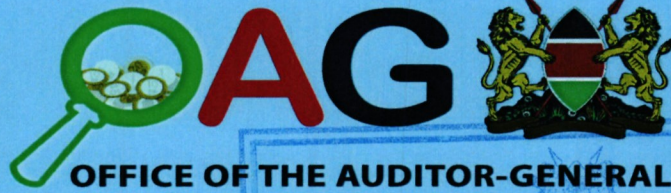


REPUBLIC OF KENYA



Enhancing Accountability

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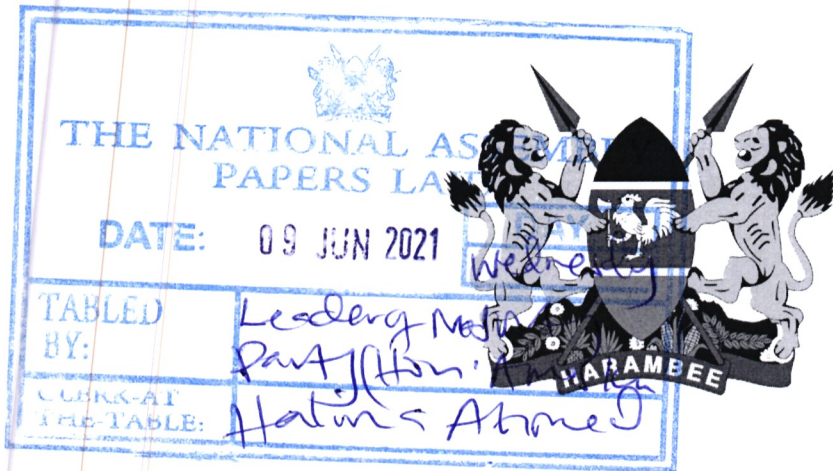
OF

THE AUDITOR-GENERAL

ON

**VETERINARY SERVICES DEVELOPMENT
FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**



**MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES, AND
COOPARETIVES**

**STATE DEPARTMENT OF LIVESTOCK,
VETERINARY SERVICES DEVELOPMENT FUND (VSDF)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

VETERINARY SERVICES DEVELOPMENT
Annual Reports and Financial Statements
For the year ended June 30, 2020

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VETERINARY SERVICES DEVELOPMENT FUND
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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The VSDF was created under the Exchequer and Audit Act Cap 412 through Legal Notice No. 109 of May 1996 with the Permanent Secretary in charge of the Ministry of Livestock being the accounting officer. An amount of K£1,000 was appropriated by Parliament and was provided during the 1996/97 Financial year.

(b) Principal Activities

The VSDF is run under the State Department of Livestock at Kabete with a major aim of preventing and controlling animal diseases and pests to safeguard human health, improve animal welfare, increase livestock productivity, ensure high quality livestock and their products and facilitate domestic and international trade. It also hopes to provide and facilitate efficient veterinary services for production of safe and high quality animals, animal products and by-products and promote trade and industrial growth in a sustainable environment.

In general, more that profit motive, it is driven by need to serve the general public by ensuring consumption of safe animal products in a hygienic environment while keeping and maintaining health animal in an effort to achieve self-sustainability and promotion of both internal and external trade in animal products.

(c) Key Management

The Veterinary Services Development Fund day-to-day management is under the following key organs:

- Principal Secretary;
- Director Veterinary Services
- Fund Manager
- Accountant

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal Secretary	Mr. Harry Kimtai
2.	Director Veterinary Services	Dr. Obadiah Njagi PhD
3.	Fund Manager	Dr. Peter Mungathia
4.	Accountant	CPA. Henry Momata

(e) Fiduciary Oversight Arrangements

Veterinary Services Development Fund (VSDF) operates under the VSDF Steering Committee only.

VETERINARY SERVICES DEVELOPMENT
Annual Reports and Financial Statements
For the year ended June 30, 2020

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

Private Bag Kangemi 00625
VetLabsKabete
OffWaiyaki Way
Nairobi, Kenya
Tel: 020-8043441
E-mail: infodvs@kilimo.go.ke

(g) Entity Contacts

Private Bag Kangemi 00625
VetLabs Kabete
Off Waiyaki Way
Nairobi, Kenya
Tel: 020-8043441
E-mail: infodvs@kilimo.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Sarit Centre Branch
P.O. Box 14959
Westlands 00800
Nairobi, Kenya

(i) Independent Auditors




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

(j) Principal Legal Adviser

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




VETERINARY SERVICES DEVELOPMENT
Annual Reports and Financial Statements
For the year ended June 30, 2020

THE STEERING COMMITTEE MEMBERS.

