u>	<u>1,820,568</u>

22	Revenue Reserve	Jun-22	Jun-21
		Kshs	Kshs
	Balance (B/fwd)	17,391,633	11,276,242
	Surplus/(Deficit)	11,911,819	6,115,391
	Balance (C/fwd)	<u>29,303,452</u>	<u>17,391,633</u>

23	Capital Reserves	Jun-22	Jun-21
		Kshs	Kshs
	Balance (B/fwd)	245,000,000	175,000,000
	Government Capital Grant	75,000,000	70,000,000
	Balance (C/fwd)	<u>320,000,000</u>	<u>245,000,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant 2021/2022	Total grant 2020/2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Kenya Veterinary Board					
Development					
1 Ministry of Agriculture, Livestock, Fisheries and Cooperatives	73,000,000	-	-	73,000,000	63,500,000
Recurrent					
1 Ministry of Agriculture, Livestock, Fisheries and Cooperatives	-	-	75,000,000	75,000,000	70,000,000
Total	73,500,000	-	75,000,000	148,000,000	133,500,000

The table is an extract of Appendix II

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 FINANCIAL RISK MANAGEMENT

The Board's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board'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 Board 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 Board's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Board 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 Board of Directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Board's management based on prior experience and their assessment of the current economic environment.

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	0	0	-	-
Receivables from non-exchange transactions	341,906	341,906	-	-
Bank balances	56,148,920	56,148,920	-	-
Total	56,490,825	56,490,825	-	-
At 30 June 2021				
Receivables from exchange transactions	860,984	860,984	-	-
Receivables from nonexchange transactions	33,059,107	33,059,107	-	-
Bank balances	34,814,141	34,814,141	-	-
Total	68,734,232	68,734,232	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Board has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	9,714,357	-	-	9,714,357
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	9,714,357	=	-	9,714,357
At 30 June 2021				
Trade payables	11,031,182	-	-	11,031,182
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	11,031,182	-	-	11,031,182

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk

The Board has no market risk exposure

26 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the Board include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Board, holding 100% of the Board's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Board, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Ministry of Agriculture, Livestock and Fisheries

The transactions with related party is as follows:-

Transactions with related parties	2021-2022	2020-2021
	Kshs	Kshs
Sales to related parties		
Sales of goods to National Government*	-	-
Sales of services Ministry of Agriculture, Livestock and Fisheries	-	-
Total	-	-
Grants from the Government		
Grants from National Govt	148,000,000	133,500,000
Donations in kind	-	-
Total	148,000,000	133,500,000
Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	34,053,516	32,361,185
Payments for goods and services	49,304,235	31,138,815
Total	63,500,000	63,500,000
Key management compensation		
Director's Emoluments	-	12,915,509
Total	-	12,915,509

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 EVENTS AFTER THE REPORTING PERIOD

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

28 ULTIMATE AND HOLDING BOARD

The Board is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Agriculture, Livestock and Fisheries, State Department of Livestock. Its ultimate parent is the Government of Kenya.

29 Currency

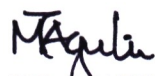
The financial statements are presented in Kenya Shillings (Kshs).

APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Failure to have a fully constituted Board of Directors	The board appointment was challenged in January 2023 through a Gazerre notice. The inaugural meeting between the Cabinet Secretary and the appointed Board has not been held, to elect the Board Chairman and operationalize the Board	Cabinet Secretary	Not Resolved	Unknown
2	Understaffing of Kenya Veterinary Board	The board has sought authority for staff recruitment only 26 were approved. The Board is still understaffed	National treasury and Head of Public Service	Not Resolved	Unknown



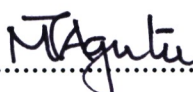
DR. MARY THERESA AGUTU
Ag. CHIEF EXECUTIVE OFFICER
KENYA VETERINARY BOARD

*Kenya Veterinary Board
Annual Reports and Financial Statements
For the year ended June 30, 2022*

APPENDIX II: INTER-BOARD TRANSFERS

	ENTITY NAME:	Kenya Veterinary Board		
	Break down of Transfers from the State Department of Livestock, Ministry of Agriculture, Livestock and Fisheries: FY 2021/2022			
a.	Recurrent Grants			
	AIE number	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year</u>
	A929019	27-07-2021	18,250,000	2021/2022
	B101356	22-10-2021	18,250,000	2021/2022
	B101411	24-01-2022	18,250,000	2021/2022
	B101419	11-04-2021	18,250,000	2021/2022
		Total	73,000,000	
b.	Development Grants			
	AIE number	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year</u>
	A929017	27-07-2021	37,500,000	2021/2022
	B101409	08-12-2021	37,500,000	2021/2022
		Total	75,000,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year</u>
			N/A	
		Total	N/A	
Id.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year</u>
			N/A	
		Total	N/A	

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

Signature.....

DR. MARY THERESA AGUTU
Ag. CHIEF EXECUTIVE OFFICER
KENYA VETERINARY BOARD

Signature.....

MR. JOSEPH NYAMORA
HEAD OF ACCOUNTING UNIT
MINISTRY OF AGRICULTURE, LIVESTOCK,
FISHERIES AND COOPERATIVES