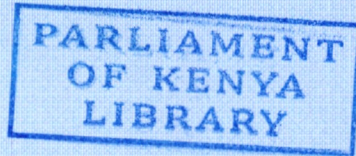


REPUBLIC OF KENYA



*Paper laid by  
Leader of Opposition  
on 3/6/2015  
@hutu*

**KENYA NATIONAL AUDIT OFFICE**



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA TSETSE AND TRYPANOSOMIASIS  
ERADICATION COUNCIL**

**FOR THE YEAR ENDED  
30 JUNE 2014**



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**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2014**

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

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

The PATTEC initiative came to fruition in Burkina Faso in October 2001 with the subsequent establishment of the PATTEC coordination unit at the Commission of the African Union, Addis Ababa Ethiopia to implement the plan of action. Kenya is among the first group of 6 countries that formed national PATTEC management units.

Tsetse and Trypanosomiasis problem is as one of Kenya's greatest constraint to socio-economic development, severely affecting human and livestock health, limiting land use, poor crop and animal productivity, causing poverty, hunger and perpetuating underdevelopment.

In Kenya, the total tsetse infested area is about 138,000 Km<sup>2</sup>, which translates to 38 out of 47 counties. Tsetse and Trypanosomiasis is Kenya's constraint to socio-economic development severely affecting human health and livestock health, limiting land use, poor crop yield, abortions, loss of milk, and loss of draught power, therefore threatens livelihoods.

Nearly 11 million people are at risk of human sleeping sickness outbreak in the Lake Victoria basin and the Mara- Serengeti ecosystem. Tourism accounts for 21% of foreign exchange earnings; this sector is negatively affected by tsetse and trypanosomiasis. A reported case of sleeping sickness resulted in travel advisories, low tourist numbers leading to a loss in tourism revenue.

PATTEC in Kenya was launched in 2005 with the goal of contributing to improved food security and poverty reduction in the tsetse infested areas. The objective was to create sustainable tsetse-and- trypanosomosis-free areas by integrating suppression, control and eradication approaches while ensuring the reclaimed areas are sustainably, equitably and economically exploited.

PATTEC phase one activities which were funded by government, AfDB and communities targeted tsetse eradication in 24,000 Km<sup>2</sup> spread out in Meru/Mwea, Lake Victoria and Lake Bogoria basins regions, before rolling it out.

To address the challenges of coordination, standardization and resource mobilization and to safeguard the PATTEC achievements, the government established the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) through Legal Notice No. 77 of July 2012 under the State Corporations Act (Cap 446) whose mandate is to coordinate eradication of tsetse in the country, set standards and mitigate the socio-economic constraints brought by T&T infestation and assume the role previously undertaken by PATTEC.

**(b) Principal Activities**

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

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

- Promote public and private sector partnership for sustainable tsetse and trypanosomiasis eradication; and
- Perform such other function as may be assigned to it by the Minister.

**(c) Key Management**

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

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

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2014 and who had a direct fiduciary responsibility were:-

<b>Designation</b>	<b>Name</b>
Chief Executive Officer	Dr. Pamela Olet
Monitoring and Evaluation officer	Mr. Seth Onyango
Planning and Administration Officer	Mr. Cyrus Muiru
Entomologist	Mr. Daniel Ocheing Gamba
Human Resource Officer	Mr. John Njoroge
Communication Officer	Dr. Othieno Joseph
Accountant	Mr. Edmund Wafula
Procurement Officer	Mr. James Owuor
Regional Coordinator Lake Bogoria	Mr. Ronald Ochwada
Regional Coordinator Western region	Mr. James O. Anyango
Regional Coordinator Lake Victoria	Mr. John Kanyanya
Regional Coordinator Coast	Mr. Moses Cheruiyot
Regional Coordinator Meru Mwea	Mr. Joseph M. Gitau

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

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

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

#### **Audit Committee:**

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

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

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

#### **Internal Control:**

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

The Council is in the process of strengthening its operational procedures and controls to facilitate proper safeguard of assets and accurate financial reporting.

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

This being the first financial year of the Council, there were no Parliamentary committee activities.

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

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

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

Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC)  
CRESCENT BUSINESS CENTRE BUILDING 3<sup>RD</sup> FLOOR, BLOCK C  
Telephone: (254) 020 2513131/2  
E-mail: [info@kenttec.or.ke](mailto:info@kenttec.or.ke)  
Website: [www.kenttec.or.ke](http://www.kenttec.or.ke)

