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THE AUDITOR-GENERAL

ON

**KENYA TSETSE AND TRYPANOSOMIASIS
ERADICATION COUNCIL**

**FOR THE YEAR ENDED
30 JUNE, 2019**



KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

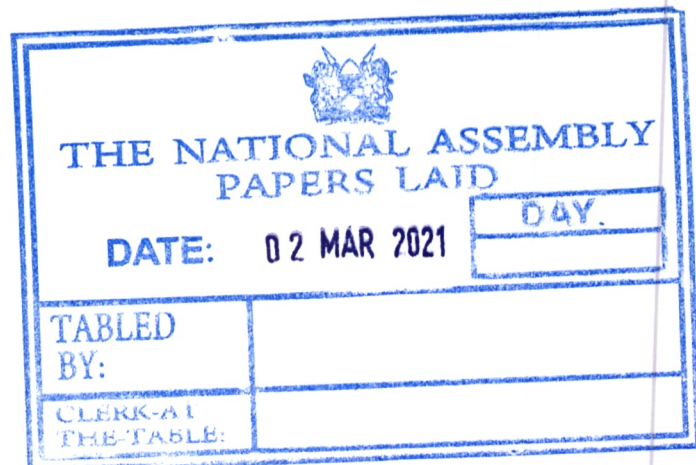


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2019**

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

The PATTEC initiative is co-ordinated by commission for Agriculture and Rural development of the African Union, Addis Ababa Ethiopia to implement the plan of action. Kenya is among the first group of 6 countries that started PATTEC implementation together with Uganda and Ethiopia in East Africa, Mali, Ghana and Burkina Faso in West Africa. In Kenya PATTEC was launched in 2005 with the goal of contributing to improved food security and poverty reduction in the tsetse infested areas. The objective was to create sustainable tsetse-and- trypanosomiasis-free areas by integrating suppression, control and eradication approaches while ensuring the reclaimed areas are sustainably, equitably and economically exploited.

In Kenya, 38 out of 47 Counties are tsetse infested. Nearly 11 million people are at risk of contracting human sleeping sickness outbreak in the Lake Victoria basin and the Mara- Serengeti ecosystem. Tourism accounts for 11% of foreign exchange earnings; this sector is negatively affected by tsetse and trypanosomiasis. A reported case of sleeping sickness in 2012 resulted in travel advisories, low tourist numbers leading to a loss in tourism revenue.

The economic losses attributable to tsetse and trypanosomiasis are attributable to: - cost of human and animal treatment, death of infected human and animals, abortions, loss of milk, loss of draught power and inability to plough in certain areas, inaccessibility to grazing grounds, low market value for affected animals, loss of foreign exchange through imports of drugs/pesticides and lost opportunity to export livestock and livestock products. The live weight gain and milk production of livestock in the infested areas is estimated at 20% less, compared to those in tsetse free production systems. This translates to a potential annual loss of about twenty billion shillings (Kshs. 20 billion)

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To safeguard the PATTEC achievements, the government established the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) through Legal Notice No. 77 of July 2012 under the State Corporations Act (Cap 446) whose mandate is to mobilise resources, coordinate eradication of tsetse in the country, set standards and mitigate the socio-economic constraints brought by T&T infestation. Kenya has maintained a zero report of sleeping sickness. Tsetse densities in targeted areas like Mwea, Faza and Bogoria are very low and this has allowed high productivity in dairy and crop production.

