

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

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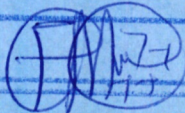
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
KENYA VETERINARY BOARD

FOR THE YEAR ENDED  
30 JUNE 2018

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 02 JUL 2019	DAY: TUESDAY
TABLED BY:	MAJORITY WHIP
CLERK-AT THE-TABLE:	



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**KENYA VETERINARY BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2018**

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The financial statements have been prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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**I. KEY BOARD INFORMATION AND MANAGEMENT**

**(a) Background information**

The Kenya Veterinary Board was established under the Veterinary Surgeons and Veterinary Paraprofessionals Act, CAP 366.

**(b) Principal Activities**

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

**(c) Key Management**

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

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Executive Officer	Dr. Indraph M. Ragwa
2	Finance and Administration Officer	Mr. Simon G. Wainaina

**(e) Fiduciary Oversight Arrangements**

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

**i). Finance and Administration Committee (FAC)**

Development of Human Resource Policy, Finance Policy, Procurement Policy, Project Management and Budgeting procedures, Ensure that Board administrative functions are coordinated well and implementation of strategic plan and work plan.

**ii). Audit Committee**

Obtain assurance that financial and non-financial internal control and risk management functions are operating effectively and reliably, provide strong and effective oversight of internal audit functions, provide independent review of entity reporting functions ensuring integrity of financial reports, Provide oversight of implementation of audit recommendations after audit.

**(f) The Board Offices**

The Board headquarters' office are located at Director of Veterinary Services, Veterinary Research Laboratories, Kabete. The Board does not have regional offices.

**(g) Board Contacts**

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

**(h) Board Bankers**

- 1) Co-operative Bank of Kenya  
Westland Branch  
P.O. Box 66589 - 00800  
Nairobi, Kenya  
A/c No 01141151721300
  
- 2) Standard Chartered Bank  
Westland Branch  
P.O Box 14438 - 00800  
Nairobi, Kenya  
A/c No. 0108033914300
  
- 3) MPESA Pay Bill Collection Account  
Safaricom Limited  
P.O Box 66827, 00800  
Nairobi, Kenya  
Paybill A/C No. 787888

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

## II. THE BOARD MEMBERS

The following Board members were in the office as at 30<sup>th</sup> June, 2018 following their gazettment on 23<sup>rd</sup> March 2018

No	Name	Representation
1	Dr. Christopher H. Wanga	Elected member (Chairman)
2	Dr. Jafred M. Kitaa	Elected member (Vice Chair)
3	Harry Kintai	Principal Secretary, State Department. of Livestock
4	Ms. Jane W. Njogu Macharia	Alt. Principal Secretary, National Treasury
5	Dr. Alice Kivinya Kithika	Elected member
6	Dr. Nicholas O. Muyale	Elected member
7	Mr. Paul Kariuki Ndungu	Elected member
8	Benson O. Ameda	Elected member
9	Quereenuse O. Pacho	Elected member
10	Dr. Samuel Kahariri	Chairman, Kenya Veterinary Association
11	Prof. Ndichu Maingi	Dean, Faculty of Veterinary Medicine – UoN
12	Dr. Francis Gakuya	Representing the Wildlife Sector
13	Dr. Rahab W. Muinga	Representing Veterinary Research Institutions
14	Abdiwahab A. Abdi	Representing Animal Resource Industry
15	Dr. Mary L. Mongony	Representing Animal Resource Industry
16	Dr. Obadiah Njagi	Director of Veterinary Services
17	Dr. Esther Ng'ethe	Principal, Veterinary Paraprofessional training institution

The following Board members left office on 22<sup>nd</sup> March 2018,

1	Dr. Bedford Mwenda Mbaka	Board Chairperson
2	Dr. Alice Kivinya Mathew	Board Vice Chairperson
3	Ms. Winnie Makotsi	Ps Representative, State Department of Livestock
4	Mr. Peter N. Momanyi	Ps Representative, The National Treasury
5	Dr. Kiza Juma Ngeiywa	Director of Veterinary Service
6	Dr. Samuel Maina Kahariri	Chairman, Kenya Veterinary Association
7	Dr. Francis Gakuya	Representative, Wildlife Sector
8	Mrs. Alice Chepteling Kalya	Representative, Animal Resource Industry
9	Francis Bargoge Komen	Representative, Animal Resource Industry
10	Einray Nyaigoti Nyamwaka	Representative, Veterinary Para-professional
11	Prof. Ndichu Maingi	Dean, Faculty of Veterinary Medicine (UoN)
12	Dr. Esther Wangari Ng'ethe	Principal, Veterinary Paraprofessional Institute
13	Mr. Paul Kariuki Ndung'u	Representative, Veterinary Para-professionals
14	Dr. Monicah Maichomo	Representative, Veterinary Research Institute
15	Prof. John Demesi Mande	Elected Member
16	Dr. Christopher H. Wanga	Elected Member
17	Mr. Joseah Kipkoech Siele	Elected Member

**III. MANAGEMENT TEAM**

The following management were currently in the office as at 30<sup>th</sup> June, 2018

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1	Chief Executive Officer	Dr. Indraph M. Ragwa
2	Finance and Administration Officer	Mr. Simon G. Wainaina

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

The Kenya Veterinary Board (KVB) is a Statutory Body established under Section 3 of the Veterinary Surgeons and Veterinary Paraprofessionals (VSVP) Act Cap 366 of the laws of Kenya. The object and purpose for which the Board is established is to exercise general supervision and control over training, business, practice and employment of veterinary surgeons and veterinary paraprofessionals in Kenya and to advise the Government in relation to all aspects thereof'. This role obliges the KVB to regulate and advise the national and county governments in relation to all aspects regulating the delivery of animal health, production, welfare & food safety services. In this regard, all animal health, welfare and food safety interventions in the animal resources industry are regulated by the KVB countrywide putting enormous pressure on the Board to implement the mandate in domestic animals and wildlife in all the 47 counties.