**(h) Council's Bankers**

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

**(i) Independent Auditors**




Auditor General  
Kenya National Audit Office  
Anniversary  
NAIROBI, KENYA

Towers, University Way  
P.O. Box 30084  
GOP 00100

**(j) Principal Legal Adviser**

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

## II. THE BOARD OF DIRECTORS

<u>PICTURE</u>	<u>PROFILE</u>
 <p data-bbox="156 792 517 860"><b>KENTTEC Chairman Dr. Gideon Wathe Nzau</b></p>	<p data-bbox="531 443 1407 860"><b>Dr. Gideon Wathe Nzau</b> is the chairman of KENTTEC and oversees the development and implementation of tsetse and trypanosomiasis eradication activities by the Council. Dr. Nzau holds a Bachelors Degree in Veterinary Medicine from the University of Nairobi. He has worked with the government of Kenya as a Veterinary Officer upto the rank of Assistant Director of Veterinary Services in a number of districts before venturing into private practice and business.</p>
 <p data-bbox="156 1173 517 1323"><b>Dr. Pamela Olet</b></p>	<p data-bbox="531 860 1407 1323"><b>Dr. Pamela Olet</b> is the KENTTEC CEO, prior to this she was the National Coordinator for the Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC-Kenya). Dr. Pamela Olet holds a PhD in entomology and a Masters degree in Business Management. Dr. Olet has spent all her career time in studying and eradication of tsetse and trypanosomiasis, her efforts were recognized through a Presidential award (Moran of Burning Spear- MBS) she received in 2011.</p>
	<p data-bbox="531 1323 1407 1888"><b>Dr. Ngeiywa Juma</b> is the Director of Veterinary Services and a member of the KENTTEC Board. He has wide experience in leadership, partnerships and collaboration, participatory methods and approaches, community mobilization, training community members and their service providers. Dr Ngeiywa has worked in multi-cultural and multi-sectoral environments and possesses practical experience in community and other stakeholder participation processes, rights based approaches, principles of adult learning. Dr Ngeiywa is a graduate of Bachelor of Veterinary Medicine Degree (University of Nairobi, 1985) and Master of Science Degree in Veterinary Clinical Studies (University of Nairobi, 1993).</p>



**Ms. Cheryl Adhiambo Majiwa**

**Ms. Cheryl Majiwa** works with the National Treasury as an Investment Officer and is a KENTTEC Board member. She holds a Bachelors Degree in Commerce (Accounting and Finance option) from Strathmore University and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).She is currently pursuing a Masters degree in Business Administration at the University of Nairobi.



**Dr. John Masasabi Wekesa**

**Dr. John Masasabi Wekesa.** In the KENTTEC Board he represents the Ministry of Health in the KENTTEC Board. Dr. Wekesa is the Head, Directorate of Planning and Healthcare at the Ministry of Health and has years of experience in health systems management and was instrumental in the formulation of the Kenya Health Policy (2014-2030), health bill and Kenya Health Service Strategic Plan (2013-2017) among other policy papers. Dr. Wekesa will be instrumental in collaborations between the Council and other health institutions local, regional and international.



**Prof. William Ogara**

**Prof. William Ogara** lectures in the Department of Veterinary Public Health, Pharmacology and Toxicology and is the Director, Centre for International programmes and Links of the University of Nairobi. He was greatly involved in the development of the Tsetse and Trypanosomiasis Eradication Strategy. Prof. Ogara represents professional associations in the Council. Prof will also strengthen linkages between the Council and higher learning institutions.



**Dr. Mdachi Raymond**

**Dr. Mdachi Raymond** is a Research Scientists with over twenty years experience in epidemiology and evaluation of trypanosomiasis control strategies. Dr. Mdachi holds a PhD in Pharmacology from the University of Glasgow, a Master's Degree in Agricultural Chemistry from McGill University and a Bachelors Degree in Chemistry and Mathematics from the University of Nairobi. Dr. Mdachi has written and published a number of scholarly articles on tsetse and trypanosomiasis, his knowledge and experience in this area will be of great importance to the council where he represents research institutions.



**Dr. Samuel Kasiki**

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



**Mr. Alexander K. Cherop**

**Mr. Alexander Cherop** is a Deputy Secretary in the Ministry of Agriculture, Livestock and Fisheries. He holds a Bachelors degree in Arts specializing in Economics, Political Science and Literature from the University of Jabalpur, India and has been trained in Managing Skills from Royal Institute of Public Administration United Kingdom. Mr. Cherop has planned and participated in various stakeholder workshops in Stockholm, Geneva, Uganda, Tanzania, Zambia, South Africa and Namibia. In the Council he represents the office of the Principal Secretary, State Department of Livestock Development and his skills in stakeholder engagement will be critical in KENTTEC's mandate.



**Mr. Rophin Kalela Nyange**

**Mr. Rophin Nyange** is a Deputy Director of Livestock Production in the Ministry of Agriculture, Livestock and Fisheries; currently in-charge of Food Security Division. Mr. Nyange has a wealth of experience in agricultural extension acquired through working with farmers for over three decades in various capacities and regions in Kenya. Mr. Nyange holds a Masters degree in Agricultural Extension from the University of Reading, United Kingdom, a Bachelors of Science Degree from West Virginia University USA and a Diploma in Animal Husbandry from Egerton University Kenya. Mr. Nyange is a KENTTEC board member representing the office of the Director of Livestock Production. His vast experience in agricultural extension will be of great importance to the Council as it seeks to put to profitable use the tsetse freed lands.



**Hassan Odowa Abdi**





**Mr. Hassan Odowa** is a farmers' representative in the KENTTEC board. Mr. Odowa is a farmer who has been honoured by FAO. His dedication to food security in Tana-River County and beyond earned him a Presidential Award (SS). This earned him a food security fellowship to participate in an exchange programme at Oklahoma State University (USA). Mr. Odowa was a National Steering Committee Member in PATTEC and his institutional memory will be a great asset to the Council.