(b) Principal Activities

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

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

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(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had a direct fiduciary responsibility were:-

Designation	Name
Chief Executive Officer	Dr. Pamela Olet, PhD
Monitoring and Evaluation officer	Mr. Seth Onyango
Planning and Administration Officer	Mr. Cyrus Muiru
Entomologist	Mr. Daniel Ochieng Gamba
Human Resource Officer	Mr. John Njoroge
Communication Officer	Dr. Othieno Joseph, PhD
Principal Accountant	Mr. Edmund O. Wafula
Office Administrator	Mr. Agnes Mungai
GIS Expert	Mrs. Nancy Ngare Miron
Regional Coordinator Coast	Mr. Moses Cheruiyot
Procurement Officer	Mr. James O. Juma
Regional Coordinator Western	Mrs. Agnes O. Ikolot
Regional Coordinator Meru Mwea	Mr. Isaiah Kiteto
Regional Coordinator Lake Bogoria	Mr. Ronald Ochwada
Regional Coordinator Lake Victoria	Mr. Bernard Chemweno

(e) Fiduciary Oversight Arrangements

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

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

Audit Committee:

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

Human, Resource and Finance Committee:

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

Internal Control

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

The Council ensures that it adheres to its operational procedures and controls to facilitate initiative measures that will safeguard assets and accurate financial reporting.

Parliamentary committee activities:

The Council's Audit report for 2017/2018 had an unqualified opinion.

(f) Council's Headquarters

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

(g) Council's Contacts

Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC)
Crescent Business Centre Building 3rd Floor, Block C
Telephone :(254) 020 2513131/2
E-mail: info@kenttec.go.ke
Website: www.kenttec.go.ke

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(h) Council's Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser



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

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II.THE BOARD OF DIRECTORS

	<u>PROFILE</u>
	<p>Dr. David Wamamili Wanyonyi- The KENTTEC Board chairman up to 24th June 2019. Dr. Wanyonyi is an academician with a wealth of experience in research, teaching and leadership. He is a lecturer at the Moi University and currently the head of the Department of Curriculum, Instruction and Educational Media, Moi University.</p> <p>Dr. Wanyonyi holds a Bachelor of Arts degree, a postgraduate Diploma in Education from Kenyatta University and a Doctor of Philosophy of the Department of Curriculum, Instruction and Educational Media from Moi University. He brings to the Board a wealth of experience in research and leadership. His replacement has not been done.</p>
	<p>Dr. Pamela Olet- The KENTTEC CEO, prior to this she was the National Coordinator for the Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC-Kenya). Dr. Pamela Olet holds a PhD in entomology and a Masters degree in Business Management. Dr. Olet has spent all her career time in studying and eradication of Tsetse and Trypanosomiasis, her efforts were recognized through a Presidential award (Moran of Burning Spear- MBS) she received in 2011.</p>
	<p>Mr. Samuel Kamau-He represents the Director of Veterinary Services on the KENTTEC Board. He is a Senior Deputy Director, Zoological Services and Head, Vector Regulatory and Zoological Services in the Directorate of Veterinary Services. He holds an MSc in Medical and Veterinary Entomology from University of Nairobi. Research areas are in animal trypanosomiasis management, honeybee health and mosquito-borne arboviruses.</p>

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	<p>Dr. John Masasabi Wekesa- He represented the Ministry of Health on the Board up to the end of May 2019. Dr. Wekesa is a Senior Deputy Director of Medical Services with over 30 years of experience in health systems management and was instrumental in the formulation of the Kenya Health Policy (2014-2030). He holds a Bachelors degree in Medicine and Surgery and a Masters degree in Medicine from the University of Nairobi. He also has a post graduate diploma in health systems management (Israel) and policy analysis and implementation in addition to strategic leadership from the Kenya school of Government. Dr. Wekesa is instrumental in fostering collaborations between the Council and other health institutions local, regional, international and Public Private Partnerships (PPPs). He is currently pursuing a PhD. in Health Systems Management at the Kenya Methodist University. He has been replaced by Mrs. Roselyne A. Kasati.</p>
	<p>Dr. Samuel Kasiki- He represents the Kenya Wildlife Services (KWS) on the KENTTEC board. KWS is a major stakeholder in KENTTEC because of the conservation areas which are habitants for Tsetse and the wild animals which are reservoirs of the trypanosome parasites. Dr. Kasiki's presence in the board has further enhanced the good collaborative working relationship between the two organizations. Dr. Kasiki holds a PhD in Ecology and a Master's Degree in Conservation Biology from University of Kent, UK and Bachelor's degree in Science (Botany and Zoology) from University of Nairobi. He also holds an MBA.</p>