<p>1.  Lorna Odera</p>	<p>Director of Administration State Department of Livestock; Ministry of Agriculture, Livestock, Fisheries and Irrigation.</p>
<p>2.  Dr. Obadiah Njagi, PhD</p>	<p>Born on 12th December, 1963, Dr. Obadiah N. Njagi is the current Director of Veterinary Services. He has served in the Directorate of veterinary services for over 30 years since graduating with a bachelor's degree in Veterinary Medicine in 1988. He holds a Master's Degree in Veterinary Pathology and a PhD in Veterinary Immunology.</p>
<p>3.  Dr. Julia Kinyua</p>	<p>BVM (UoN), MSc(UoN). Deputy Director of Veterinary Services State Department of Livestock; Ministry of Agriculture, Livestock, Fisheries and Irrigation.</p>
<p>4.  Dr. Evans N. Muthuma</p>	<p>Born on 20th August 1966. He is a Deputy Director of Veterinary Services and has served the Directorate for over 25 years. He holds Master of Veterinary Public Health and Bachelor of Veterinary Medicine from University of Nairobi. He also holds Diploma in Project Management from Kenya Institute of Management.</p>
<p>5.  Norah Kandie</p>	<p>BSc (UoN) Deputy Director – Leather development State Department of Livestock; Ministry of Agriculture, Livestock, Fisheries and Irrigation.</p>
<p>6.  Penninah Ndirangu</p>	<p>Chief accountant ,CPA(K), deputy head of accounts, State Department of Livestock; Ministry of Agriculture, Livestock, Fisheries and Irrigation</p>

VETERINARY SERVICES DEVELOPMENT
Annual Reports and Financial Statements
For the year ended June 30, 2020

MANAGEMENT TEAM

 <p>1. Dr. Obadiah Njagi, PhD</p>	<p>BVM(UoN), MSc(UoN). Director of Veterinary Services State Department of Livestock; Ministry of Agriculture, Livestock, Fisheries and Irrigation.</p>
 <p>2. Dr. Evans N. Muthuma</p>	<p>Dip(KIM) B.V.M(UON),MVPH(UON), Deputy Director of Veterinary Services Fisheries,State Department of Livestock. Ministry of Agriculture, Livestock, Fisheries and Irrigation.</p>
 <p>3. CPA Henry M. Momata</p>	<p>Accountant for Veterinary Services Development Fund (VSDF)</p>

**VETERINARY SERVICES DEVELOPMENT
Annual Reports and Financial Statements
For the year ended June 30, 2020**

REPORT OF THE MANAGEMENT.

The Steering Committee submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Veterinary Services Development Fund affairs.

Principal activities

The principal activities of the Veterinary Services Development Fund are and continue to be prevention and control of animal diseases and pests to safeguard human health, improve animal welfare, increase livestock productivity, ensure high quality livestock and their products and facilitate domestic and international trade. It also hopes to provide and facilitate efficient veterinary services for production of safe and high quality animals, animal products and by-products and promote trade and industrial growth in a sustainable environment.

In general, more that profit motive, it is driven by need to serve the general public by ensuring consumption of safe animal products in a hygienic environment while keeping and maintaining health animal in an effort to achieve self-sustainability and promotion of both internal and external trade in animal products.

Results

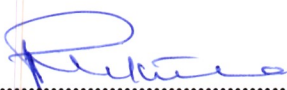
The results of the entity for the year ended June 30, 2020 are set out on below pages.

Steering Committee Members.

The members of the Steering committee who served during the year are as outlined in below pages. During the financial year there was no any member of the steering committee who retired/ resigned.

Auditors

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

Sign.....
Dr. Peter Mungathia
Manager-VSDF.

Date.....20-01-2021.....

VETERINARY SERVICES DEVELOPMENT
Annual Reports and Financial Statements
For the year ended June 30, 2020


STATEMENT OF CHAIRMAN.

The Accounting officer who is the Fund Administrator has the responsibility of appointing the steering committee which is under the control of the chairman.

The Chairman provides leadership and governance of the Fund and creates conditions for overall committee and individual member's effectiveness by ensuring that all key and appropriate issues are discussed by the committee in a timely manner. The chairman ensures that the committee plays a full and constructive part in the development and determination of the Fund's strategies and policies. He also ensures that the Fund is supplied with timely and sufficient information to enable it discharges its duties effectively.