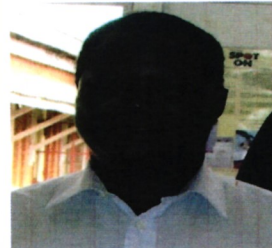
**Mrs. Rosalia Wanyonyi Masika**

**Mrs Rosalia Wanyonyi** is a farmer representative in KENTTEC board. She is a retired teacher and a renowned farmer from Bungoma County. She has participated at a supervisory level in many other national events like 1989 Population Census, KNUT training among others. Her other unique experiences include Chairperson of Kenya National Farmers Federation (KENAFF) Bungoma branch. She brings on board experience in community mobilization, youth empowerment and gender issues.

### III.MANAGEMENT TEAM

<u>PICTURE</u>	<u>PROFILE</u>
 <p data-bbox="153 768 368 801"><b>Dr. Pamela Olet</b></p>	<p data-bbox="520 443 1327 837"><b>Dr.Pamela Olet</b> is the KENTTEC CEO, prior to this she was the National Coordinator for the Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC-Kenya). Dr. Pamela Olet holds a PhD in entomology and a Masters Degree in Business Management. Dr Olet has spent all her career time in studying and eradication of tsetse and trypanosomiasis, her efforts were recognized through a presidential award she received in 2011.</p>
 <p data-bbox="153 1182 437 1216"><b>Mr. Seth O. Onyango</b></p>	<p data-bbox="520 857 1327 1151"><b>Mr. Seth Onyango</b> has over 15 years experience in the Livestock Sector both at field implementation, planning and policy levels. He is currently stationed at the KENTTEC headquarters and is in-charge of Monitoring and Evaluation of the Council's activities. Mr. Onyango holds a Bachelors and Masters Degree in Agricultural Economics from Egerton University.</p>
 <p data-bbox="153 1585 427 1619"><b>Mr. Ochieng Gamba</b></p>	<p data-bbox="520 1211 1327 1659"><b>Mr. Daniel Gamba</b> is the Council's Entomologist and previously worked with the PATTEC Project since its inception in 2005. His duties include consolidation and coordination of the technical work plans and guidelines for the control, suppression and eradication of tsetse and trypanosomiasis. Mr. Gamba has a wealth of experience in tsetse research gathered during his collaborative work with KETRI, ICIPE, DFID and IFAD. He holds a Bachelor's and a Master's Degree in Zoology all from the University of Nairobi.</p>
 <p data-bbox="153 2056 389 2089"><b>Mr. Cyrus Muiru</b></p>	<p data-bbox="520 1677 1327 2125"><b>Mr.Cyrus Muiru</b> is a Senior Economist in charge of Planning and Administration in KENTTEC. Prior to joining KENTTEC in June 2013, Mr. Muiru had worked as the Personal Assistant to six consecutive Permanent Secretaries in the Ministry of Livestock Development from 2006 to 2013. He holds a Bachelors degree in Economics from Kenyatta University, a Post Graduate Diploma in Human Resource Management from the Institute of Personnel Management, a Certificate in Project Planning and Implementation from Eastern and Southern Africa Management Institute (ESAMI)</p>

	<p>and is currently doing his project in Masters of Arts in Economics from the University of Nairobi.</p>
 <p><b>Mr. Edmund Wafula</b></p>	<p><b>Mr. Edmund Wafula</b> is the KENTTEC's Accountant and is in charge of all the financial operations of the Council. He has worked previously with the Ministry of Cooperative Development and Agriculture and Livestock Development as an Accountant in various sections. He holds a Masters degree in Business Administration, Finance Option from Kenyatta University and Bachelors degree in Commerce from Catholic University of East Africa and he is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>
 <p><b>Dr. Othieno Joseph</b></p>	<p><b>Dr. Othieno Joseph</b> is the KENTTEC's Communication Officer. He handles all the communication activities of the Council which include publicity, media relations, advocacy and information dissemination. He holds a Bachelors' Degree in Veterinary Medicine, a Masters Degree in Communication studies and a PhD in Agricultural Information and Communication Management all from the University of Nairobi.</p>
 <p><b>Mr. John N. Njoroge</b></p>	<p><b>Mr. John Njoroge</b> joined KENTTEC in July 2013 as a Human Resource Officer. He holds a diploma in Human Resource Management and a Higher Diploma in Counseling Psychology. In addition he has a Diploma in Theology. Mr. Njoroge has been a civil servant in the Human Resource Management cadre since 1981. In the Council he handles all the Human Resource Matters.</p>
 <p><b>Mr. John Kanyanya</b></p>	<p><b>Mr. John Kanyanya</b> is in charge of the Lake Victoria basin region which encompasses Nyanza and Western regions. Mr. Kanyanya coordinates the tsetse and Trypanosomiasis suppression and eradication field activities in this region. He holds a Bachelors of Science degree in Botany and Zoology from the University of Nairobi.</p>