In accordance with the Constitution of Kenya 2010, Fourth Schedule, Regulation of the veterinary profession is a function assigned to the National Government. KVB is compliant with the International Standards governing Veterinary Statutory Bodies set by the World Organization for Animal Health (OIE) in terms of governance, mandate, representativeness and independence. After devolution the oversight role of the national government over county governments was removed, creating the need for regulatory agencies such as KVB to assure quality of services delivered by individuals & institutions in animal health welfare and food safety.

The KVB is an enabler in achieving the objectives of the Big Four initiatives through improving food and nutrition security & safety arising from increased productivity of livestock, fish and other food animals through better health and welfare from veterinary interventions; promoting public health by guaranteeing consumption of animal products free from zoonotic diseases and drug residues among other food contaminants; Providing quality assurance for raw materials and finished products necessary for manufacturing and industrialization.

In conclusion, I invite all stakeholders to join KVB in actively mobilizing resources to develop capacity at the headquarters and regionally within the next few years to ensure that the Board through its national activities is able to:

- Contribute to the national economic development through reduction of production losses; improved access to local and international markets by guaranteeing the quality and safety of animals and animal products.
- Improve livelihoods based on animal resources especially the arid and Semi-arid areas by ensuring provision of quality animal health services.
- Ensure farmers receive quality animal health and food safety services by guaranteeing appropriate training and upholding veterinary standards by the practitioners.



**Dr. CHRISTOPHER H. WANGA, PhD, EBS**  
**CHAIRPERSON**

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

The Veterinary Surgeons and Veterinary Para-professionals Act, CAP 366 requires the Board to keep proper records and accounts relating to the income, expenditure, assets and liabilities of the Board and be audited by the Auditor General . The Financial statement for the period ending 30th June 2018 has been submitted in compliance with the stipulated regulations.

During the 2017/2018 Financial Year, Kenya Veterinary Board inspected animal health training institutions, indexed animal health students, registered animal health interns, registered, animal health graduates, inspected and licensed veterinary clinics, ambulatory services, animal welfare service providers and Artificial Insemination providers, supervised Continuous Professional Development (CPD) activities, inspected Agro-vet shops and other Veterinary medicine outlets. The intention of these activities is to enhance quality of services provided to farmers by veterinary professionals registered by the Board.

During the year under audit, the Board conducted its elections. The new Board was gazetted on 22<sup>nd</sup> March 2018. The new Board is expected to drive the policy and regulatory matters of the Board to new levels. The Board shall be required to develop a new five year strategic plan, to guide the on the broad policy and regulatory aspects of the Board.

The Director of Veterinary Services allocated land to the Board to build its Headquarter Offices. This is a great milestone meant to ensure that the Board achieves autonomy as a veterinary regulator.

The Board was faced with various challenges in the year; inadequate financial resources, shortage of staff, inadequate office accommodation, inadequate transport and lack of regional offices facilities, which affected provision services. Despite the challenges the Board upheld high standards in veterinary practice, regulation of professionals for delivery of quality veterinary services to the farmers



**Dr. INDRAPH RAGWA**  
**CHIEF EXECUTIVE OFFICER**

## VI. CORPORATE GOVERNANCE STATEMENT

The corporate governance role is the responsibility of the Board. The Board and senior management are committed to the highest levels of corporate governance, which is critical in achieving its mandate as well as creating value and benefits all its stakeholders.

### **The Role of the Board**

Kenya Veterinary Board is a statutory body which is mandated to regulate veterinary surgeons, veterinary paraprofessionals, training institutions, veterinary laboratories, veterinary inputs, animal welfare and breeding services. Its objective is to ensure delivery of quality veterinary services to the stakeholders and animal welfare services.

The Board role as specified in the Veterinary Surgeons and Veterinary Paraprofessional (VSVP) Act is advise the Government on matters relating to veterinary training, research, practice and employment, the use of veterinary medicines, poisons and the pesticides, and other issues relating to animal welfare; prescribe, in consultation with such approved training institutions as the Board may deem appropriate, courses of training for veterinary surgeons and veterinary para-professionals; approve institutions for the training of veterinary surgeons and various categories of veterinary para-professionals; consider and approve the qualifications of the various categories of veterinary para-professionals for the purposes of registration under this Act; register, license, control and regulate veterinary practice and veterinary laboratories, clinics, animal hospitals, and such other facilities as provided for in Rules made under this Act; formulate and publish a code of ethics which shall be binding on all registered persons; regulate the professional conduct of registered persons and take such disciplinary measures as may be appropriate to maintain proper professional and ethical standards; ensure the maintenance and improvement of the standards of practice by the registered persons; assess from time to time human resource and necessary training programmes to guarantee sound and efficient veterinary service delivery and advise the relevant Ministries accordingly; maintain the registers and keep records of all registered persons; collaborate with other local and international organizations or bodies in the furtherance of the objects and functions of the Board; protect, in collaboration with relevant professional associations, the interests of the veterinary profession and deal with any matter related to such interests; create an inspectorate to work in collaboration with law enforcement agencies to locate, inspect, and close down premises or ambulatory clinics operated contrary to the practices prescribed under this Act, and take legal action against the offenders; guarantee animal welfare through registration, licensing and regulation of institutions and organizations with activities; regulate the use of technology for purposes of animal breeding; and carry out any other function to improve, promote and advance the veterinary profession and practice in Kenya.