Some of the key Fund's achievements during the financial year under review included the following: -

- Preparation of the FY 2019/2020 Annual Budget and Work plan and presenting it to the steering committee for discussion and further forwarding to the National Treasury for Approval.
- Approved and continually monitored the implementation of the Fund's annual operating Plans and Budget;
- Implemented strict Revenue Collection measures which necessitated correction of the same to a tune of over Kenya shillings Ninety Million against the set target of Kshs.70,000,000
- Facilitated procurement of goods and services for provision of national veterinary services

Sign.....
Dr. Peter Mungathia
Manager- VSDF

Date.....20-01-2021.....

VETERINARY SERVICES DEVELOPMENT
Annual Reports and Financial Statements
For the year ended June 30, 2020


REPORT OF THE FUND ADMINISTRATOR.

The Accounting officer who is the Fund Administrator Responsibilities' are clearly articulated as per the Legal notice No. 109 of the Exchequer and audit Act Cap. 412. He is the officer charged with the responsibility of administering the Fund with the following duties: -

- Supervise and control the administration of the fund.
- Consult with the Cabinet Secretary for the time being responsible for matters relating to Veterinary services as May from time be required.
- If he thinks Fit impose Conditions on the use of any Expenditure Authorized by him or on his behalf and may impose any responsible Prohibition, Restriction or other Requirement Concerning such use of Expenditure.
- Cause to be kept all proper Books of Accounts and other Books and Records relating to the Fund and to all the various Activities and undertakings Financed by the Fund.
- Prepare, sign and transmit to the Auditor-General, in respect of each Financial year and within four months after the fund in such form as the treasury may from time to time direct in accordance with section 18 (2) of the Act.

The Fund Administrator accept responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Legal notice No. 109 of the Exchequer and audit Act Cap. 412. The Fund Administrator is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2020, and of the Fund's financial position as at that date. The Fund Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Sign.....
Mr. Harry Kimtai
Accounting Officer

Date.....

VETERINARY SERVICES DEVELOPMENT
Annual Reports and Financial Statements
For the year ended June 30, 2020

CORPORATE GOVERNANCE STATEMENT

The Veterinary Services Development Fund is under the Management of a steering committee appointed by the fund Administrator who is the Principal Secretary and has the role of Overseeing the approval and review of all overall strategies for the utilization of the fund, initiate policy, legal review and VSDF management structure. The steering committee is composed of the following:

i. Principal Secretary.

The Principal Secretary or his Representative is the fund administrator and the Chair to the steering committee. He can attend in person or can appoint his representative. During the financial ended the PS representative was Mrs. Lorna odero

ii. Director Veterinary Services/His Representative

The Director Veterinary Services is a member to the committee. He can attend in person or can appoint his representative. Dr. Obadiah Njagi, PhD, was the DVS during the year.

iii. VSDF Manager

The VSDF Manager is the Secretary to the fund and is responsible for the day to day operations of the fund on behalf of the DVS. During the year under review Dr. Evans Muthuma was the VSDF Manager in charge.

iv. Head Accounting Unit

The Head accounting Unit is a member to the committee. Penninah Ndirangu represented the Head Accounting Unit for the year under review.

v. Head Veterinary Public Health & Animal Products

Head Veterinary Public Health & Animal Products Unit is a member to the committee. Dr. Julia Kinyua represented the Head Veterinary Public Health & Animal Products Unit for the year under review.

vi. Head Leather Development

Head Leather Development Unit is a member to the committee. Norah Kandie represented the Head Leather Development Unit for the year under review.

Steering Committee meetings

The Steering Committee meets at least once every quarter depending on the exigencies of the business. During the FY 2019/2020, the two steering committee meetings were held.

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON VETERINARY SERVICES DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Veterinary Services Development Fund set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Veterinary Services Development Fund as at 30 June, 2020, 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 do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inventories

As disclosed in Note 13 to the financial statements, the statement of financial performance reflects an opening balance for inventories of Kshs.4,287,785 and a negative closing balance of inventories of Kshs.9,844,000. The balances have not been supported or analyzed. Further, no explanation was provided for the inclusion of the inventory balances in the statement of financial performance.

Under the circumstances, the accuracy of the statement of financial performance could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.26,215,457 which, as disclosed in Note 16 to the financial statements, is net of

depreciation expenses of Kshs.5,423,996. However, the depreciation expenses were not supported with relevant schedules or ledgers for the various classes of assets. Further, a comprehensive and updated fixed assets register indicating the nature of the asset, date of acquisition, cost, depreciation rate, disposals, serial numbers, location and custodianship was not provided for audit verification.