 <p><b>Mr. Moses Cheruiyot</b></p>	<p><b>Mr. Moses Cheruiyot</b> is the KENTTEC Regional Coordinator for Coast Region. He has been instrumental in opening and operationalizing PATTEC Project office in Mombasa. His duties include coordinating implementation of Tsetse and Trypanosomiasis eradication in Coast Region. He has been on the forefront in the successful eradication of tsetse and trypanosomiasis in Pate Island. He has over 20 years experience in Tsetse and Trypanosomiasis control. He was on IAEA Fellowship at the Ethiopian Science and Technology Commission before he joined PATTEC in 2007. He holds a Bachelor of Science from the University of Nairobi a Post-Graduate Diploma and a Masters Degree in Project Planning and Management from the same University.</p>
 <p><b>Mr. Ronald Ochwada</b></p>	<p><b>Mr. Ronald Ochwada</b> coordinates all the tsetse and trypanosomiasis eradication activities in the Lake Bogoria/Mara Region. He has over twenty years experience in Zoology. Mr. Ochwada holds a Bachelors and Masters Degree in Zoology from Panjab University, India. His area of specialization is Parasitology. He has also undergone a Senior Management Course at the Kenya Institute of Administration.</p>
 <p><b>Mr. John Gitau Mbau</b></p>	<p><b>Mr. John Gitau</b> is KENTTEC Meru/Mwea regional coordinator, This is an area characterized by existence of many conservation areas and hence tsetse and trypanosomiasis challenge. Mr. Mbau coordinates the tsetse and Trypanosomiasis suppression and eradication field activities in this region. He holds a Bachelors of Science degree in Botany and Zoology from the University of Nairobi and has over two decades of experience in tsetse and trypanosomiasis eradication.</p>
 <p><b>Mr. James Owuor</b></p>	<p><b>Mr. James Owuor</b> is in charge of the Council's supplies and procurement. Mr. Owuor worked with Ministry of Livestock Development in administration, personnel, accounts and procurement departments; before joining PATTEC and then KENTTEC. Mr. Owuor holds an advanced certificate in supplies management and a Diploma in Purchasing and Supplies Management</p>



**Agnes Mungai**

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

#### **IV. CHAIRMAN'S STATEMENT**

Tsetse and Trypanosomiasis negatively affect the human and animal health, agricultural productivity and tourism. Therefore the Tsetse and Trypanosomiasis problem cuts across all sectors that contribute directly to our national economy. No meaningful development can be realized until tsetse flies are eradicated from our continent. Tsetse and trypanosomiasis are a common denominator for 20 poorest countries in sub-Saharan Africa according to World Bank.

Tsetse and Trypanosomiasis eradication will enhance economically viable agricultural practices, improve health of the inhabitants and therefore improve the livelihoods of people in the freed areas. This is in line with the government's agenda to develop the livestock sector by promoting appropriate disease control measures and thus increase livestock productivity.

The government asserted its commitment to Tsetse and Trypanosomiasis eradication by establishing the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) through a Legal Notice No. 77 of July 2012 under the State Corporations Act (Cap 446). The mandate of the Council is to coordinate eradication of tsetse in the country, set standards and mitigate the socio-economic constraints brought by T&T infestation and assume the role previously undertaken by PATTEC.

In the National Livestock Policy (2008), Tsetse and Trypanosomiasis eradication is identified as a priority and therefore this strategy will provide a road map to achieve this specific policy objective. In addition, freeing large Tsetse and Trypanosomiasis infested areas is crucial in the achievement of the Vision 2030 Disease Free Zones flagship project and promotion of tourism through opening up of national parks to visitors. Tsetse eradication will contribute to the realization of the Millennium Development Goals including eradication of extreme poverty, hunger and diseases.

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

Trypanosomiasis is a severe disease of man and livestock, which is transmitted by tsetse flies. It occurs in 38 African countries where it threatens the health and productivity of humans and livestock, causes massive economic losses and severely constraints the continent's socio-economic development. Despite its economic significance Tsetse and Trypanosomiasis remains a neglected trans-boundary disease which needs a concerted coordinated action to be effectively addressed. Tsetse flies remain the greatest challenge to rural livelihoods that rely on livestock as their main source of income. The continent has registered several trypanosomiasis epidemics which resulted in human and livestock deaths and subsequent massive population movements.

It was based on these serious negative impacts that the African heads made a declaration to free the continent from the constraints of tsetse flies during their 36th Assembly in 2000 in Lome Togo. This declaration culminated in the formation of the Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC) sheltered under the African Union (AU) headquarters in Addis Ababa, Ethiopia. Six countries namely; Kenya, Uganda, Ethiopia, Mali, Ghana and Burkina Faso were the first to secure loans to fight this neglected disease. Kenya has been the most successful country in the implementation of tsetse and trypanosomiasis eradication, its model which includes production and productivity is being shared among other countries implementing the programme.

The Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC), which preceded KENTTEC was launched in 2005 with the goal of contributing to improved food security and reduced poverty in the tsetse infested areas in the country and the objective to create sustainable tsetse-and-trypanosomiasis-free areas by integrating suppression, control and eradication approaches while ensuring the reclaimed areas are sustainably, equitably and economically exploited.

Total tsetse infested area in Kenya is about 138,000 Km<sup>2</sup>. 38 out of 48 counties are tsetse infested. PATTEC phase one targeted eradication from about 24,000 Km<sup>2</sup> in the following areas;- Lake Victoria basin, North Rift (Lake Bogoria area) and Central Kenya tsetse belts (Mwea/Meru). The Council aims

at rolling out these activities to cover the whole country and has developed a strategy for tsetse and trypanosomiasis eradication 2011-2021, to address the problem nationally.