### **Composition of the Board**

The Principal Secretary in the Ministry responsible for matters relating to livestock; the Principal Secretary in the Ministry responsible for finance; the Director of Veterinary Services, who shall be a registered veterinary surgeon under this Act; a Dean of the Faculty of Veterinary Medicine of a public university in Kenya, being a registered veterinary surgeon, or a member of the faculty, who is a registered veterinary surgeon, nominated by him; one veterinary surgeon who is a principal of a veterinary para-professional training institute appointed by the Cabinet Secretary; four registered veterinary surgeons elected by registered veterinary surgeons and appointed by the Cabinet Secretary; three veterinary para-professionals appointed by the Cabinet Secretary after being elected by registered

veterinary para-professionals; the chairperson of the Kenya Veterinary Association; one person appointed by the Cabinet Secretary to represent veterinary research institutions; one veterinary surgeon or veterinary paraprofessional nominated by the Director of the Kenya Wildlife Service and appointed by the Cabinet Secretary to represent the Wildlife sector; two persons, not being veterinary surgeons or veterinary para-professionals, appointed by the Cabinet Secretary from the animal resource industry.

The Board can also establish standing and *Ad hoc* committees as it may deem necessary for the performance of its functions. The Board has established the following committees;

- i. Technical Committee on Education and Quality Assurance (TeCEQA)**  
Develop and Review evaluation tools for all Animal Health training institutions; Develop and Review minimum curriculum content for the various cadres of Animal Health courses e.g. Certificate, Diploma, Degree, BVM etc.; Develop guidelines for setting up veterinary consultant colleges; Recommend for accreditation or otherwise, institutions already training Animal Health courses or those yet to begin training, Organize interviews or examinations for foreigners who want temporary permits or Kenyans who trained in Animal Health institutions not recognized by KVB; Oversee Continuous Professional Development (CPD) matters; Consider any other matter related to training in animal health; Generally implement Part II Section 7 and Part IV Section 29 of VSVP Act;
- ii. Inquiries and Disciplinary Committee (IDC)**  
Guiding implementation of the Code of Professional Ethics; Implementation in full part VI Section 34-37 of the VSVP Act; Handling all disciplinary matters under the jurisdiction of KVB and giving recommendations to the Board on action to be taken on each case; and to propose the amendments or reviews to strengthen the VSVP Act and VSVP Regulations.
- iii. Communication, Partnership and Resource Mobilization Committee**  
Resource mobilization for the Kenya Veterinary Board; Development of partnership with other players in the sector; Develop and oversee the implementation of the Communications Strategy of the Board; Support development of communication materials; Ensure visibility of the Board and Recommend to the Board ways of managing communication to the veterinary professionals and general public as and when the need arises
- iv. Finance and Administration Committee (FAC)**  
Development and overseeing implementation of the Board Human Resource Policies; Development and overseeing implementation of the Board Finance Policies; Development and overseeing implementation of the Board Procurement Policies; Board Project Management; Budgeting and overseeing any other administrative function
- v. Audit and Risk Committee**  
Obtain assurance that financial and non-financial internal control and risk management functions are operating effectively and reliably, provide strong and effective oversight of internal audit functions, financial audit; governance audit; risk mitigation and any other function relevant to audit and risk management.

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

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

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

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

The Board participated in World Veterinary Day, Veterinary of the year award (VOYA) among other activities to assist the community.

During the financial year, the Board carried out staff training creating awareness on work safety and occupational hazard.

Moving forward, the Board remains firmly committed to the tenets of corporate social responsibility as it continues to deliver on its mandate and functions.

## **VIII. REPORT OF THE DIRECTORS**

The Board submit its report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Board's affairs.

### **Principal activities**

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

### **Results**

The results of the Board for the year ended June 30, 2018 are set out on page 14.

### **Directors**

The members of the Board Members who served during the year are shown on page 4. In accordance with Veterinary Surgeons and Veterinary Paraprofessionals Act, the members of the Board shall hold office for a term of three years, but shall be eligible for reappointment for another one term.

### **Auditors**

The Auditor General is responsible for the statutory audit of the Board in accordance with the Section 30 of the Veterinary Surgeons and Paraprofessional Act, CAP 366, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

The Auditor General shall carry out the audit of the Board for the year ended June 30, 2018.



**Dr. CHRISTOPHER H. WANGA, PhD, EBS**  
**CHAIRPERSON**

**IX. STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES**

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

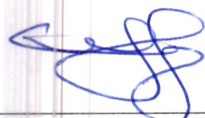
The Board members are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Board Members are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2018, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The board's financial statements were signed on its behalf by:



**Dr. CHRISTOPHER H. WANGA, PhD, EBS**  
**BOARD CHAIRPERSON**



**Dr. INDRAPH RAGWA**  
**CHIEF EXECUTIVE OFFICER**

**X. REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA VETERINARY BOARD**

To be provided after audit

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA VETERINARY BOARD FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Opinion

I have audited the accompanying financial statements of Kenya Veterinary Board set out on pages 13 to 32, which comprise the statement of financial position as at 30 June 2018, 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, the financial statements present fairly, in all material respects, the financial position of Kenya Veterinary Board as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Veterinary Surgeons and Veterinary Para - Professionals Act, 2011 and Public Finance Management Act, 2012.

##### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Veterinary Board in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Key Audit Matters

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

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

##### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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*Report of the Auditor-General on the Financial Statements of Kenya Veterinary Board for the year ended 30 June 2018*

## **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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability of Kenya Veterinary Board to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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.

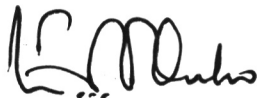
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the 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 going concern 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 ability of Kenya Veterinary Board to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease 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 Kenya Veterinary Board 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.



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

**Nairobi**

**29 March 2019**

**XI. STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30<sup>th</sup> June 2018**

	Note	June-18 Kshs	June-17 Kshs
<b>Revenue from Non-Exchange Transactions</b>			
Government Grant	2	44,600,000	25,500,000
Donor Funding	3	308,700	3,513,258
<b>Revenue from Exchange Transactions</b>			
Licences and Fees	4	27,029,333	27,047,566
<b>Total Revenue</b>		<b>71,938,033</b>	<b>56,060,824</b>
<b>Expenses</b>			
Board and Committees allowances	5	11,141,983	9,259,109
Staff Costs	6	21,727,393	16,343,238
Administration Expenses	7	18,467,988	13,753,602
Operating Expenses	8	9,533,179	9,413,750
<b>Total Expenses</b>		<b>60,870,543</b>	<b>48,769,698</b>
Surplus/(Loss) before Tax		<b>11,067,490</b>	<b>7,291,126</b>
Taxation*		-	-
Surplus/(Loss) after Tax		<b>11,067,490</b>	<b>7,291,126</b>

\*The Board is exempt from taxation

**XII. STATEMENT OF FINANCIAL POSITION**  
**As at 30<sup>th</sup> June 2018**

	Note	June-18 Kshs	June-17 Kshs
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	9	26,577,358	13,869,927
Receivables from exchange transaction	10	900,662	174,916
Receivables from Non-exchange transaction	11	1,835,153	1,106,815
<b>NON-CURRENT ASSETS</b>			
Property and Equipment	12	6,717,771	7,818,905
Intangible Assets : Softwares	13	1,073,400	2,311,091
<b>Total assets</b>		<u><b>37,104,344</b></u>	<u><b>25,281,654</b></u>
<b>Current Liabilities</b>			
Payables from exchange transactions	14	702,281	734,777
Payables from non-exchange transactions	15	1,180,407	1,063,036
Staff gratuity provision	16	2,272,413	1,472,769
Prepaid income	17	414,912	544,232
<b>Accumulated Reserves and Liabilities</b>			
Revenue Reserves	18	32,534,331	21,466,841
<b>Total Reserves and liabilities</b>		<u><b>37,104,344</b></u>	<u><b>25,281,654</b></u>

The Financial Statements set out on pages 13 to 17 were signed on behalf of the Board by the Chairperson and the Chief Executive Officer.

  
**BOARD'S CHAIRPERSON**

  
**CHIEF EXECUTIVE OFFICER**

Date.....25-09-2018.....

Date.....24-09-2018.....

**XIII. STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30<sup>th</sup> June 2018**

	Accumulated Reserves <u>Kshs</u>	Capital Reserves <u>KShs</u>	Total Reserves <u>Kshs</u>
<b>AS AT 30 JUNE 2016</b>	14,175,716	-	14,175,716
Surplus for the year	7,291,126	-	7,291,126
<b>AS AT 30TH JUNE 2017</b>	<u>21,466,841</u>	<u>-</u>	<u>21,466,841</u>
Surplus for the year	11,067,490	-	11,067,490
<b>AS AT 30TH JUNE 2018</b>	<u>32,534,331</u>	<u>-</u>	<u>32,534,331</u>

**XIV. STATEMENT OF CASH FLOWS**

	Note	Jun-18 KShs	Jun-17 Kshs
<b>Cash flows from Operating Activities</b>			
<b>Receipts</b>			
Government Grant		44,600,000	25,500,000
Licences and Fees		26,543,583	26,872,650
Donor funding		308,700	3,388,258
		<u>71,452,283</u>	<u>55,760,908</u>
<b>Payments</b>			
Board and Committees		10,579,939	11,172,184
Payment to staff		14,878,783	9,858,294
Adminstrative		15,093,385	7,089,184
Operating expenses		6,264,720	5,000,292
Bank charges		71,661	73,398
Payment of taxes and statutory obligations		6,011,855	3,924,357
Vehicle insurance, maintenance & Fuel		2,369,777	2,051,888
Payment to creditors		1,055,274	1,788,854
Publicity and communication		1,570,139	320,089
Regional expenses		-	3,522,658
		<u>57,895,533</u>	<u>41,476,368</u>
<b>Net Cash flows from Operating Activities</b>	<b>19</b>	<b>13,556,750</b>	<b>10,959,710</b>
<b>Cash flows from Investing Activities</b>			
Purchasing of Non-Current Assets	12	(849,319)	(76,579)
Purchase of Intangible assets	13	-	-
<b>Net cash generated from (used in) Investing Activities</b>		<u>(849,319)</u>	<u>(76,579)</u>
<b>Cash flows from Financing Activities</b>			
(Increase) decrease in Capital Grant		-	-
<b>Net cash generated from (used in) Financing Activities</b>		<u>-</u>	<u>-</u>
Increase/(decrease) in Cash & Cash Equivalents		12,707,431	10,883,131
Cash and Cash equivalents at the beginning of the period		13,869,927	2,986,796
<b>Cash and Cash equivalents at the end of the Period</b>		<u>26,577,358</u>	<u>13,869,927</u>

