

REPORT

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THE AUDITOR-GENERAL

ON

KENYA VETERINARY BOARD

FOR THE YEAR ENDED

30 JUNE, 2019

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 FEB 2021	
DAY: THURSDAY	
TABLED BY:	LOM
CLERK-AT-THE-TABLE:	Leah Wanjira



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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KENYA VETERINARY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2019**

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

*Kenya Veterinary Board
Annual Reports and Financial Statements
For the year ended June 30, 2019*

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KEY BOARD INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

(c) Key Management

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 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;-

Inquiries and Disciplinary Committee (IDC)

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

Finance and Administration Committee (FAC)

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

Audit and Risk Committee (ARC)

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

Technical Committee on Education and Quality Assurance (TeCEQA)

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

KEY BOARD INFORMATION AND MANAGEMENT (Continued)

(f) Board Headquarters

The Board headquarters' office are located at Board member 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

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

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

MPESA Pay Bill Collection Account
Safaricom Limited
P.O Box 66827, 00800
Nairobi, Kenya
Paybill A/C No. 787888

(i) Independent Auditors

Auditor General
Office of the Auditor General
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 - 00200
Nairobi, Kenya

THE BOARD OF BOARD MEMBERS

The following is the list of Board members who served during the year ending 30th June 2019. 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.

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

The following is the list of Board members who retired during the year ending 30th June 2019

No	Name	Representation
1	Dr. Rahab W. Muinga	Representing Veterinary Research Institutions

MANAGEMENT TEAM

The following are the management team who served during the year ending 30th June 2019

No.	Designation	Name
1	Chief Executive Officer	Dr. Indraph M. Ragwa
2	Finance and Administration Officer	Mr. Simon G. Wainaina
3	Quality Assurance and Education Officer	Dr. Mary T. Agutu

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 2011 of the laws of Kenya. The object and purpose for which the Board is established is to exercise general supervision and control over training, business, practice and employment of veterinary surgeons and veterinary paraprofessionals in Kenya and to 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.

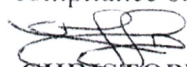
KVB is compliant with the International Standards governing Veterinary Statutory Bodies set by the World Organization for Animal Health (OIE) in terms of governance, mandate, representativeness and independence. The autonomy and independence of the Board is important to ensure, all aspects of animal health, welfare and food safety interventions in the animal resources industry are regulated in Kenya as stipulated by the Veterinary Surgeon and Veterinary Paraprofessionals Act, 2011 and Constitution of Kenya 2010, Fourth Schedule which describes regulation of the veterinary profession as a function of the National Government.

The KVB is an enabler in achieving the objectives of the Big 4 Agenda through improving food and nutrition security & safety arising from increased productivity of livestock, fish and other food animals through better health and welfare from veterinary interventions, promoting public health by guaranteeing consumption of animal products free from zoonotic diseases and drug residues among other food contaminants; Providing quality assurance for raw materials and finished products of animal origin necessary for manufacturing and industrialization.

In the year under review, the board commenced construction of a resource centre in Kabete, which will be its headquarter office. The new offices will enable the Board achieve its objective as a regulatory agencies and assure quality of services delivered by individuals & institutions in animal health welfare and food safety. The improved regulation will:-

- 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.

To enable the Board to carry out its mandate effectively, we have embarked on massive resource mobilization with our partners considering the low financial allocation by the National Treasury and low compliance on retention by the Board clients.



DR. CHRISTOPHER H. WANGA, PhD, EBS
CHAIRPERSON

REPORT OF THE CHIEF EXECUTIVE OFFICER

The Veterinary Surgeons and Veterinary Para-professionals Act, 2011 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 June 2019 has been submitted in compliance with the stipulated regulations.

During the 2018/2019 Financial Year, Kenya Veterinary Board carried out several functions to achieve its mandate. These included; inspection of animal health training institutions, inspected various veterinary practices including animal health training institutions, veterinary clinics, ambulatory services, NGOs providing animal health and welfare, veterinary medicines outlets and Artificial Insemination providers. The Board also registered graduates for veterinary internship and qualified veterinary surgeons and veterinary paraprofessionals to practice, in addition to supervising continuous professional development activities. These activities are aimed at providing quality veterinary services to stakeholders in the Animal Service Industry and ensuring safety of food of animal origin hence contributing to food Security Pillar in the Big 4 agenda.