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Dr. Joseph M. Macharia- He represents the Principal Secretary State Department Agricultural Research on the KENTTEC Board. Dr. Macharia is a Deputy Director of Veterinary Services with over 30 years’ experience in Veterinary management. He holds a Master of Science in Veterinary Microbiology, 2001, University of Nairobi, Kenya. Bachelor of Veterinary Medicine, 1987, School of Veterinary Medicine, University of Nairobi, Kenya. He has a Certificate in Emerging Infectious Disease Epidemiology, College of Public Health, University of Iowa, Iowa City, USA. He brings to the Board a wealth of experience having served in various capacities at the Directorate of veterinary services.




Mrs. Mary Kanyi-She represents the Director of Livestock Production and a Deputy Director of Livestock production (DDLDP). She holds a Master’s Degree in Agricultural Economics and Bachelor of Science in Agriculture. She has a wide experience in management and coordination of livestock development programs. She is also a member of the Animal Production Society of Kenya (APSK).







Mr. Erastus Wanjohi Wahome-He represents the Cabinet Secretary of The National Treasury and Planning on the KENTTEC Board. Mr Wahome is a Senior Deputy Director at the Department of Financial and Sectoral Affairs at the National Treasury. He holds a Masters Degree and post graduate Diploma in Economics from Monach University Australia. He also holds a Bachelors degree (Economics) from the University of Nairobi. He is an experienced Economist with a wealth of experience in linking planning to budgeting, policy prioritization, resource mobilization and expenditure control. He has worked closely with the EAC, COMESA and the African Union on regional integration issues. During his tenure at the Board of the National Environmental Authority (NEMA) the authority





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	<p>introduced the new policy on stoppage of use of plastic bags which is a national success. He is also skilled in strategic leadership.</p>
	<p>Mrs Roselyne Auma Kasati- She represents the Ministry of Health in the Board having replaced Dr John M. Wekesa. She is a Medical Entomologist and Parasitologist with a wealth of experience in vector control. Currently she is based at the Division of Vector Borne and Neglected Tropical Diseases. She has previously worked at the preventive and promotive health and Communicable Diseases Departments.</p> <p>Mrs Kasati is the World Health Organization (WHO) focal person for Human African Trypanosomiasis in Kenya and is currently coordinating the activities towards the elimination of HAT as a public Health problem in Kenya by 2020.</p> <p>She participates in the efficacy evaluation of Pest Control Products of Public Health use at Vector Borne Disease Control unit. She also participated in the Guinea Worm Eradication Program to achieve certification of a GWD free Kenya.</p> <p>Mrs. Kasati has a Masters degree in Medical Parasitology and Entomology.</p>