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**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	Budget	Adjustments	Adjusted Budget	Actual	Performance Difference	
<b>Income</b>						
Government Grant	50,000,000	(5,400,000)	44,600,000	44,600,000	-	
Internally Generated	25,000,000	5,000,000	30,000,000	27,029,333	(2,970,668)	i
<b>Total Income</b>	<b>75,000,000</b>	<b>(400,000)</b>	<b>74,600,000</b>	<b>71,629,333</b>	<b>(2,970,668)</b>	
<b>Expenditure</b>						
Personnel Emolument	19,517,000	2,183,000	21,700,000	21,727,393	(27,393)	
Board Expenses	11,000,000	-	11,000,000	11,141,983	(141,983)	
Operating Expenses	12,283,000	(2,783,000)	9,500,000	9,533,179	(33,179)	
Administrative Expenses	14,500,000	4,000,000	18,500,000	18,467,988	32,012	
Purchase of Vehicles	12,000,000	(12,000,000)	-	-	-	ii
Purchase of furniture, Equipment, Computers and Softwares	3,700,000	(2,700,000)	1,000,000	849,319	150,681	
Regional Office	2,000,000	(2,000,000)	-	-	-	iii
<b>Total Expenses</b>	<b>75,000,000</b>	<b>(13,300,000)</b>	<b>61,700,000</b>	<b>61,719,862</b>	<b>(19,862)</b>	
<b>Difference</b>	<b>-</b>	<b>12,900,000</b>	<b>12,900,000</b>	<b>9,909,471</b>	<b>(2,950,806)</b>	

**Variance analysis**

- i) Less internally funds were collected than anticipated within the financial year
- ii) Vehicles were not bought as planned due to limitation of funding in the budget.
- iii) Regional office were not opened as planned

## XVI. NOTES TO THE FINANCIAL STATEMENTS

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

The commission adopted IPSAS in the year 2014 following the Gazzetement of the Public Sector Accounting Standard Board (PSASB), which was established by the Public Financial Management Act (PFM) No. 18 of 24th July 2012. PSASB issued financial reporting standards and guidelines to be adopted by all state organs and public entities, which the Commission complies with.

The Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) and Veterinary Surgeons and Veterinary Paraprofessionals Act, CAP 366, which requires the Board to keep proper records and accounts relating to the income, expenditure, assets and liabilities of the Board and be audited by the Auditor General. The financial statement for the period ending 30<sup>th</sup> June, 2016 has been submitted in compliance with the rules stipulated. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

#### Summary of significant accounting policies

##### a) Revenue recognition

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

###### Fees and Licences

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

###### Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Board and can be measured reliably.

##### ii) Revenue from exchange transactions

###### Rendering of services

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

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

### **Sale of goods**

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

### **Interest income**

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

### **b) Budget information**

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

### **c) Taxes**

#### **Current income tax**

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

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

#### **Deferred tax**

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

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

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

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

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

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

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

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

#### **d) Sales tax**

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

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

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

#### **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 Board recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in administrative expenses. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. It is the Board policy to depreciate its assets using reducing balance method as follows;

<b>Asset Category</b>	<b>Depreciation Rate (%)</b>
Motor Vehicles	25.0%
Furniture and Fittings	12.5%
Computers and Printers	30.0%
Office Equipment	12.5%

#### **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. The Board policy is to amortize intangible assets using straight line method as follows;

Asset Category	Armotization Rate (%)
Software's	33.3%

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

#### **h) Financial instruments**

##### **Financial assets**

##### **Initial recognition and measurement**

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

#### **i) Financial liabilities**

##### **Initial recognition and measurement**

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

#### **j) Provisions**

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

##### **Contingent liabilities**

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

##### **Contingent assets**

The Board does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**k) Nature and purpose of reserves**

The Board does not create or maintain any reserves.

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

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

**m) Employee benefits**

**(i) Defined contribution scheme**

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

**ii) Gratuity**

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

**n) Foreign currency transactions**

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

**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 Standard Chartered Bank and Co-operative Bank at various commercial banks at the end of the financial year.

**s) Comparative figures**

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

**t) Significant judgments and sources of estimation uncertainty**

The preparation of the Board's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. There are no significant judgements, estimates and assumptions to be reported in this financial year.

**Key going concern assumption**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of on-going programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

**U) Financial Risk Management**

Exposure to currency, commodity, interest rate, liquidity and credit risk arises in the normal course of the Board's operations. This note presents information about the Board's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Board's management of capital.

**Fair values**

Set out below, is an analysis of the carrying amounts and fair value of the boards financial instruments;

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<b>Financial Assets</b>	<b>Note</b>	<b>Carrying Amount Ksh</b>	<b>Fair Value Ksh</b>
<b>At 30 June 2018</b>			
Cash and cash equivalents	9	26,577,358	26,577,358
Receivables exchange transactions	10	900,662	900,662
Receivables Non-exchange transactions	11	1,835,153	1,835,153
<b>Total</b>		<b><u>29,313,173</u></b>	<b><u>29,313,173</u></b>
<b>Fiancial Assets</b>			
<b>At 30 June 2017</b>			
Cash and cash equivalents	9	13,869,927	13,869,927
Receivables exchange transactions	10	174,916	174,916
Receivables Non-exchange transactions	11	1,106,815	1,106,815
<b>Total</b>		<b><u>15,151,658</u></b>	<b><u>15,151,658</u></b>
<b>Fiancial liabilities</b>			
<b>At 30 June 2018</b>			
Trade & other payables from exchange transactions	14	900,662	900,662
Trade & other payables from non-exchange transactions	15	1,180,407	1,180,407
<b>Total</b>		<b><u>2,081,068</u></b>	<b><u>2,081,068</u></b>
<b>Fiancial liabilities</b>			
<b>At 30 June 2017</b>			
Trade & other payables from exchange transactions	14	734,777	734,777
Trade & other payables from non-exchange transactions	15	1,063,036	1,063,036
<b>Total</b>		<b><u>1,797,812</u></b>	<b><u>1,797,812</u></b>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