The rationale for the programme is founded on the availability and integration of sustainable and environmentally safe and proven technologies and high levels of commitment of governments to address the Tsetse and Trypanosomiasis problem in a co-ordinated manner. This involves the affected communities, the government, the national and international research organisations, international organisations and the donor community.

The government has been committed to implement the AU's decision, and has consistently increased its allocations in the last two financial years for example Kshs 514,296,322.00 in 2011/12 and Kshs 748,324,247.00 in 2012/2013. This enabled PATTEC to successfully suppress tsetse fly in the four regions namely Meru/Mwea, Lake Victoria, Lake Bogoria basin and Faza Island. This was applauded by donors and the African union (AU).

However, in the Financial Year 2014/2015, KENTTEC presented a budget of Ksh.1billion to enable us expand to new areas of Trans Mara and Galana-Kulalu but the allocation was Ksh.600 million.

The allocation for this financial year 2014/15 is Kshs. 400 million which is a further reduction and a trend if continued will not create interest of development partners in funding the Council's programmes hence curtail tsetse eradication programmes. The Council targets to sustain gains already realized in Lake Victoria, Lake Bogoria, Meru/Mwea and the Coast while rolling out to new areas starting with T and T eradication activities in the Food Security project in Galana-Kulalu. The Galana and Kulalu Ranches are heavily infested with Tsetse flies and eradication of the vector and the disease in the area will lead to investments on crop, livestock and fisheries production; optimization of eco-tourism activities and integration of sustainable utilization of other natural resources, including acceptability of the irrigation project by the locals.

Since Agriculture remains the backbone of our economy and the Jubilee Government has prioritized food security as critical component of a wealthy and healthy nation, the Council has to realize its mandate of controlling tsetse and Trypanosomiasis in the Galana-Kulalu area and consolidating gains already achieved. It is important that the budgetary allocation to be increased to effectively handle this area among others.

The Council has developed a five year (2014-2019) Strategic Plan to guide it in the execution of its mandate. Financial resource constraint is one of the challenges noted in the Strategic Plan and short and long term measures to address this and other challenges are detailed in the Strategic Plan.



## **BOARD MEETINGS**

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

The Board held 5 meetings during the period under review.

## **BOARD COMMITTEES**

### **Audit Committee**

The Audit Committee meets on quarterly basis. The Committee comprises 3 non-executive members of the Board who are independent of the day-to-day management of the Council's operations.

The following are the members of the committee;

1. Dr. Samwel Kasiki - Chairperson
2. Dr. John Masasabi
3. Mr. Hassan Odowa
4. Dr. Elly Mdachi
5. Ms. Cheryl Majiwa

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

The Committee:

- Considers the appropriateness of the company's accounting policies and procedures.
- Monitors and assess the role and effectiveness of the internal audit function.
- Reviews procedures to manage financial and operational risks;
- Responsible for Internal Audit and risk management programs.

The Committee held 2 meetings during the period under review.

## **Technical Committee**

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

The Committee is comprised of the following directors:

1. Prof. William Ogara - Chairperson
2. Dr Elly Mdachi
3. Mrs. Rosalia Wanyonyi
4. Dr. Kisa J. Ngeywa
5. Dr. Samwel Kasiki

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

The committee held 4 meetings.

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

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

The committee is composed of the following directors:

1. Mrs. Rosalia Wanyonyi - Chairperson
2. Mr. R. Nyange
3. Prof. William Ogara
4. Mr. Hassan Odowa
5. Ms. Cheryl Majiwa
6. Mr. Alexander Cherop

During the period under review the committee held 3 meetings.

## **Risk Management**

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

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

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

Risk management is overseen by the Audit Committee.

## **Ethical Standards**

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

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

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

(vii) Be absolutely honest in all professional activities

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

### **Corporate Communication**

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

### **Environment**

The Board encourages responsible environmental management including undertaking projects to manage or reduce the environmental impact of KENTTEC's field operations.

Areas addressed are, the prudent use of tsetse eradication materials and stores, proper disposal of used containers and recycling of material where applicable.

## **VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

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

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

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

The Council works to empower women and youth in the tsetse infested and freed areas as per the Jubilee Government Manifesto. Women and youth groups are involved in training farmers, target making, deployment and servicing. Upon successful suppression the youth and women are supported to engage in commercial agriculture and to access micro-financing services.

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

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

When working with the local communities KENTTEC recognize the responsibility to act responsibly and constructively as a member of these communities. Through a broad range of community initiatives, charitable giving and continues awareness creation on tsetse and trypanosomiasis eradication, animal husbandry, breed improvement and environmental conservation.

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

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

## VIII.REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the financial statements for the year ended June 30, 2014 which disclose the state of affairs the Council.

### **The principal activities of the Council of the Council are:**

The principal activity of the council is to advise the government on the policy on tsetse and trypanosomiasis eradication in Kenya and its implementation.

### **Results**

The results of the council for the year ended June 30, 2014 are set out on page 33

### **Capital reserves**

The council has a capital reserve of the Net book values of the assets inherited from PATTEC as shown on page 45

### **Property, Plant and Equipment**

Details of the movements in property, plant and equipment are shown in note 14 to the financial statements.

### **Directors**

The members of the Board of Directors who served during the year are shown on page 8-11

### **Auditors**

The Auditor General is responsible for the statutory audit of the Council in accordance with the Section 88 & 89 of the Public Finance Management (PFM) Act, 2012.