III.MANAGEMENT TEAM

	<u>PROFILE</u>
	<p>Dr.Pamela Olet-The current KENTTEC CEO, prior to this she was the National Coordinator for the Pan-African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC-Kenya). Dr. Pamela Olet holds a PhD in entomology and a Masters Degree in Business Management. Dr. Olet has spent all her career time in studying and eradication of tsetse and trypanosomiasis, her efforts were recognized through a presidential award she received in 2011.</p>
	<p>Mr. Seth Onyango-The Monitoring and Evaluation Officer has over 18years’ experience in the Livestock Sector both at field implementation, planning and policy levels. He is currently stationed at the KENTTEC headquarters and is in-charge of Monitoring and Evaluation of the Council's activities. Mr. Onyango holds a Bachelors and Masters Degree in Agricultural Economics from Egerton University.</p>
	<p>Mr. Daniel Gamba- The Council’s Entomologist and previously worked with the PATTEC Project since its inception in 2005. His duties include consolidation and coordination of the technical work plans and guidelines for the control, suppression and eradication of tsetse and trypanosomiasis. Mr. Gamba has a wealth of experience in tsetse research gathered during his collaborative work with KETRI, ICIPE, DFID and IFAD.He holds a Bachelor’s and a Master’s Degree in Zoology all from the University of Nairobi.</p>
	<p>Planning and Administration Officer-Mr. Cyrus Muiru is a Principal Economist in charge of Planning and Administration in KENTTEC. Prior to joining KENTTEC in June 2013, Mr. Muiru had worked as the Personal Assistant to six consecutive Permanent Secretaries in the Ministry of Livestock Development from 2006 to 2013. He holds a Masters degree in Economics from the University of Nairobi, a Bachelors degree in Economics from Kenyatta University, a Post Graduate Diploma in Human Resource Management from the Institute of Personnel Management, a Certificate in Project Planning and</p>

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	<p>Implementation from Eastern and Southern Africa Management Institute (ESAMI). He also has Senior Management Course and Strategic Leadership Development Programme course from the Kenya School of Government.</p>
	<p>Mr. Edmund Wafula- Principal Accountant. He is in charge of all the financial operations of the Council. He has worked previously with the Ministry of Cooperative Development and Agriculture and Livestock Development as an Accountant in various sections. He holds a Masters degree in Business Administration, Finance Option from Kenyatta University and Bachelors degree in Commerce from Catholic University of Eastern Africa and he is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>
	<p>Dr. Othieno Joseph is the KENTTEC’s Communication Officer. He handles all the communication activities of the Council which include publicity, media relations, advocacy and information dissemination. He holds a doctoral degree in Agricultural Information and Communication Management two Masters Degrees in Communication studies and Public Policy and Management and a Bachelors’ Degree in Veterinary Medicine.</p>
	<p>Mr. John Njoroge joined KENTTEC in July 2013 as a Human Resource Officer. He holds a diploma in Human Resource Management and a Higher Diploma in Counseling Psychology. In addition he has a Diploma in Theology. Mr. Njoroge has been a civil servant in the Human Resource Management cadre since 1981. In the Council he handles all the Human Resource Matters.</p>
	<p>Mrs. Nancy Miron is in charge of the KENTTEC’s GIS and Data base Management office and has previously worked as the Regional Coordinator KENTTEC Meru/ Mwea Region. She holds a Bachelors degree in Biological Sciences from Moi University and a Master of Science Degree in Environmental Information System from Jomo Kenyatta University of Agriculture and Technology (JKUAT). Mrs. Miron has a wealth of experience in Vector management, GIS and Database management from her</p>

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	<p>working with the ministry and collaborative works with local and internal organizations.</p>
	<p>Mr. Moses Cheruiyot is the KENTTEC Regional Coordinator for Coast Region. He has been instrumental in opening and operationalizing KENTTEC office in Mombasa. His duties include coordinating implementation of Tsetse and Trypanosomiasis eradication in Coast Region. He has been on the forefront in the successful eradication of tsetse and trypanosomiasis in Faza and Pate Islands. He has over 20 years' experience in Tsetse and Trypanosomiasis control. He was on IAEA Fellowship at the Ethiopian Science and Technology Commission before he joined PATTEC in 2007. He holds a Bachelor of Science from the University of Nairobi a Post-Graduate Diploma and a Masters Degree in Project Planning and Management from the same University.</p>
	<p>Mr. Ronald Ochwada coordinates all the tsetse and trypanosomiasis eradication activities in the Lake Bogoria/Mara Region. He has over twenty years' experience in Zoology. Mr. Ochwada holds a Bachelors and Masters Degree in Zoology from Panjab University, India. His area of specialization is Parasitology. He has also undergone a Senior Management Course at the Kenya Institute of Administration.</p>
	<p>Mr. Isaiah Ndaburu Kiteto is the KENTTEC's Regional Coordinator for Meru/ Mwea region. His duties and responsibilities involve coordination of KENTTEC's activities of Tsetse and Trypanosomiasis eradication in the region that covers thirteen (13) counties in Eastern, North Eastern and Central Kenya. Before assuming his position, he was the Zoologist in charge of PATTEC/ KENTTEC activities in Tharaka in Tharaka-Nithi county for 6 years.</p> <p>He holds a Bachelor of Science degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT) having majored in Biochemistry with a minor in Zoology and a Master of Science degree in Tropical Animal Health (MSTAH) from the Institute of Tropical Medicine, Antwerp, Belgium.</p>