During the year under audit, The Director of Veterinary Services allocated land to the Board to build its Headquarter Offices. This was a great milestone meant to ensure that the Board achieves autonomy as a veterinary regulator. The Board commenced construction of the headquarter offices. The project shall be undertaken in phases as funds are released by the exchequer. The phase 1 to be completed by December 2019. The Board also commenced development of a new five year strategic plan, to guide the on achievement of its mandate.

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 and facilities, which affected provision services. Despite these 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

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, 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 to 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 paraprofessionals; consider and approve the qualifications of the various categories of veterinary paraprofessionals 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 Board member 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 Board member 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;

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; any other function relevant to this committee

Inquiries and Disciplinary Committee (IDC)

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

Communication, Partnership and Resource Mobilization Committee (CPRMC)

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

Finance and Administration Committee (FAC)

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

Audit and Risk Committee (ARC)

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

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

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.

REPORT OF THE BOARD MEMBERS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2019 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, 2019 are set out on page 13

Board members

The members of the Board who served and retired during the year are shown on page 4.

Auditors

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

The Auditor General shall carry out the audit of the Board for the year ended June 30, 2019.



Dr. CHRISTOPHER H. WANGA, PhD, FBS
CHAIRPERSON

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 30 of the Veterinary Surgeons and Paraprofessional Act, CAP 366 require the Board members to prepare financial statements in respect of that Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year/period and the operating results of the Board for that year/period. The Board 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 (period) ended on June 30, 2019. 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 Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Section 30 of the Veterinary Surgeons and Paraprofessional Act, CAP 366. The Board 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, 2019, and of the Board's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the financial statements

The Board's financial statements were approved by the Board on 31st July 2019 and signed on its behalf by:



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



Dr. INDRAPH RAGWA
CHIEF EXECUTIVE OFFICER

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 KENYA VETERINARY BOARD FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Veterinary Board set out on pages 14 to 37, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 the Kenya Veterinary Board as at 30 June, 2019, 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 and Public Finance Management Act, 2012 and the Veterinary Surgeons and Veterinary Para - Professionals Act, 2011.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Veterinary Board Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Budget Control and Performance

The statement of comparative budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.134,990,000 and Kshs.133,482,668 respectively resulting to an under collection of Kshs.1,507,332 or 1% of the budget. However, the statement reflects final expenditure budget and actual on comparable basis of Kshs.142,500,000 and Kshs.70,353,823 respectively resulting to an under expenditure of Kshs.72,146,177 or 51% of the budget.

The under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of an Effective Internal Controls System

Review of the Board operations revealed that the Board does not have an established Internal Audit Unit to oversee governance mechanisms and promote transparency and

accountability in the management of resources. There is no approved Internal Audit Charter detailing the scope, responsibilities and purpose of the Internal Audit Function. Management did not avail any documented Risk Management Policy to guide the enterprises risk management processes effectively.

Consequently, I am unable to confirm effectiveness on internal control, risk management and governance.

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 effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Board 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 overall 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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

02 February, 2021

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	June-19	June-18
Revenue from Non-Exchange Transactions		Kshs	Kshs
Government Grant	6	33,122,980	44,600,000
Donor Funding	7	-	308,700
Revenue from Exchange Transactions			
Licences and Fees	8	28,492,668	27,029,333
Total Revenue		<u>61,615,648</u>	<u>71,938,033</u>
Expenses			
Board and Committees allowances	9	12,360,619	11,141,983
Operating Expenses	10	7,936,257	9,533,179
Staff Costs	11	22,067,609	21,727,393
Administration Expenses	12	17,560,788	18,467,988
Total Expenses		<u>59,925,272</u>	<u>60,870,543</u>
Surplus/(Loss) before Tax		<u>1,690,376</u>	<u>11,067,490</u>
Taxation*		-	-
Surplus/(Loss) after Tax		<u>1,690,376</u>	<u>11,067,490</u>