By Order of the Board

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

Date:.....29/9/2014.....

## IX.STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 12 and 88 of the Public Finance Management Act, 2012 and section 14(3) of the State Corporations Act, requires the Directors to prepare financial statements in respect of The Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) which give a true and fair view of the state of affairs of the *Council* at the end of the financial year/period and the operating results of the *organization* for that year ending 30<sup>th</sup> June 2014 . During the period under review, the Council has kept proper accounting records which disclose with reasonable accuracy the financial position of the *Council* and the assets of the organization have been properly safeguarded.

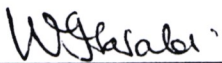
The KENTTEC Board of Directors are responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the *Council* for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Council* (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Council's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the direct manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the *Council's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2014, and of the *Council's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the Financial Statements

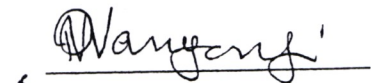
The *Council's* financial statements were approved by the Board on 18/9/ 2014 and signed on its behalf by:



**Dr. John M. Wekesa**  
Director



**Dr. Elly Mdachi**  
Director



**Mrs. Rosalia Wanyonyi**  
Director

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Tsetse and Trypanosomiasis Eradication Council set out on pages 31 to 45, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. 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.

#### **Management's Responsibility for the Financial Statements**

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing (ISA). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

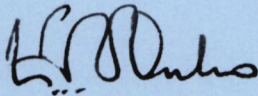
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In

making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Tsetse and Trypanosomiasis Eradication Council as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis and comply with the Kenya Tsetse and Trypanosomiasis Eradication Council Order, 2012.



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

**Nairobi**

**15 April 2015**

**XI.KENTTEC STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June 2014**

	Note	2013-2014 Kshs
<b>Revenue from non-exchange transactions</b>		
Government grant	4	600,436,612
Other income	5	1,760,000
<b>Total revenue</b>		<b>602,196,612</b>
<b>Expenses</b>		
Employee costs	6	28,928,155
Domestic travel and Subsistence Cost	7	55,572,588
Depreciation Expense	8	13,607,933
Repairs and Maintenance	9	11,334,914
Contracted services	10	11,827,600
General expenses	11	58,575,062
Specialized Materials and Other Supplies	12	<u>393,549,452</u>
<b>Total expenses</b>		<b>573,395,703</b>
<b>Surplus before tax</b>		<b>28,800,909</b>
Taxation		<b>0</b>
<b>Surplus for the period</b>		<b>28,800,909</b>

The notes set out on pages 38 to 46 form an integral part of the Financial Statements

**XII.KENTTEC STATEMENT OF FINANCIAL POSITION**  
**For the year ended 30<sup>th</sup> June 2014.**

	Notes	2013/2014 Kshs
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	13	285,566
<b>Non-current assets</b>		
Property, plant and equipment	14	<u>45,156,634</u>
<b>Total assets</b>		<b><u>45,442,200</u></b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
		0
<b>Non-current liabilities</b>		
		0
<b>Total liabilities</b>		0
<b>Net assets</b>		<b><u>45,442,200</u></b>
<b>Financed by:</b>		
Capital Reserve	16	16,641,291
Accumulated surplus		28,800,909
<b>Total net assets and liabilities</b>		<b><u>45,442,200</u></b>

**XIII. KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Capital Reserve Ksh	Revenue Reserve Ksh	Total Ksh
<b>At Incorporation</b>	16,641,291	-	16,641,291
Surplus for the period	-	28,800,908	28,800,908
<b>At 30 June 2014</b>	<b>16,641,291</b>	<b>28,800,908</b>	<b>45,442,199</b>

**XIV.KENTTEC CASHFLOW STATEMENT**  
**For the year ended 30<sup>th</sup> June 2014**

<b>Cash flows from operating activities:</b>		
<b>Receipts</b>	<b>Notes</b>	<b>2013/2014</b>
		<b>Kshs.</b>
Government grants	4	600,436,612
Sale of Services	5	1,760,000
<b>Total Receipts</b>		<b>602,196,612</b>
<b>Payments</b>		
Employee costs	6	28,928,155
Domestic travel and subsistence costs	7	55,572,588
Repairs and Maintenance	8	11,334,912
Contracted services	7	11,827,600
Specialized Materials Other Supplies	12	393,549,452
General Expenses	11	58,575,062
<b>Total Payments</b>		<b>559,787,770</b>
<b>Net cash flows from operating activities</b>		<b>42,408,842</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	14	(42,123,276)
<b>Net cash flows used in investing activities</b>		<b>(42,123,276)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>285,566</b>
Cash and cash equivalents at 1 JULY 2013		0
<b>Cash and cash equivalents at 30 JUNE 14</b>	13	<b>285,566</b>