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Mrs. Agnes Ikolot Otwani Is the Regional Coordinator for Nyanza Region caved from the larger Lake Victoria Basin Region. Her duties and responsibilities involve coordination of tsetse and trypanosomiasis eradication activities in Nyanza region. She has formerly worked as the zoologist in-charge of PATTEC activities in Teso North and Teso South Sub counties for four years and as the zoologist in-charge of KENTTEC activities in Busia County for two years. She holds a Bachelor of Science degree from Makerere University with a Zoology major and Botany minor. She is currently writing her thesis for a Master of Science in Applied Parasitology at Kenyatta University. She has gained a lot of experience from working in the field and attending short courses in Geospatial analysis of disease vectors and use of GIS and Population genetics to identify isolated tsetse populations.



Mr. James Owuor is in charge of the Council's supplies and procurement. Mr. Owuor worked with Ministry of Livestock Development in administration, personnel, accounts and procurement departments; before joining PATTEC and then KENTTEC. Mr. Owuor holds an advanced certificate in supplies management and a Diploma in Purchasing and Supplies Management



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

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present our Annual Report and Financial Statements for the year ended 30th June 2019.

During the year there have not been significant changes within the Council, apart from the unique ability of the organization to continue adapting to the environment that remains volatile and challenging and respond in a manner that reflects our qualities and experience.

Kenya Tsetse and Trypanosomiasis eradication council (KENTTEC), was established by the government of Kenya through a Legal Notice no. 77 of July 2012 as the successor of the Pan African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC) in Kenya. The PATTEC was formed following Heads of states and government declaration in Lome, Togo in July 2000, AHG/Dec.156 (XXXVI) to free the African continent from the devastating effects of tsetse flies and Trypanosomiasis.

Tsetse transmitted Trypanosomiasis is among the greatest constraint in rural development and the major cause of poverty in many Countries & counties in Kenya. In Kenya, the total tsetse infested area is about 138,000 Km², which translates to 38 out of 47 counties. The infestation denies Kenya 60% of its rangelands which would be used for production. According to World Health Organization, 60 Million people are at risk of infection with sleeping sickness spread by tsetse flies. As per the World Bank (2008) per capita indicator, 22 out of the 25 poorest countries are tsetse infested with a high prevalence of Trypanosomiasis. Tsetse infestation is a major cause of poverty hence the name "poverty insect"

I am glad to report that good progress has been made to enhance our focus on our core objectives of Tsetse and Trypanosomiasis eradication and Sustainable Land management, through improved performance and focus on efficient utilization of resources.

In the last three years, the Government has continued to commit financial resources for the eradication of Tsetse and Trypanosomiasis Kshs.365 Million in 2016/2017, Kshs.139 Million 2017/2018 and Kshs.318 Million during last FY 2018/2019. This has enabled us to successfully carry out our core mandate of suppressing tsetse fly in the four regions namely Meru National Park, Lake Victoria, Lake Bogoria basin and Coastal region (Faza Island).