Consequently, the completeness and accuracy of the property, plant and equipment balance of Kshs.26,215,457 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Veterinary Services Development Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse 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. I have determined that there are no key audit matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.90,838,187 against a budget of Kshs.70,000,000 resulting into a receipts over-collection of Kshs.20,838,187 or 30% of the budgeted receipts. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.70,000,000 and Kshs.52,240,243 respectively resulting to an under-expenditure of Kshs.17,759,757 or 25% of the budget. Although Management explained that the under-expenditure was caused by restriction of movement of staff due to the outbreak of Covid 19, the under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on

Lawfulness and Effectiveness in Use of Public Resources and Basis sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Field Inspections at Border Points - Malaba, Busia, Lunga Lunga and Taita Taveta

As previously reported, field inspections at border points revealed several shortcomings and operational challenges as outlined below:

i) Limited Systems Access

The veterinary officers stationed at the border post to inspect animals, animal feeds, animal products and feed mills exported or imported into the country indicated that they had no right of access to the Kenya Electronic Single Window System at the border posts, which affected effective execution of their duties.

The inspection of documents through the system was being processed at the Headquarters rather than at the border posts and was mostly focused on documentation. As a result, some imports or exports may have passed through the borders without the necessary validations, inspections or verifications.

ii) Power Outages and Lack of Back-Ups and Internet Access

The border point offices did not have back up power equipment leading to disruption of operations during power outages as the staff were unable to access internet and emails from Headquarters to facilitate verification and confirmation of the correctness, approval status and authenticity of import documents.

iii) Lack of Inspection Tools, Equipment and Structures

The stations lacked the requisite tools and equipment such as test kits, screening kits and sampling equipment among others to inspect animals, animal feeds, animal products and feed mills to ensure that the same are free from harmful elements like aflatoxin and other foreign matters. The Kenyan side border posts at Malaba and Busia did not have cargo scanners compared to their counterparts in the Ugandan side and therefore they had no capacity to screen cargo effectively and accurately.

iv) No Cattle Docking Structures for Inspections

The Lunga Lunga Station did not have all the essential and key facilities like the animals holding ground and offloading ramp as the existing structure had been condemned. There was no alternative designated holding grounds for the cattle to enable inspections. It was also noted that most of the livestock from Tanzania easily cross the porous Kenyan border without inspection.

v) Insufficient Staff

Malaba and Busia stations were manned by two officers who were not gazetted as inspectors, one on the Kenyan side and the other on the Ugandan side. In Taita Taveta and Lunga Lunga border post stations there was one qualified officer and an assistant who was not gazetted as an inspector. Further, all these officers had not taken their

mandatory annual leave for two years due to under capacity. The officers were not compensated for the extra hours worked, in contravention of Section 28 (1)(a) of the Employment Act, 2007 which provides that an employee shall be entitled, after every twelve consecutive months of service with his employer to not less than twenty-one working days of leave with full pay.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Elaborate Enterprise Wide Risk Management (ERM)

Regulation 165 (1) of the Public Finance Management (National Government) Regulations, 2015 provides that the Accounting Officer shall ensure that a national government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal controls that builds robust business operations. However, as previously reported, the Fund did not have a well-documented enterprise wide risk management strategy and policies in place to effectively guide the enterprises risk management processes at large.

2. Internal Audit Function

As previously reported, the Fund did not have an Internal Audit Function or an Audit Committee to review and appraise its existing internal controls, with a view to enhancing the Fund's operational efficiency, governance and compliance as provided under Section 73 (4) and (5) of Public Finance Management Act, 2012.

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 governance were operating

effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management deems it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability of to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

12 May, 2021

VETERINARY SERVICES DEVELOPMENT FUND
Annual Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020.

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions		-	-
Revenue from exchange transactions			
Rendering of services	7	90,838,187	103,225,471
Total revenue		90,838,187	103,225,471
Expenses			
Opening inventory	13	4,287,785	
Employee costs	8	17,324,613	30,338,354
Depreciation and amortization expense	9	5,423,996	6,178,533
Repairs and maintenance	10	3,457,172	3,515,376
General expenses	11	29,470,737	27,931,523
Closing inventory	13	-9,844,000	
Total expenses		50,120,303	67,963,786
Gains/(losses)		-	-
Surplus before tax		40,717,884	35,261,685
Taxation		(-)	(-)
Surplus/(deficit) for the period/year		40,717,884	35,261,685
Net Surplus for the year		40,717,884	35,261,685


VETERINARY SERVICES DEVELOPMENT FUND

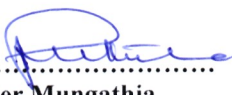
Annual Reports and Financial Statements

For the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020.