**XV.KENTTEC STATEMENT OF COMPARISON OF BUDDGET AND ACTUAL AMOUNTS**  
**For the year ended 30<sup>th</sup> June 2014**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>
	<b>2013-2014</b>	<b>2013-2014</b>	<b>2013-2014</b>	<b>2013-2014</b>	<b>2013-2014</b>
<b>Revenue</b>	<b>KShs.</b>	<b>KShs.</b>	<b>KShs.</b>	<b>KShs.</b>	<b>KShs.</b>
Government grants	600,000,000	-	600,000,00	600,436,612	436,612
Other income	1,800,000	-	1,800,000	1,760,000	(40,000)
<b>Total income</b>	<b>601,800,000</b>	<b>-</b>	<b>601,800,000</b>	<b>602,196,612</b>	<b>(40,000)</b>
<b>Expenses</b>			-		-
Employee costs	29,020,000	-	29,020,000.00	28,928,155	91,845
Domestic travel,Accomodation and Subsistence costs	55,430,500	-	55,430,500	55,572,588	(142,088)
General Expenses	58,693,604	-	58,693,604	58,575,062	118,542
Contracted Services	11,550,000	-	11,550,000	11,827,600	(277,600)
Repairs and Maintaince	10,916,000	-	10,916,000	11,334,914	(418,914)
Specialized Materials Other Supplies	393,941,896		393,941,896	393,549,452	392,444
Capital Expenditure	42,248,000	-	42,248,000	42,123,276	124,724
<b>Total expenditure</b>	<b>601,800,000</b>	<b>-</b>	<b>601,800,000</b>	<b>601,911,047</b>	<b>(111,047)</b>
<b>Surplus for the period</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>285,566</b>	<b>285,566</b>

## **XVI. NOTES TO THE FINANCIAL STATEMENTS**

### **1. Statement of compliance and basis of preparation**

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

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

### **2. Summary of significant accounting policies**

#### **(a) Revenue recognition**

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

##### **Transfers from other government entities**

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

##### **b) Budget information**

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

##### **c) Property, plant and equipment**

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

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

Furniture, fixtures and fittings	12.5%
Computer Accessories and Office equipment	33.3%
Motor Vehicles and Cycles	20.0%
Machinery	20.0%

**d) Inventories**

Inventories are recognized as an expense since they were deployed for utilization or consumption in the ordinary course of operations for tsetse control purposes.

**e) Nature and purpose of reserves**

The Council creates and maintains reserves in terms of specific requirements. Since the Council inherited assets from its predecessor (PATTEC) a Capital reserve was created to hold the Net Book Value amounts of the Assets.

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

For the purpose of future accounting the Council intends to recognize the effects of changes in accounting policy retrospectively. This being the first Accounting year for the Council the policy did not apply.

**g) Employee benefits**

**Retirement Benefit Plans**

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

**h) Related parties**

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

**i) Cash and cash equivalents**

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

**j) Comparative figures**

This being the Councils first year accounts, comparative figures for the previous financial year are not applicable.

**k) 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, 2014.

### **3. Critical Accounting Estimates And Judgements In Applying The Council's Accounting Policies**

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

#### **Critical accounting judgements in applying the entity's policies**

##### *Property and equipment*

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

##### *Contingent liabilities*

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

#### **4. Public Contributions and donations**

	<b>2013/2014</b>
	<b>Shs</b>
Government Grants	600,000,000
Bank balance from Pattec project	436,612
<b>Total transfers and sponsorships</b>	<b>600,436,612</b>

#### **5. Other income**

	<b>2013/2014</b>
	<b>Shs</b>
Prequalification of Suppliers of goods and services	1,760,000
<b>Total other income</b>	<b>1,760,000</b>

## 6. Employee costs

	2013/2014
	Shs
Employee related costs – casual wages	8,523,370
Employee related costs – Extraneous allowances	20,404,785
<b>Employee costs</b>	<b>28,928,155</b>

## 7. Domestic travel and subsistence costs

	2013/2014
	Shs
Board members Sitting and accommodation	5,671,150
Subsistence allowances for officers field travel	44,509,799
Travel Cost	5,391,639
<b>Total Domestic travel and subsistence cost</b>	<b>55,572,588</b>

## 8. Depreciation Expense

	2013/2014
	Shs.
Office Equipment	4,466,988
Furniture, Fixtures and Fittings	4,669,222
Computer and Accessories	2,004,027
Motor Vehicles and Cycles	2,030,696
Machinery	437,000
<b>Total Depreciation Expense</b>	<b>13,607,933</b>

## 9. Repairs and maintenance

	2013/2014
	Shs
Office Equipment and Computer Accessories	374,840
Motor Vehicles and Cycles	10,960,074
<b>Total repairs and maintenance</b>	<b>11,334,914</b>

## 10. Contracted services

	2013/2014
	Shs
Installation and servicing of targets(Meru mwea,Lake bogoria and Ruma)	6,750,000
Environmental Impact Assessment (EIA) Meru conservancy	3,204,000
TV Documentary	1,157,000
Biodiversity Surveys (Meru Mwea)	482,000
Tand T rapid survey (Teso)	234,600
<b>Total contracted services</b>	<b>11,827,600</b>

## 11. General Expenses

The following are included in General expenses

	<b>2013/2014</b>
	<b>Shs.</b>
Printing and Advertising Expenses	10,331,374
Office Rent	21,500,878
Foreign Travel	1,739,679
Training Expenses	5,106,554
Hospitality expenses	2,468,757
Bank charges	487,716
Telephone, Courier and Internet Expenses	3,771,075
Fuel and oil	9,619,475
Office Stationery	1,612,850
Motor Cycle riders Protective items	1,382,300
General office expenses (Head quarters and four regions)	554,403
<b>Total General expenses</b>	<b>58,575,062</b>