Since the inauguration of KENTTEC, the council has greatly reduced the tsetse fly populations and disease prevalence in 4 belts in Kenya contributing significantly to the improvement of food security by increasing acreage under crop agriculture and introduction of improved animal breeds. The council has supported over 800 groups composed of women and youth to access microfinance institutions after improvement of their livestock. Promotion of technology adoption is a key area KENTTEC has been promoting for the improvement of livestock breeds enhancing milk and beef production when the vector & disease are greatly reduced.

Strategy

The Board has continued to monitor the implementation of previous Strategic Plan (2013-2017) which was reviewed during the year to develop a draft Strategic Plan 2018-2023 awaiting launch. The FY2018/19 work plan was extracted from this five year strategic plan. The deliverables that were set out in the work plan and performance contract for FY 2017/2018 were however not achieved because of the drastic reduction of budgeted grants from the National government. Nevertheless, the Board carried out monitoring and evaluation of utilization of the grants from the Ministry and collaborative projects from The National Treasury- European Commission support through Regional Integration Support Mechanism under the COMESA Adjustment Facility (CAF).The internal capacity continue to be strengthened to ensure effective delivery of the Board's mandate.

The Board has prioritised the launch of the Strategic Plan 2018-2023 during the FY 2019/2020.

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Corporate Governance

Strong Corporate Governance is integral to the Board's long-term success and is essential in delivering KENTTEC's strategy. The various board committees continue to play a vital role in supporting the board in discharging its duties. The Statement of Corporate Governance, included in this report, details the measures that the Board has undertaken to ensure a robust corporate governance environment. The report is in line with Mwongozo guidelines on State Corporations governance of 2015. It should be noted that the board wasn't fully constituted due to non appointment of independent members.

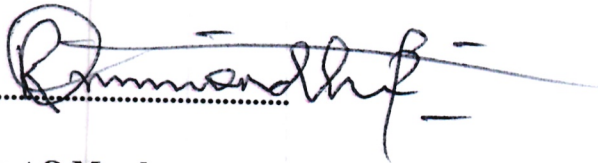
Future Outlook

The Board is actively engaged in activities aimed at increasing and sustaining the Council to meet the ever increasing farmers' needs. The Board remains committed to deepening relationships with its stakeholders and key partners. Further, the Board shall endeavour to develop its people, innovative and cost-effective methods of eradicating Tsetse and Trypanosomiasis. The Board will integrate the Big 4 agenda in its operations.

Acknowledgement

On behalf of KENTTEC directors and staff, I express my sincere gratitude to the Government of Kenya, Ministry of Agriculture Livestock and Fisheries, The National Treasury and Planning (RIIP), taxpayers and other stakeholders for their continued support.

Signed.....



Dr. Robert O. Monda.

Chairman Board of Directors

Date:.....

26/2/2020

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V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The continental campaign (PATTEC) was formed following the African Heads of State and Governments in 2000 in Lome, Togo declaration (Decision AHG/156 (XXXVI) of the 36th Assembly of Heads of State and Government) to free Africa from tsetse and trypanosomiasis constraint.

The PATTEC initiative is coordinated by commission for Agriculture and Rural development of the African Union, Addis Ababa Ethiopia to implement the plan of action. Kenya is among the first group of 6 countries that started PATTEC implementation together with Uganda and Ethiopia in east Africa. Mali, Ghana and Burkina Faso in West Africa. In Kenya PATTEC was launched in 2005 with the goal of contributing to improved food security and poverty reduction in the tsetse infested areas and it has since become KENTTEC. The objective was to create sustainable tsetse-and- trypanosomiasis-free areas by integrating suppression, control and eradication approaches while ensuring the reclaimed areas are sustainably, equitably and economically exploited.

In recognition of the programme as key to food security and poverty eradication, and to safeguard the PATTEC achievements, the government established the Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) through Legal Notice No. 77 of July 2012 under the State Corporations Act (Cap 446). The mandate is to mobilize resources, coordinate eradication of tsetse in the country, set standards and mitigate the socio-economic constraints brought by T&T infestation. There are enormous achievements which must be sustained.