*The Board is exempt from taxation

The notes set out on pages 18 to 40 form an integral part of these Financial Statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	June-19 Kshs	June-18 Kshs
CURRENT ASSETS			
Cash and Cash Equivalents	13	92,590,797	26,577,358
Receivables from exchange transaction	14	824,989	900,662
Receivables from Non-exchange transaction	15	1,939,498	1,835,153
NON-CURRENT ASSETS			
Property and Equipment	16	13,404,758	6,717,771
Intangible Assets : Softwares	17	2,046,817	1,073,400
Inventory	18	45,837	-
Total assets		110,852,694	37,104,344
Current Liabilities			
Payables from exchange transactions	19	1,144,586	702,281
Payables from non-exchange transactions	20	995,260	1,180,407
Staff gratuity provision	21	2,430,144	2,272,413
Prepaid income	22	190,978	414,912
Accumulated Reserves and Liabilities			
Revenue Reserves	23	34,224,707	32,534,331
Capital Reserves	24	71,867,020	-
Total Reserves and liabilities		110,852,694	37,104,344

The Financial Statements set out on pages 13 to 17 were signed on behalf of the Board of Board members by:



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



**Dr. INDRAPH RAGWA
CHIEF EXECUTIVE OFFICER**

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**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019**

	Accumulated Reserves	Capital Reserves	Total Reserves
	<u>Kshs</u>	<u>KShs</u>	<u>Kshs</u>
AS AT 30TH JUNE 2017	21,466,841	-	21,466,841
Surplus for the year	11,067,490	-	11,067,490
AS AT 30TH JUNE 2018	<u>32,534,331</u>	<u>-</u>	<u>32,534,331</u>
Surplus for the year	1,690,376	71,867,020	73,557,396
AS AT 30TH JUNE 2019	<u>34,224,707</u>	<u>71,867,020</u>	<u>106,091,727</u>

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	June-19 KShs	June-18 Kshs
Cash flows from Operating Activities			
Receipts			
Government Grant	25	33,122,980	44,600,000
Licences and Fees		28,942,132	26,543,583
Donor funding		-	308,700
		<u>62,065,112</u>	<u>71,452,283</u>
Payments			
Board and Committees		11,022,227	10,579,939
Payment to staff		17,000,261	14,878,783
Administrative		10,521,379	15,093,385
Operating expenses		6,716,592	6,264,720
Bank charges		186,240	71,661
Payment of taxes and statutory obligations		8,207,815	6,011,855
Vehicle insurance, maintenance & Fuel		2,188,665	2,369,777
Payment to creditors		1,012,002	1,055,274
Publicity and communication		634,960	1,570,139
		<u>57,490,142</u>	<u>57,895,533</u>
Net Cash flows from Operating Activities		4,574,970	13,556,750
Cash flows from Investing Activities			
Purchasing of Non-Current Assets	12	(8,310,785)	(849,319)
Purchase of Intangible assets	13	(2,117,766)	-
Net cash generated from (used in) Investing Activities		<u>(10,428,551)</u>	<u>(849,319)</u>
Cash flows from Financing Activities			
Increase (Decrease) in Capital Grant	25	71,867,020	-
Net cash generated from (used in) Financing Activities		<u>71,867,020</u>	<u>-</u>
Increase/(decrease) in Cash & Cash Equivalents		66,013,439	12,707,431
Cash and Cash equivalents at the beginning of the period		26,577,358	13,869,927
Cash and Cash equivalents at the end of the Period		<u>92,590,797</u>	<u>26,577,358</u>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 FOR THE YEAR ENDED 30 JUNE 2019**

	Budget	Adjustments	Adjusted Budget	Actual	Performance Difference	Variance in %	Explanation
Income							
Government Grant	130,000,000	(25,010,000)	104,990,000	104,990,000	-	0.0%	
Internally Generated	30,000,000	-	30,000,000	28,492,668	1,507,332	5.0%	i
Total Income	160,000,000	(25,010,000)	134,990,000	133,482,668	1,507,332	1.1%	
Expenditure							
Personnel							
Emolument	33,200,000	11,100,000	22,100,000	22,067,609	32,391	0.1%	
Board Expenses	15,000,000	2,500,000	12,500,000	12,360,619	139,381	1.1%	
Operating Expenses	12,000,000	4,000,000	8,000,000	7,936,257	63,743	0.8%	
Administrative Expenses	17,500,000	(100,000)	17,600,000	17,560,788	39,212	0.2%	
Construction of KVB Resource Centre							
	80,000,000	-	80,000,000	8,132,980	71,867,020	89.8%	ii
Purchase of furniture, Equipment, Computers and Softwares							
	2,300,000	-	2,300,000	2,295,571	4,429	0.2%	
Total Expenses	160,000,000	17,500,000	142,500,000	70,353,823	72,146,177		
Difference	-	(42,510,000)	(7,510,000)	63,128,845	(70,638,845)		