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	12	120,219,026	81,916,204
Inventories	13	9,844,000	4,287,785
Receivables - Imp rests	15	295,122	
		130,358,148	86,203,989
Non-current assets			
Property, plant and equipment	16	26,215,457	29,651,732
Total assets		156,573,605	115,855,721
Liabilities			
Current liabilities		-	-
		-	-
Non-current liabilities			
Total liabilities		-	-
Net assets		-	-
Reserves	22	115,835,721	80,574,036
Accumulated surplus		40,717,884	35,261,685
Capital Fund	23	20,000	20,000
Total net assets and liabilities		156,573,605	115,855,721

Sign: 
Joseph M. Kiraita
M/No. 3644

Sign: 
Dr. Peter Mungathia
Manager-VSDF

Sign: 
Mr. Harry Kimtai
Accounting Officer

Date: 20-01-2021

Date: 20-01-2021

Date: 21/1/2021

VETERINARY SERVICES DEVELOPMENT FUND
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STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020.

	Attributable to the owners of the controlling entity					Total
	Self insurance reserve	Reserves		Accumulated surplus	Minority interest	
		Capital replacement development reserve/Capital Reserve	Revaluation Reserve			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2018	-	20,000	-	80,574,036	-	80,594,036
Surplus/(deficit) for the period	-	-	-	35,261,685	(-)	35,261,685
Transfers to/from accumulated surplus	(-)	-	-	(-)	-	-
Transfer of excess depreciation on revaluation			(-)	-		
Grants received during the year		-				-
Revaluation gain			-			-
Balance as at 30 JUNE 2019	-	20,000	-	115,835,721	-	115,855,721
Balance as at 1 July 2019	-	20,000	-	115,835,721	-	115,855,721
Surplus for the period	-	-	-	40,717,884	-	40,717,884
Transfers to/from accumulated surplus	(-)	-	(-)	-	-	-
Transfer of excess depreciation on revaluation			(-)	-		
Grants received during the year		-				-
Revaluation gain			-			-
Balance as at 30 JUNE 2020	-	20,000	-	156,553,605	-	156,573,605

VETERINARY SERVICES DEVELOPMENT
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020.

		2019-2020	2018-2019
		Kshs	Kshs
Net cash flows from operating activities	14	40,290,543	37,152,433
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(1,987,721)	(1,373,142)
Proceeds from sale of property, plant and Equipment		-	-
Decrease in non- current receivables		(-)	-
Increase in investments		(-)	(-)
Net cash flows used in investing activities		38,302,822	(1,373,142)
Cash flows from financing activities			
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash and cash equivalents		38,302,822	35,779,291
Cash and cash equivalents at 1 JULY	12	81,916,204	46,136,913
Cash and cash equivalents at 30 JUNE	12	120,219,026	81,916,204

VETERINARY SERVICES DEVELOPMENT FUND

For the year ended June 30, 2020

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2020.

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	
Revenue									
Animal Reproductive services	5,250,000		-		5,250,000		12,251,996		7,001,996
Veterinary Public Health	28,000,000		-		28,000,000		45,047,322		17,047,322
Hides And Skins Leather Quality control	27,300,000		-		27,300,000		913,854		-26,386,146
Disease Surveillance, Risk mgt & control	3,850,000		-		3,850,000		26,603,833		22,753,833
Diagnostic Services	2,100,000		-		2,100,000		1,241,234		-858,766
Veterinary diagnostic & efficacy trial centre's	3,500,000		-		3,500,000		4,779,948		1,279,948
Total income	70,000,000		-		70,000,000		90,838,187		20,838,187
Expenses									
I. Employee Costs									
Domestic Travel and Subsistence and Other Travels	19,674,500		-		19,674,500		14,303,924		-5,370,576
Foreign Travel and Subsistence and Other Transportation	9,220,000		-		9,220,000		3,020,689		-6,199,311
II. General Expenses									
Communication Supplies and Services	350,000		-		350,000		360,000		10,000
Printing, Advertising and information supply	1,039,780		-		1,039,780		803,180		-236,600
Training Expenses (Including Capacity Building)	5,937,010		-		5,937,010		4,461,402		-1,475,608
Hospitality Supplies and Services	1,751,220		-		1,751,220		986,121		-765,099
Purchase of Specialized Materials & Supplies	11,080,516		-		11,080,516		10,563,156		-517,360
Purchase of Uniform and clothing	670,000		-		670,000		506,750		-163,250
Office and General Supplies and Services	2,402,500		-		2,402,500		2,292,880		-109,620
Emergency Disease Outbreaks Response	5,000,000		-		5,000,000		5,000,000		0
Fuel Oil and Lubricants	5,041,990		-		5,041,990		3,984,268		-1,057,722
Other operating expenses	700,000		-		700,000		512,980		-287,020
III. Repairs and Maintenance									
Routine Maintenance - Vehicles and Other	2,815,484		-		2,815,484		2,475,700		-339,784