**12. Specialised Materials and Other Supplies:**

	<b>2013/2014 Kshs.</b>
Deltamethrin 5%	120,260,000
Laboratory Consumables	45,053,872
Tsetse Odours	23,450,000
Alphacypemethrin 10%	18,375,000
Albendazole 10%	12,800,000
Acetone GPR	5,730,000
Diminazene Aceturate	8,500,000
Tsetse Biconical traps	9,760,000
Tsetse Targets	73,168,600
Baytical Pour-ons	46,920,000
Community materials	7,662,500
Sticky Panels	3,725,000
Spray pumps	15,560,000
Heifers	1,300,000
Protective kits	429,540
Staff Uniforms	854,940
<b>Total</b>	<b><u>393,549,452</u></b>

**13. Cash balance**

	<b>2013/2014 Shs</b>
Bank balance	285,566
<b>Total cash and cash equivalents</b>	<b>285,566</b>

14. Property, plant and equipment

Cost	Motor Vehicles and Cycles		Office equipment		Computers and Accessories		Furniture, fixtures and Fittings		Machinery		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>At 1 July 2012</b>	21,305,000	35,735,900	14,529,000	1,278,600	-	-	72,848,500					
Additions	10,153,478	-	1,420,000	-	-	-	12,308,478					
Disposals	-	-	-	-	-	-	-					
<b>At 30 June 2013</b>	31,458,478	35,735,900	15,949,000	1,278,600	735,000	-	85,156,978					
Additions	-	-	4,598,100	36,075,176	1,450,000	-	42,123,276					
Disposals	-	-	-	-	-	-	-					
Transfer/adjustments	-	-	-	-	-	-	-					
<b>At 30 June 2014</b>	31,458,478	35,735,900	20,547,100	37,353,776	2,185,000	-	127,280,254					
<b>Depreciation</b>												
<b>At 1 July 2012</b>	(17,044,000)	(26,801,924)	(14,056,140)	(958,950)	(147,000)	-	(59,008,014)					
Depreciation	(4,261,000)	(4,466,988)	(472,860)	(159,825)	(147,000)	-	(9,507,673)					
<b>At 30 June 2013</b>	(21,305,000)	(31,268,912)	(14,529,000)	(1,118,775)	(294,000)	-	(68,515,687)					
Depreciation	(2,030,696)	(4,466,988)	(2,004,027)	(4,669,222)	(437,000)	-	(13,607,933.)					
Disposals	-	-	-	-	-	-	-					
Transfer/adjustment	-	-	-	-	-	-	-					
<b>At 30 June 2014</b>	(23,335,696)	(35,735,900)	(16,533,027)	(5,787,997)	(731,000)	-	(82,123,620)					
<b>Net book values</b>												
<b>At 30 June 2014</b>	8,122,782	-	4,014,073	31,565,779	1,454,000	-	45,156,634					
<b>At 30 June 2013</b>	10,153,478	4,466,988	1,420,000	159,825	441,000	-	16,641,291					

## 15. Related Parties

The Government of Kenya is the principal shareholder in Kenya Tsetse And Trypanosomiasis Eradication Council.

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

	2013/14 Shs
<b>(a) Key management compensation</b>	
(i) Extraneous Allowances	9,052,692
<b>(b) Directors' remunerations</b>	
(i) Sitting and Accomodation allowances ( Note 6)	5,671,150
(ii) Chairman's Honoraria	1,120,000

## 16. Capital Reserves

The council does not have a share capital but it inherited assets from its predecessor Pan African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC) whose Net book values were recognised as capital reserve. These are fixed assets used by the council in its operations.

	Motor Vehicles and Cycles Kshs.	Office equipment Kshs.	Computers and accessories Kshs.	Furnitures, fixtures and fittings Kshs.	Machinery (Generators) Kshs.	Total Kshs.
<b>Capital Reserves</b>	10,153,478	4,466,988	1,420,000	159,825	441,000	16,641,291

## **17. Financial Risk Management Objectives and policies**

The Council's principal financial instrument is cash (grant). This instrument arises from the grant releases from the Ministry.

The Council's activities expose it to limited financial risks: liquidity risk, credit risk and operational risk. The directors review and agree policies for managing these risks.

The board of directors has overall responsibility for the establishment and oversight of the Council's risk management framework. Risk management is carried out by management under policies approved by the board of directors. Management identifies, evaluates and manages financial risks in close co-operation with various departments.

### **(a) Liquidity risk**

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

Prudent liquidity risk management implies maintaining sufficient cash, by liaising with the parent Ministry and Treasury to ensure prompt grant releases when due and ensuring spending is within budgetary provisions.

### **(b) Credit Risk**

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The largest concentration of credit exposure within the council arises from cash held with the bank. The Council has placed its amounts of funds in a recognised financial institution with strong credit rating and does not consider credit risk exposure to be significant.

### **(c) Operational risk**

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

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

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

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

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS  
AS AT 30 JUNE 2014**

This is the first year of operation of the Council. Consequently, there were no issues raised by the external auditor. However, the Council continues to enhance its Internal Control measure for continuous improvement of its service delivery.

Signed..........Date..........

**Dr.Gideon Wathe Nzau**  
**CHAIRMAN, KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL**

Signed..........Date..........

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