Variance analysis

i) The Board previously collected inspection fees from veterinary premises, this is now paid to the newly established Veterinary Medicines Directorate. This negatively affected the A.I.A of the Board.

ii) The amount relates to funds committed to capital expenditure. The absorption of the full amount was affected by the delayed construction of the Board's resource center/Headquarter offices orchestrated by rains in March, April and May 2019. However, there is an existing construction contract which is payable through completion certificates issued by State Department of Public Works.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

There were no new standards and amendments to published standards effective for the year ended 30 June 2019 that required the Board to adopt or affected the Board.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and Licences

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods,

services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Board and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

b) Budget information

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

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 17 under statement of comparison of budget and actual amounts.

c) Taxes

Current income tax

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

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.

Sales tax

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

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

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

d) Property, Plant and Equipment

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

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

e) Intangible assets

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

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

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

f) Financial instruments

Financial assets

Initial recognition and measurement

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

Financial liabilities

Initial recognition and measurement

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

g) Inventories

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

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 labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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

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

h) Provisions

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

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

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

i) Contingent liabilities

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

j) Contingent assets

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

k) Nature and purpose of reserves

The Board does not create or maintain any reserves.

l) Changes in accounting policies and estimates

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

m) Employee benefits

(i) Defined contribution scheme

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

(ii) Gratuity

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

n) Foreign currency transactions

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

o) Cash and cash equivalents

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

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Key going concern assumption

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

Useful lives and residual values

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

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

Provisions

Provisions 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.

6 Government Income	Note	June-19	June-18
		Kshs	Kshs
Government Grant - Development	25	8,132,980	15,000,000
Government Grant - Recurrent	27	24,990,000	29,600,000
		<u>33,122,980</u>	<u>44,600,000</u>
7 Donor Funding		June-19	June-18
		Kshs	Kshs
Donor Funding		-	308,700
		<u>-</u>	<u>308,700</u>

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8	Licence and Fees	June-19 Kshs	June-18 Kshs
	Application Fees		
	Application fees	15,000	3,000
	Practicing Fee		
	Veterinary Surgeons	2,267,737	2,248,000
	Veterinary Paraprofessional	2,959,500	3,081,000
	Veterinary Specialist	20,000	60,000
	Inspection Fee		
	Veterinary clinical centre	783,000	715,000
	Ambulatory facility	4,425,000	5,235,000
	Non-Governmental Organization	460,000	420,000
	Registration for inspection		
	Veterinary clinical centre	301,000	200,000
	Veterinary Hospital	100,000	100,000
	Veterinary Ambulatory Facility	11,000	-
	Inspection for Training Institutions		
	Universities	502,000	751,000
	Other Training Institutions	-	501,000
	Registration Fee		
	Veterinary Surgeons	528,000	288,000
	Veterinary Paraprofessional (VTA)	792,000	1,394,000
	Veterinary Paraprofessional (VTB)	298,450	-
	Veterinary Paraprofessional (VTC)	512,550	-
	Veterinary Paraprofessional - Intern	204,500	1,000
	Veterinary Surgeon - Intern (BVM)	76,500	4,000
	Foreign Veterinary Surgeon - USD	500	-
	Internship Registration Fee		
	Internship Registration - Surgeon (BVM)	57,000	64,000
	Internship Registration - Para-Profession (Degree)	17,010	59,030
	Internship Registration - ParaProfession (Diploma)	61,000	149,027
	Internship Registration - Para-Professional (Cert)	136,000	200,638
	Post intern Registration Fee (VPP - Certificate)	500	-
	Licence Fees		
	Veterinary Hospital	60,000	30,000
	Non-Governmental Organization	-	100,000
	Retention Fees		
	Veterinary Surgeon	6,360,200	6,122,500
	Veterinary Technologist	1,796,040	1,088,000
	Veterinary Technician	5,142,896	3,516,000
	Continuous Professional Development Fees		
	CPD Activity fees	103,585	540,138
	Surcharged Supervision Fees	134,200	-
	Board Examination		
	Veterinary Surgeon	28,500	76,000
	Veterinary Technologist	108,000	-
	Veterinary Technician	229,000	-
	Other incomes		
	Penalties	-	80,000
	Certificate/ Card Replacement Fees	2,000	3,000
		28,492,668	27,029,333