#### **Credit risk**

Credit risk is the risk of financial loss to the Board if customers or counterparties to financial instruments fail to meet their contractual obligations. The Board's credit risk is primarily attributable to its receivables and cash and cash equivalents. The company's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors before extending credit. The carrying amount of financial assets represents the maximum credit exposure. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. There was no exposure to credit risk in the year under review

### Receivables

Receivable amounts are owed by clients and the government of Kenya and are presented net of any impairment losses. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Board's exposure to credit risk is monitored on an ongoing basis. The Board's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance.

### Liquidity risk

Liquidity risk is the risk of the Board not being able to meet its obligations as they fall due. The Board's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Board's reputation. Prudent liquidity risk management includes maintaining sufficient cash to meet the Board's obligations.

### U) Related Party Disclosure

IPSAS 20 describes key management personnel (KMP) as well as all directors or members of the governing body of the entity and other persons having the authority and responsibility for planning, directing, and controlling the activities of the reporting entity. The remuneration of KMP is often established by statute or some other formal independent tribunal or process. However, the responsibilities of their office may enable them to influence the benefits that flow to them or their related parties. Consequently, IPSAS 20 requires specific disclosure to be made in aggregate about:

- The remuneration of KMP and close family members of KMP during the reporting period
- Loans made to them
- The consideration provided to them for services they provide to the entity other than as a member of the governing body or an employee

Due to the nature of related party transactions, they may be considered qualitatively material despite the amount or size.

The compensation to related party is as follows:-

	<b>Jun-18</b>	<b>Jun-17</b>
	<b>Kshs</b>	<b>Kshs</b>
Board of Management remuneration	11,141,983	9,259,109
Loans and Advances	-	-
Other considerations for reduced services	-	-
<b>Total</b>	<b>11,141,983</b>	<b>9,259,109</b>

### V) 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, 2018.

<b>2 Government Income</b>	<b>June-18</b>	<b>June-17</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Grant - Devt	15,000,000	-
Government Grant - Recur	29,600,000	25,500,000
	<b>44,600,000</b>	<b>25,500,000</b>

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<b>3 Donor Funding</b>	<b>June-18</b>	<b>June-17</b>
	<b>Kshs</b>	<b>Kshs</b>
Donations/ Donor funding	308,700	3,513,258
	<b>308,700</b>	<b>3,513,258</b>
<b>4 Licences and Fees</b>	<b>June-18</b>	<b>June-17</b>
	<b>Kshs</b>	<b>Kshs</b>
<b><u>Practice Fees</u></b>		
Veterinary Surgeons	2,248,000	2,347,000
Veterinary Paraprofessional	3,081,000	2,834,000
Veterinary Specialist	60,000	-
<b><u>Inspection Fees</u></b>		
Veterinary clinical centre	715,000	705,000
Ambulatory facility	5,235,000	4,905,000
NGO	420,000	630,000
Veterinary clinical centre	200,000	100,000
Veterinary Hospital	100,000	100,000
<b><u>Training Institutions Inspection Fees</u></b>		
Universities	751,000	-
Other Training Institutions	501,000	-
<b><u>Registration Fees</u></b>		
Veterinary Surgeons	288,000	521,000
Veterinary Paraprofessional	1,394,000	1,525,000
Foreign Veterinary Surgeon - USD	-	506,248
<b><u>Internship fees</u></b>		
Internship Fee - Surgeon (BVM)	64,000	55,000
Internship Fee - Para-Professional (Degree)	59,030	31,000
Internship Fee - Para-Professional (Diploma)	149,027	92,001
Internship Fee - Para-Professional (Certificate)	200,638	162,587
Post intern Registration Fee (VS - BVM)	4,000	-
Post intern Registration Fee (VPP - Certificate)	1,000	-
<b><u>Licence Fees</u></b>		
Veterinary Hospital	30,000	-
Non Govt Organiasation	100,000	201,000
<b><u>Retention Fees</u></b>		
Veterinary Surgeon	6,122,500	5,930,160
Veterinary Technologist	1,088,000	1,094,000
Veterinary Technician	3,516,000	3,988,000
<b><u>Continuous Professional Development Fees</u></b>		
CPD Activity fees	540,138	1,242,570
Application fees	3,000	5,000
<b><u>Other Incomes</u></b>		
Board Examination Fee	76,000	-
Penalties	80,000	65,000
Certificate fees	3,000	8,000
	<b>27,029,333</b>	<b>27,047,566</b>