VETERINARY SERVICES DEVELOPMENT

For the year ended June 30, 2020

Transport Equipment						
Routine maintenance of other assets	1,565,000	-	1,565,000	697,412	-867,588	
Overhaul and refurbishment of construction & civil works	200,000	-	200,000	84,060	-115,940	
Boards, Committees Conference and Seminars	0	-	0	0	0	
Rehabilitation & Renovation of Plant and Machinery	200,000	-	200,000	200,000	0	
Education and library and supplies	100,000	-	100,000	0	-100,000	
Supplies and accessories for computers and printers	0	-	0	0	0	
Purchase of vehicles and other transport equipment.	0	-	0	0	0	
IV. Purchase of Computer & Other Office Equipment						
Purchase of Computer & Other Office Equipment	2,252,000	-	2,252,000	1,987,721	-264,279	
Purchase of specialized plant and equipment.	0	-	0	0	0	
Total expenditure	70,000,000	-	70,000,000	52,240,243	-17,859,757	
Surplus for the period	0	-	0	38,597,944	38,697,944	

Budget notes

1. REVENUE

The explanation of material variance in revenue collection by the Directorate of Veterinary Services (DVS) is as follows: -

- The services offered by the Directorate of Veterinary Services are on demand and therefore the projections provided are only estimates based on the previous performance. This therefore makes it difficult to estimate the services to be offered and revenue generated.
- The Directorate increased the surveillance and monitoring of revenue collection at the point of collection. This was through frequent visits and provision to officers with requisite materials (stationeries, computers) for proper record keeping.
- Sensitization of the staff on prompt revenue collection and surrender
- Due to court injunction restricting the DVS from levying cess from tanners which the fund had anticipated to collect a substantial amount of revenue from hides and skin levies, affected the overall revenue collected.

2. BUDGET UNDER EXPENDITURE

- Some activities planned during the period under review were not undertaken and deferred to FY 2019/2020 due to livestock disease outbreaks and the Covid 19.
- Outbreak of Covid 19 led to restriction of movement of staff in and out of counties as well as outside the country and hence planned programme in such areas could not be implemented.

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Veterinary Services Development Fund is established under the Exchequer and Audit Act Cap 412 through Legal Notice No. 109 of May 1996.

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 Veterinary Services Development Fund accounting policies.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

VETERINARY SERVICES DEVELOPMENT FUND
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iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. 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 entity 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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

Rendering of services

The entity 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 entity.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budget information

The original budget for FY 2019-2020 was approved by the National Treasury. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

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 Entity operates and generates taxable income.

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.

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

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.

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 entity and the same taxation authority.

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

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 authority, 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 authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) 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 entity 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 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.

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

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

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) 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 Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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 Entity 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.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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.

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

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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 Entity.

j) Provisions

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

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

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

Contingent liabilities

The Entity 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.

Contingent assets

The Entity 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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that 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.

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

There were no Transactions in foreign currencies.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) 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 Kenya commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Budget information

The original budget for FY 2019-2020 was approved by the National Treasury. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Budget information (Continued)

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.

t) Comparative figures

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

u) 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, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

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 Entity
- 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

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5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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 TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
Ministry/State Department	-	-	-	-	-
Ministry	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Animal Reproductive Services	12,251,996	8,369,012
Veterinary Public Health	45,047,322	51,186,603
Hides And Skins	913,854	29,274,194
Disease surveillance, Risk mgt controls	26,603,833	7,570,195
Diagnostic Services	1,241,234	1,257,681
Veterinary diagnostic & Efficacy Trial centres	4,779,948	5,567,786
Total revenue from the rendering of services	90,838,187	103,225,471

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8 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	-	-
Employee related costs - Salaries and wages	-	-
Travel, motor car, accommodation, subsistence and other allowances	17,324,613	30,338,354
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Expenditure recharged to capital projects	-	-
Employee costs	17,324,613	30,338,354

9. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	5,423,996	6,178,533
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	5,423,996	6,178,533

10. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	781,472	1,100,000
Investment property – earning rentals	-	-
Equipment and machinery	200,000	152,950
Vehicles	2,475,700	2,262,426
Furniture and fittings	-	-
Computers and accessories	-	-
Other	-	-
Total repairs and maintenance	3,457,172	3,515,376