Kenya has maintained a zero report of sleeping sickness which involves sustained surveillance of humans and animals to protect the gains. Tsetse densities in targeted areas like Mwea, Faza, Bogoria, Meru etc. are very low to allow and has boosted high productivity in dairy and crop production, thereby reducing poverty.

In the National Livestock Policy (2008), Tsetse and Trypanosomiasis eradication is identified as a priority for maximum livestock production. In addition, freeing large Tsetse and Trypanosomiasis infested areas is crucial in the achievement of the Vision 2030 Disease Free Zones flagship project and promotion of tourism through opening up of national parks to visitors. Tsetse eradication will contribute to the realization of the Sustainable Development Goals including eradication of extreme poverty, hunger and diseases and is in line with Heads of States Decision.

The government has been committed to the implementation of the Council's activities and has consistently provided funds in the last three financial years as evidenced by Kshs.365 Million in 2016/2017, 139.5 Million in 2017/2018 and Kshs.318 Million during 2018/2019FY. The increase in funding enhanced the operations during the period and thus the Council was able to achieve most its targets. The funds allocated mitigates against the following:

- Cost of human and animal treatment,
- Death of infected human and animals,
- Loss of milk in cattle,
- Loss of animal draught power, inability to plough in certain areas,
- Inaccessibility to grazing grounds,
- Low market value for affected animals,
- Loss of foreign exchange through imports of drugs/pesticides and lost opportunity to export

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During the Financial Year 2018/2019, KENTTEC presented a budget of Ksh.412 million to enable her carry out planned activities of Tsetse and Trypanosomiasis Eradication in the tsetse belts. However, the Council was allocated Kshs.318Million which was a reduction of Kshs.94 Million.

At the end of the financial year, the Council had received a total of Kshs.338, 747,000 as a grant, of which Kshs.318, 747,000 was from the State Department of Agricultural Research inclusive of Kshs.250Million for development activities, 68.7 Million for recurrent, Kshs.20 Million from The National Treasury-European Commission support through Regional Integration Support Mechanism under the COMESA Adjustment Facility (CAF).

During the financial year the Council reported a surplus of Kshs.2,957,241 as compared to the last years' deficit of Kshs.24,374,482. This was due the an increase of budgeted grant from the Ministry as compared to the previous period.

The employee cost for the period was Kshs.14, 855,410 as compared to Kshs.25, 717,816 which was a reduction due to stoppage of payment of staff extraneous allowances.

Contracted Services had a total expenditure was Kshs.14,960,360 an amount incurred on payment of consultancy works for the installation of Tsetse targets in Lambwe valley in Homabay and Mwea Region.

The cost of Specialised Materials for Tsetse control for the period was Kshs.155, 965,630 as compared to Kshs.48, 944,679 for the previous period. This is attributed to an increase in the Development funding as compared to previous year.

VI. CORPORATE GOVERNANCE STATEMENT

Introduction

The Kenya Tsetse and Trypanosomiasis Eradication Council is committed to the highest standards of corporate governance as set out in the State Corporations Act Cap 446 and the Public Finance Management Act, 2012 and by itself in conformity to best Practices. The Board of Directors is responsible for the long-term strategic direction and provision of services of value to the public whilst being accountable to legal compliance and maintenance of the highest corporate governance standards and business ethics.

The Board of Directors

The Board is constituted as per the legal notice No.77 of July 2012 and is responsible for drawing and implementing strategies for the success of the Council, establishing and maintaining a system of internal controls so that the objectives of the organization are met.

The day-to-day running of the business of the Council is delegated to the CEO who reports to the Board. The board has an oversight mandate and holds meetings as provided for in the legal notice. The notices and agenda for all board meetings are circulated on timely basis to all directors together with other relevant reports for discussion.