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5	<b>Board and Committee Allowances</b>	<b>June-18</b>	<b>June-17</b>
		<b>Kshs</b>	<b>Kshs</b>
	Board Sitting Allowance	2,129,880	1,632,000
	Board Transport	942,813	508,754
	Board Accomodation	3,417,383	1,783,600
	Honorarium - Chairman	600,000	720,000
	Board Telephone Expenses	61,000	73,000
	IDC Sitting Allowance	464,000	600,000
	IDC Transport	85,314	103,875
	IDC Accommodation	728,000	527,800
	DCB Sitting Allowance	54,000	1,242,000
	DCB Transport	11,115	28,022
	DCB Accommodation	36,400	345,800
	FAC Sitting Allowance	282,000	174,000
	FAC Transport	29,583	27,044
	FAC Accommodation	436,800	127,400
	Audit Committee Sitting Allowance	-	148,000
	Audit Committee Transport	-	26,978
	Audit Committee Accommodation	-	218,400
	TeCEQA Sitting Allowance	1,030,000	562,000
	TeCEQA Transport	43,476	65,869
	TeCEQA Accommodation	728,000	291,200
	GPA Cover - Board Members	62,220	53,368
		<b><u>11,141,983</u></b>	<b><u>9,259,109</u></b>
6	<b>Staff Cost</b>	<b>June-18</b>	<b>June-17</b>
		<b>Kshs</b>	<b>Kshs</b>
	GPA/WIBA Cover	121,041	264,107
	NSSF Pension	155,520	142,560
	Staff Medical	1,343,446	241,865
	Wages & Stipend	657,424	414,425
	Gratuity	2,811,579	1,256,490
	Staff Salaries	16,638,383	14,023,791
		<b><u>21,727,393</u></b>	<b><u>16,343,238</u></b>

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<b>7 Administration Expenses</b>	<b>June-18</b>	<b>June-17</b>
	<b>Kshs</b>	<b>Kshs</b>
Auditing	348,000	348,000
Awards/ Donations	408,700	-
Consultancy	469,600	416,500
Bank Charges	71,661	73,398
General office expenses	-	186,064
Office Welfare	383,033	326,727
Postage	637,125	44,415
Printing & Stationeries	967,851	599,579
Subsistence Allowance	7,830,350	4,365,700
Telephone expenses	161,558	231,277
Training and Education	408,613	229,490
Transport	242,400	74,710
Website, E-mail and Networking	354,764	348,000
Security	522,000	522,000
Depreciation:Computers	643,999	796,352
Depreciation:Furniture& Fitting	75,187	78,955
Depreciation:Motor Vehicle	1,164,738	1,545,401
Depreciation:Office Equipment	66,529	69,997
Armotization: Software's	1,237,691	1,237,691
Fuel - KBN 980E	331,214	227,820
Fuel - KBU 122T	503,891	501,449
Fuel - KCA 083F	337,707	227,451
Fuel - Other	18,350	-
Insurance:KBN 980E	83,902	91,575
Insurance:KBU 122T	122,589	156,442
Insurance:KCA 083F	122,752	148,718
Maintenance - KCA 083F	323,539	224,626
Maintenance - KBN 980E	181,862	161,341
Maintenance - KBU 122T	448,383	519,925
	<b>18,467,988</b>	<b>13,753,602</b>
<b>8 Operating Expenses</b>	<b>June-18</b>	<b>June-17</b>
	<b>Kshs</b>	<b>Kshs</b>
Conferences & Seminars	1,208,216	675,800
CPD Supervision	400,100	890,800
Corporate Social Responsibility	-	20,000
Inspection	4,916,083	2,914,325
Magazines and periodicals	14,992	21,712
Publicity & Communication	1,955,949	334,090
Regional Workshops/ Activities	-	3,522,658
Repairs and Maintenance	282,289	142,948
Training Institution inspection	755,550	891,417
	<b>9,533,179</b>	<b>9,413,750</b>

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<b>9</b>	<b>Cash and Cash equivalents</b>	<b>June-18</b>	<b>June-17</b>
		<b>Kshs</b>	<b>Kshs</b>
	Standard Chartered	25,216,934	10,193,818
	Co-operative Bank	495,437	1,299,481
	Petty Cash	-	25
	Cash Account	2,213	19,492
	M-PESA Collection Account	862,774	2,357,112
		<u><b>26,577,358</b></u>	<u><b>13,869,927</b></u>
<b>10</b>	<b>Receivables From Exchange Transactions</b>	<b>June-18</b>	<b>June-17</b>
		<b>Kshs</b>	<b>Kshs</b>
	Membership Receivables	467,304	40,910
	Provider Receivables	433,358	134,006
		<u><b>900,662</b></u>	<u><b>174,916</b></u>
	<b>Receivables From Non- Exchange</b>		
<b>11</b>	<b>Transactions</b>	<b>June-18</b>	<b>June-17</b>
		<b>Kshs</b>	<b>Kshs</b>
	Staff Receivables	351,723	-
	Fuel Cards	74,319	45,381
	Insurance Prepayment	1,409,111	1,061,435
		<u><b>1,835,153</b></u>	<u><b>1,106,815</b></u>

**12 Non-Current Assets: Property & Equipments**

	Furniture and Fittings	Office Equipment	Computers	Motor Vehicle	Total
<b>COST (Kshs)</b>					
01-07-2016 b/fwd	1,261,923	976,850	4,885,965	14,006,918	21,131,656
Additions	-	57,581	18,998	-	76,579
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>30th June 2017 c/fwd)</b>	<b><u>1,261,923</u></b>	<b><u>1,034,431</u></b>	<b><u>4,904,963</u></b>	<b><u>14,006,918</u></b>	<b><u>21,208,235</u></b>
01 July 2017 (b/fwd)	1,261,923	1,034,431	4,904,963	14,006,918	21,208,235
Additions	139,995	82,824	626,500	-	849,319
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>30th June 2018 c/fwd)</b>	<b><u>1,401,918</u></b>	<b><u>1,117,255</u></b>	<b><u>5,531,463</u></b>	<b><u>14,006,918</u></b>	<b><u>22,057,554</u></b>
<b>DEPRECIATION</b>					
01 July 2016 (b/fwd)	630,582	186,480	2,203,659	7,877,906	10,898,626
Depreciation	78,955	69,997	796,352	1,545,401	2,490,705
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>30th June 2017 c/fwd)</b>	<b><u>709,536</u></b>	<b><u>256,477</u></b>	<b><u>3,000,011</u></b>	<b><u>9,423,307</u></b>	<b><u>13,389,331</u></b>
01 July 2017 (b/fwd)	709,536	256,477	3,000,011	9,423,307	13,389,331
Depreciation	75,187	66,529	643,999	1,164,738	1,950,453
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>30th June 2018 (c/fwd)</b>	<b><u>784,723</u></b>	<b><u>323,006</u></b>	<b><u>3,644,010</u></b>	<b><u>10,588,045</u></b>	<b><u>15,339,784</u></b>
<b>NET BOOK VALUES</b>					
<b>30 June 2017 - c/fwd</b>	<b>552,387</b>	<b>777,954</b>	<b>1,904,952</b>	<b>4,583,611</b>	<b>7,818,905</b>
<b>30 June 2018 - c/fwd</b>	<b>617,195</b>	<b>794,249</b>	<b>1,887,453</b>	<b>3,418,873</b>	<b>6,717,771</b>