VETERINARY SERVICES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. GENERAL EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Advertising and printing	803,180	1,150,086
Hospitality Supplies	986,121	1,772,108
Fuel and oil	3,984,268	4,129,174
Office and General Supplies	7,292,880	5,606,562
Other operating expenses	482,767	751,984
Bank Charges	30,213	-
Telecommunication	360,000	125,000
Training	4,461,402	7,169,219
Specialized materials	11,069,906	7,127,390
Education and library supplies	0	100,000
Total general expenses	29,470,737	27,931,523

12(a).CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	120,219,026	81,916,204
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
Total cash and cash equivalents	120,219,026	81,916,204

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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12 (b). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019-2020 KShs	2018-2019 KShs
a) Current account			
Kenya Commercial bank	110 697 2791	120,219,026	81,916,204
		-	-
Sub- total		120,219,026	81,916,204
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
d) Staff car loan/ mortgage			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
e) Others(specify)			
Cash in transit		-	-
cash in hand		-	-
M pesa		-	-
Sub- total		120,219,026	81,916,204
Grand total		120,219,026	81,916,204

13. INVENTORIES

Description	2019-2020 KShs	2018-2019 KShs
Consumable stores	9,844,000	4,287,785
Medical supplies	-	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	9,844,000	4,287,785

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14. CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax	40,717,884	35,261,685
Adjusted for:		
Depreciation	5,423,996	6,178,533
Non-cash grants received	(-)	(-)
Contributed assets	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	(-)	(-)
Finance cost	-	-
Working Capital adjustments	46,141,880	41,440,218
Increase in inventory	-5,556,215	-4,287,785
Increase in receivables	-295,122	(-)
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	40,290,543	37,152,433

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

15. RECEIVABLES.

	2019-2020	2018-2019
	KShs	KShs
Un-Surrendered Imprests	295,122	-
Totals	295,122	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PROPERTY, PLANT AND EQUIPMENT

Cost	Motor vehicles(25%)	Furniture and fittings(12.5%)	Computers(30%)	Plant and Equipment(12.5%)	Total
	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	51,602,160	3,728,602	14,655,359	72,325,436	142,311,557
Additions	-	-	1,373,142	-	1,373,142
Disposals	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	(-)	(-)	(-)	(-)	(-)
At 30th June 2018	51,602,160	3,728,602	16,028,501	72,325,436	143,684,699
Additions	0	730,000	1,257,721	0	1,987,721
Disposals	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	(-)	(-)	(-)	(-)	(-)
At 30th June 2019	51,602,160	4,458,602	17,286,222	72,325,436	145,672,420
Depreciation and impairment					
At 1 July 2018	-42,140,032	-2,625,277	-13,074,308	-50,014,817	-107,854,434
Depreciation	-2,365,532	-137,916	-886,258	-2,788,827	-6,178,533
Impairment	(-)	(-)	(-)	(-)	(-)
At 30 June 2019	-44,505,564	-2,763,193	-13,960,566	-52,803,644	-114,032,967
Depreciation	-1,774,149	-211,926	-997,697	-2,440,224	-5,423,996
Disposals	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	(-)	(-)	(-)	(-)
Transfer/adjustment	(-)	(-)	(-)	(-)	(-)
At 30th June 2020	-46,279,713	-2,975,119	-14,958,263	-55,243,868	-119,456,963
Net book values					
At 30 th June 2020	5,322,447	1,483,483	2,327,959	17,081,568	26,215,457
At 30 th June 2019	7,096,596	1,695,409	3,325,656	19,521,792	31,639,453
<i>[Include brief description of WIP as a footer]</i>					

VETERINARY SERVICES DEVELOPMENT FUND

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity 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 veterinary services development fund.

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

18. EVENTS AFTER THE REPORTING PERIOD

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

19. ULTIMATE AND HOLDING ENTITY

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

20. Currency

The financial statements are presented in Kenya Shillings (Kshs) and rounded off to the nearest Kenya Shillings (Kshs).

21. Depreciation.

- Gross carrying amount is the cost of a plant asset minus the accumulated depreciation since the asset was acquired.
- Depreciation method used by the Fund is reducing balance method.
- The Fund uses the recommended depreciation rates in different classes of assets as per the accounting standards. These are the rates used for various assets;
 - Motor vehicles (25%)
 - Furniture and fittings (12.5%)
 - Computers (30%)
 - Plant and Equipment (12.5%)

22. Reserve

Reserve consists of accumulated surplus and deficit since reservation of the Fund.