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9 Board and Committees	June-19	June-18
	Kshs	Kshs
Board Sitting Allowance	2,864,000	2,129,880
Board Transport	319,595	942,813
Board Accomodation	2,825,700	3,417,383
Honorarium - Chairman	720,000	600,000
Board Telephone Expenses	72,000	61,000
IDC Sitting Allowance	330,000	464,000
IDC Transport	98,412	85,314
IDC Accommodation	400,400	728,000
DCB Sitting Allowance	84,000	54,000
DCB Transport	2,846	11,115
DCB Accommodation	-	36,400
FAC Sitting Allowance	186,000	282,000
FAC Transport	13,938	29,583
FAC Accommodation	54,600	436,800
PCC Sitting Allowance	226,000	-
PCC Transport	150,372	-
PCC Accommodation	182,000	-
Audit Committee Sitting Allowance	244,000	-
Audit Committee Transport	2,728	-
TeCEQA Sitting Allowance	2,332,400	1,030,000
TeCEQA Transport	180,530	43,476
TeCEQA Accommodation	1,052,100	728,000
GPA Cover - Board Members	18,998	62,220
	12,360,619	11,141,983
10 Operating Expenses	June-19	June-18
	Kshs	Kshs
Conferences & Seminars	1,462,047	1,208,216
CPD Supervision	397,700	400,100
Corporate Social Responsibility	200,000	-
Inspection	4,299,983	4,916,083
Magazines and periodicals	27,082	14,992
Publicity & Communication	768,136	1,955,949
Repairs and Maintenance	501,409	282,289
Training Institution inspection	279,900	755,550
	7,936,257	9,533,179
11 Staff Cost	June-19	June-18
	Kshs	Kshs
GPA/WIBA Cover	124,280	121,041
NSSF Pension	155,520	155,520
Staff Medical	1,735,696	1,343,446
Wages & Stipend	564,735	657,424
Gratuity	2,407,349	2,811,579
Staff salaries	17,080,030	16,638,383
	22,067,609	21,727,393

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12 Administration Expenses	June-19	June-18
	Kshs	Kshs
Auditing	348,000	348,000
Awards/ Donations	200,000	408,700
Consultancy	65,000	469,600
Bank Charges	172,886	71,661
Office Welfare	476,900	383,033
Postage	256,064	637,125
Printing & Stationeries	487,467	967,851
Subsistence Allowance	7,976,350	7,830,350
Telephone expenses	216,708	161,558
Training and Education	894,516	408,613
Transport	233,722	242,400
Website, E-mail and Networking	319,690	354,764
Security	522,000	522,000
Depreciation:Computers	566,972	643,999
Depreciation:Furniture& Fitting	77,950	75,187
Depreciation:Motor Vehicle	862,901	1,164,738
Depreciation:Office Equipment	115,974	66,529
Armotization: Software's	1,144,350	1,237,691
Vehicle Fuel	1,218,036	1,172,812
Vehicle Insurance	280,675	329,243
Vehicle Maintenance	1,019,425	953,784
Fuel - Other	105,200	18,350
	17,560,788	18,467,988
13 Cash and Cash Equivalents	June-19	June-18
	Kshs	Kshs
Standard Chartered	89,649,014	25,216,934
Co-operative Bank	2,433,325	495,437
Cash Account	29,587	2,213
M-PESA Paybill - 787888	478,870	862,774
	92,590,797	26,577,358
14 Receivables from Exchange Transactions	June-19	June-18
	Kshs	Kshs
Membership Receivables	200,231	467,304
Institutional Receivables	251,500	-
CPD Provider Receivables	373,258	433,358
	824,989	900,662
15 Receivables from Non- Exchange Transa	June-19	June-18
	Kshs	Kshs
Staff Receivables	48,574	351,723
Fuel Cards	66,361	82,983
Insurance Prepayment	1,824,563	1,400,448
	1,939,498	1,835,153