**13 Intangible Assets : Softwares**

	Software's	Total
<b>COST (Kshs)</b>		
01 July 2016 (b/fwd)	3,716,789	3,716,789
Additions	-	-
Disposals	-	-
Transfers/Adjustment	-	-
<b>30th' June 2017 (c/fwd)</b>	<b><u>3,716,789</u></b>	<b><u>3,716,789</u></b>
01 July 2017 (b/fwd)	3,716,789	3,716,789
Additions	-	-
Transfers/Adjustment	-	-
<b>30th' June 2018 (c/fwd)</b>	<b><u>3,716,789</u></b>	<b><u>3,716,789</u></b>
<b>AMORTIZATION</b>		
01 July 2016 (b/fwd)	168,007	168,007
Amortization	1,237,691	1,237,691
Impairment	-	-
<b>30th' June 2017 (c/fwd)</b>	<b><u>1,405,698</u></b>	<b><u>1,405,698</u></b>
01 July 2017 (b/fwd)	1,405,698	1,405,698
Amortization	1,237,691	1,237,691
Impairment	-	-
<b>30th' June 2018 (c/fwd)</b>	<b><u>2,643,389</u></b>	<b><u>2,643,389</u></b>
<b>NET BOOK VALUES</b>		
<b>30th June 2017 (c/fwd)</b>	<b>2,311,091</b>	<b>2,311,091</b>
<b>30th June 2018 (c/fwd)</b>	<b>1,073,400</b>	<b>1,073,400</b>

**14 Trade and Other Payables From Exchange Transactions**

	June-18 Kshs	June-17 Kshs
Accounts Payable	<u>702,281</u>	<u>734,777</u>
	<b><u>702,281</u></b>	<b><u>734,777</u></b>

**15 Trade and Other Payables From Non-Exchange Transactions**

	June-18 Kshs	June-17 Kshs
PAYE	830,407	638,036
Donor Funds-Un-utilized	350,000	425,000
	<u>1,180,407</u>	<u>1,063,036</u>

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<b>16 Staff Gratuity Provision</b>	<b>June-18</b>	<b>June-17</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance (b/fwd)	1,472,769	1,529,175
Provision for the year	2,811,579	1,256,490
Payment during the year	<u>(2,011,935)</u>	<u>(1,312,896)</u>
	<b><u>2,272,413</u></b>	<b><u>1,472,769</u></b>
<b>17 Prepaid Income</b>	<b>June-18</b>	<b>June-17</b>
	<b>Kshs</b>	<b>Kshs</b>
Inspection Fee	-	2,000
Practice Licence	7,000	7,000
Retention Fees	<u>407,912</u>	<u>535,232</u>
	<b><u>414,912</u></b>	<b><u>544,232</u></b>
<b>18 Revenue Reserve</b>	<b>June-18</b>	<b>June-17</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance (b/fwd)	21,466,841	14,175,716
Surplus/(Deficit)	<u>11,067,490</u>	<u>7,291,126</u>
<b>Balance (c/fwd)</b>	<b><u>32,534,331</u></b>	<b><u>21,466,841</u></b>
<b>19 Cash generated from operations</b>	<b>June-18</b>	<b>June-17</b>
	<b>Kshs</b>	<b>Kshs</b>
Surplus/(deficit) for the year before tax	11,067,490	7,291,126
<b><u>Adjustment for Non-Cash transactions</u></b>		
Depreciation and Amortisation	3,188,144	3,728,395
Staff Gratuity	<u>799,644</u>	<u>(56,406)</u>
<b>Net Cash flows from operating activities before changes in working capital</b>	<b><u>15,055,278</u></b>	<b><u>10,963,115</u></b>
<b><u>Changes in Working Capital</u></b>		
Decrease/(Increase) in Receivables	(1,454,084)	7,696
Increase (Decrease) in payables	84,876	(35,802)
Increase (Decrease) in Deferred income	<u>(129,320)</u>	<u>24,702</u>
<b>Net Change in Working Capital</b>	<b><u>(1,498,528)</u></b>	<b><u>(3,404)</u></b>
<b>Net Cash flows from operating Activities</b>	<b><u>13,556,750</u></b>	<b><u>10,959,711</u></b>

**20 Events after the reporting period**

There are no material non-adjusting events after the reporting date

**XVII. 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)
No issues raised by the auditor that required Board/Management action and follow up					

**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 Board 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.



**BOARD CHAIRPERSON**

Date... 25-09-2018



**CHIEF EXECUTIVE OFFICER**

Date... 24-09-2018