Accumulated surplus as at 01/07/2019	Kshs. 115,835,721
Surplus for the year	Kshs. 40,717,884
Total	-----	Kshs. <u>156,573,605</u>

23. Government Grant.

At the time of commencement of the fund the Gok provided a grant of K£1,000 which is equivalent to Kshs.20,000.00.(K£1,000*Kshs.20)

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23. INVENTORY SCHEDULE.

S/NO.	ITEM DESCRIPTION	QUANTITY	TOTAL
1	MR reagent 0.2%	vial 5	44,475
2	VP reagent (APS)	vial 5	46,325
3	reagent A	vial 5	45,450
4	milk ring test reagent	2	80,700
5	urea base 500g	2	25,780
6	urea 40% sol. 10*5	2	25,720
7	window glass cleaner 750 ml	30	19,600
8	oxide strips	5	12,500
9	meat marking ink	400ltrs	840,000
10	toner 83A	3	49,500
11	tonner 55A	5	142,500
12	scientific calculator	2	24,800
13	photocopier toner kyocer 3010	3	74,670
14	Antivirus	3	144,000
15	hard disk	20	370,000
16	mouse wireless	10	37,500
17	extension cable	10	53,000
18	RAM 4GB	5	32,500
19	flash disk	10	35,000
20	ID Screene rift valley fever (RVFV)	4	3,200,000
21	BTV competitive Elisa kit	1	500,000
22	ID screene rift vsley fever	3	2,400,000
23	spiral bind	30	16,500
24	binding cover	30	25,800
25	envelopes A4	10	1,700
26	envelopes A5	10	1,400
27	carbon paper	10	29,000
28	white out	10	2,500
29	ink stamp	10	3,500
30	spring file	20	12,900
31	conqueror paper	20	112,000
32	calculator office	10	35,000
33	highlighters pkts of 6	20	22,000
34	paper towels	50	20,000
35	harpic detergent	50	52,500
36	wipex 6 pack	50	17,500
37	mops with handle	50	78,000
38	washing bucket	50	78,000
39	pinus palula	1	5,000
40	calliandra	1	3,000
41	Spathodea	1	3,500
42	Supressis	1	7,000
43	Petrol	5000ltrs	522,600
44	Diesel	6000ltrs	590,580
	TOTAL		9,844,000

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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)
VSDF/Audit/2018/2019	Lack of fixed Assets Register	The management is in process of compiling the Assets register	Accountant	Not Resolved	Next financial year 2020/2021
VSDF/Audit/2018/2019	Internal control and governance issues	The management has allocated funds to solve part of issue reported while other issues will be sorted later by relevant authority	DVS	Not resolved	-
VSDF/Audit/2018/2019	Systems access rights and Joint inspections in border posts and production of inspection reports in the border posts which are not comprehensive due to lack of system access.	Kenya Trade Network Agency is yet to provide the cargo release module which will ease of doing business.	DVS	Not resolved	-
VSDF/Audit/2018/2019	Understaffing in the border posts.	Directorate of Veterinary Services through the office of Principal Secretary-SDL has so far recruited staffs and posted to various border posts on priority basis.	DVS	Not resolved	2019/2020

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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)
VSDF/Audit/2018/2019	Lack of equipment/working tools.	An AIE has been issued to the stations which they will use to acquire some equipment and tools. The fund has also procured some motor bikes which have been distributed to these stations.	Fund Manager	Not resolved	2019/20
VSDF/Audit/2018/2019	No Elaborate Enterprise wide Risk Management (ERM) in place	The management is in consultation on the way forward.	Fund Manager	Not resolved	2019/20
VSDF/Audit/2018/2019	Lack of internal Audit Function	The fund it utilizes the services of internal audit function at the State Department of Livestock office.	Fund Manager	Not resolved	2019/20
VSDF/Audit/2018/2019	Systems access rights and Joint inspections	Kentrade is yet to provide the cargo release module for use at the border post. When this module is availed, the activities at the headquarters and border post will be linked and therefore the officers will have access to the system	DVS	Not resolved	2019/20
VSDF/Audit/2018/2019	Staffing issues at the border posts.	Recruitment of Veterinary Officers by the Directorate of Veterinary who have been posted to various stations on priority basis.	DVS	Resolved	-

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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)
VSDF/Audit/2018/2019	Border posts underfunding/ Budget cuts/Lack of Equipment and tools.	An AIE has been allocated to the stations to boost their funding and acquisition of some tools and equipments. Also the fund has some motor bikes for ease of movement.	DVS	Not resolved	2019/20

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Sign.....
Mr. Harry Kimtai
Accounting Officer
 Date.....