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16 Non-Current Assets: Property & Equipments

	Furniture and Fittings	Office Equipment	Computers	Motor Vehicle	Land and Buildings	Total
COST (Kshs)						
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	-	-	-	-	-	-
30th June 2018 c/fwd)	1,401,918	1,117,255	5,531,463	14,006,918	-	22,057,554
01 July 2018 (b/fwd)	1,401,918	1,117,255	5,531,463	14,006,918	-	22,057,554
Additions	-	177,805	-	-	8,132,980	8,310,785
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
30th June 2019 c/fwd)	1,401,918	1,295,060	5,531,463	14,006,918	8,132,980	30,368,339
DEPRECIATION						
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	-	-	-	-	-	-
30th June 2018 (c/fwd)	784,723	323,006	3,644,010	10,588,045	-	15,339,784
01 July 2018 (b/fwd)	784,723	323,006	3,644,010	10,588,045	-	15,339,784
Depreciation	77,950	115,974	566,972	862,901	-	1,623,798
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
30th June 2019 (c/fwd)	862,673	438,981	4,210,981	11,450,946	-	16,963,581
NET BOOK VALUES						
30 June 2018- c/fwd	617,195	794,249	1,887,453	3,418,873	-	6,717,771
30 June 2019 - c/fwd	539,245	856,079	1,320,482	2,555,972	8,132,980	13,404,758

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17 Intangible Assets: Softwares

	Softwares	Total
COST (Kshs)		
01 July 2017 (b/fwd)	3,716,789	3,716,789
Additions	-	-
Disposals	-	-
Transfer/Adjustments	-	-
30th June 2018 c/fwd)	<u>3,716,789</u>	<u>3,716,789</u>
01 July 2018 (b/fwd)	3,716,789	3,716,789
Additions	2,117,766	2,117,766
Disposals	-	-
Transfer/Adjustments	-	-
30th June 2019 c/fwd)	<u>5,834,555</u>	<u>5,834,555</u>
DEPRECIATION		
01 July 2017 (b/fwd)	1,405,698	1,405,698
Depreciation	1,237,691	1,237,691
Disposals	-	-
Impairment	-	-
Transfer/Adjustments	-	-
30th June 2018 (c/fwd)	<u>2,643,389</u>	<u>2,643,389</u>
01 July 2018 (b/fwd)	2,643,389	2,643,389
Depreciation	1,144,350	1,144,350
Disposals	-	-
Impairment	-	-
Transfer/Adjustments	-	-
30th June 2019 (c/fwd)	<u>3,787,739</u>	<u>3,787,739</u>
NET BOOK VALUES		
30 June 2018- c/fwd	1,073,400	1,073,400
30 June 2019 - c/fwd	2,046,817	2,046,817

18 Inventory	June-19	June-18
	Kshs	Kshs
Stationery inventory	29,492	-
Consumable Inventory	16,345	-
	<u>45,837.00</u>	<u>-</u>

19 Trade and Other Payables from Exchange Transactions	June-19	June-18
	Kshs	Kshs
Accounts Payable	1,144,586	702,281
	<u>1,144,586</u>	<u>702,281</u>

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20	Trade and Other Payables from Non-Exchange Transactions	June-19	June-18
		Kshs	Kshs
	Donor Funded Projects	350,000	350,000
	PAYE	645,260	830,407
		<u>995,260</u>	<u>1,180,407</u>
21	Staff Gratuity Provision	June-19	June-18
		Kshs	Kshs
	Balance (B/fwd)	2,272,413	1,472,769
	Provision for the Year	2,407,349	2,811,579
	Payment during the Year	(2,249,618)	(2,011,935)
		<u>2,430,144</u>	<u>2,272,413</u>
22	Pre-Paid Income	June-19	June-18
		Kshs	Kshs
	Practice Licence	14,000	7,000
	Retention Fees	176,978	407,912
		<u>190,978</u>	<u>414,912</u>
23	Revenue Reserve	June-19	June-18
		Kshs	Kshs
	Balance (B/fwd)	32,534,331	21,466,841
	Surplus/(Deficit)	1,690,376	11,067,490
	Balance (C/fwd)	<u>34,224,707</u>	<u>32,534,331</u>
24	Capital Reserves	June-19	June-18
		Kshs	Kshs
	Balance (B/fwd)	-	-
	Capital Reserves in the year	71,867,020	-
	Balance (C/fwd)	<u>71,867,020</u>	<u>-</u>

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7. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Board sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2018-2019 KShs
<u>Development</u>					
Ministry of Agriculture, Livestock and Fisheries	8,132,980	-	71,867,020	80,000,000	15,000,000
<u>Recurrent</u>					
Ministry of Agriculture, Livestock and Fisheries	24,990,000	-	-	24,990,000	29,600,000
Total	33,122,980	-	71,867,020	104,990,000	44,600,000

8. FINANCIAL RISK MANAGEMENT

The Board's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Board does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Board's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

(i) Credit risk (Continued)

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Receivables from exchange transactions	824,989	824,989	-	-
Receivables from non exchange transactions	1,939,498	1,939,498	-	-
Bank balances	92,590,797	92,590,797	-	-
Total	95,355,283	95,355,283	-	-
At 30 June 2018				
Receivables from exchange transactions	900,662	900,662	-	-
Receivables from non exchange transactions	1,835,153	1,835,153	-	-
Bank balances	26,577,358	26,577,358	-	-
Total	29,313,173	29,313,173	-	-

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Board has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of Board members sets the Board's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1- 3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2019				
Trade payables	2,139,846	-	-	2,139,846
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	190,978	-	-	190,978
Employee benefit obligation	-	-	-	-
Total	2,330,824	-	-	2,330,824
At 30 June 2018				
Trade payables	1,882,688	-	-	1,882,688
Current portion of borrowings	-	-	-	-
Provisions	0	-	-	-
Deferred income	414,912	-	-	414,912
Employee benefit obligation	-	-	-	-
Total	2,297,600	-	-	2,297,600

(iii) Market risk

The Board has no market risk exposure

26. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

The transactions with related party is as follows:-

Transactions with related parties	2018-2019	2017-2018
	Kshs	Kshs
Sales to related parties		
Sales of goods to National Government	-	-
Sales of services Ministry of Agriculture, Livestock and Fisheries	-	-
Total	<u>-</u>	<u>-</u>
Grants from the Government		
Grants from National Govt	33,122,980	44,600,000
Donations in kind	-	-
Total	<u>33,122,980</u>	<u>44,600,000</u>
Expenses incurred on behalf of related party		
Payments of salaries and wages	-	-
Payments for goods and services	-	-
Total	<u>-</u>	<u>-</u>
Key management compensation		
Board members' emoluments	12,360,619	11,141,983
Total	<u>12,360,619</u>	<u>11,141,983</u>

27. EVENTS AFTER THE REPORTING PERIOD

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

28. ULTIMATE AND HOLDING BOARD

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

29. Currency

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

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)
There were no issues raised by the auditor that required Board or 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: 30/9/2019


CHIEF EXECUTIVE OFFICER
Date: 24/9/2019

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APPENDIX II: PROJECTS IMPLEMENTED BY THE BOARD

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Construction of Kenya Veterinary Board Resource Centre	GoK	3 Years	100%	NO	YES

Status of Projects completion

The project is being carried out in three phases for 3 years. Currently the project is at phase 1

APPENDIX III: INTER-BOARD TRANSFERS

BOARD NAME:		Kenya Veterinary Board		
Break down of Transfers from the State Department of Livestock, Ministry of Agriculture, Livestock and Fisheries: FY 2018/2019				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		28-06-19	9,800,000	2018/2019
		28-05-19	3,797,500	2018/2019
		13-02-19	3,952,500	2018/2019
		14-11-18	3,565,000	2018/2019
		12-09-18	3,875,000	2018/2019
		Total	24,990,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		20-02-19	40,000,000	2018/2019
		01-10-18	40,000,000	2018/2019
		Total	80,000,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			N/A	
		Total	N/A	
Id.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			N/A	
		Total	N/A	

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

CHIEF EXECUTIVE OFFICER
Kenya Veterinary Board

Head of Accounting Unit
Ministry of Agriculture, Livestock and Fisheries

Signature-----



Signature-----



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
N/A	N/A	Recurrent	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Development	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Donor Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Direct Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total			N/A	N/A	N/A	N/A	N/A	N/A	N/A



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