Composition of the Board

The Board of the Council is made up of the 11 non-executive directors; with a three year term limit. During the period 2018/2019 the Board had seven members out of eleven listed in profiles on pages 8-11 of this report.

The Chief Executive Officer is the Secretary to the Board.

There are appropriate policies and procedures to identify and deal with any potential conflict of interest at management and board levels.

The members are provided with opportunity for training and during the year they were evaluated on their performance as per the Mwongozo Code of Governance for State Corporations of 2015.

The management of the Council has disclosed to all employees that they have the responsibility of reporting any irregularities of general, operational and financial nature to the directors or any other designated official.

Board Meetings

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

During the period under review the Board held 12 meetings three of which were special.

The directors' attendance of the (twelve) 12 Board meetings held during 2018/2019 is as follows;

	NAME OF DIRECTOR	NO.OF BOARD MEETINGS ATTENDED
1	Dr. David W.Wanyonyi-Chairman	12
2	Dr.John M.Wekesa	10
3	Mrs Mary Kanyi	9
4	Dr.Joseph Macharia	10
5	Dr. Samuel Kasiki	11
6	Mr Samuel Kamau	11
7	Mr Erastus Wahome	11
8	Mrs Roselyne Kasati	2

Board Committees

The composition of the board committees was set up in compliance with the Mwongozo Code of conduct for State Corporations of 2015 to have a maximum of five members. However the committees' work was affected due to non appointment of the independent members whose term had expired but were not replaced during the period.

Audit Committee

The Audit Committee is guided by an Audit Charter that specifies the qualifications, responsibilities and procedure of the committee. It meets on quarterly basis and comprises of 3 non-executive members of the Board who are independent of the day-to-day management of the Council's operations.

The following were the members of the committee;

1. Dr. Samwel Kasiki- Chairperson
2. Dr. John Masasabi
3. Mr. Erastus Wahome
4. Dr. Joseph Macharia

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

The Committee:

- Considers the appropriateness of the company's accounting policies and procedures.

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- Monitors and assess the role and effectiveness of the internal audit function.
- Reviews procedures to manage financial and operational risks;
- Responsible for Internal Audit and risk management programs.

The committee managed to hold 4 meetings during the FY 2018/2019.

	NAME OF DIRECTOR	NO.OF COMMITTEE MEETINGS ATTENDED
1	Dr. Samwel Kasiki-Chairman	4
2	Dr. John Masasabi	4
3	Mr. Erastus Wahome	3
4	Dr. Joseph Macharia	3

Technical Committee

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

The Committee was comprised of the following directors:

1. Mr. Samuel Kamau- Chairperson
2. Mrs. Mary Kanyi
3. Dr. Joseph Macharia
4. Dr. Samwel Kasiki

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

During the period under review the Board managed to hold 5 meetings

	NAME OF DIRECTOR	NO.OF COMMITTEE MEETINGS ATTENDED
1	Mr.Samuel Kamau– Chairperson	5
2	Mrs Mary Kanyi	4
3	Dr.Joseph Macharia	3
4	Dr. Samwel Kasiki	5

Human Resource, Finance and Administration Committee

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

The committee was composed of the following directors:

1. Mr. Erastus Wahome-Chairperson
2. Mrs. Mary Kanyi
3. Mr. John Wekesa
4. Mr. Samuel Kamau

The committee had 12 meetings during the year.

	NAME OF DIRECTOR	NO.OF COMMITTEE MEETINGS ATTENDED
1	Mr. Erastus Wahome-Chairperson	12
2	Mrs Mary Kanyi	12
3	Mr. John Wekesa	8
4	Mr Samuel Kamau	12
5	Mrs Roselyne Kasati	4

Risk Management

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

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

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

Risk management is overseen by the Audit Committee.

Ethical Standards

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

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

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

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

Corporate Communication

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

Environment

The Board encourages responsible environmental management including undertaking projects to manage or reduce the environmental impact of KENTTEC's field operations. The council developed an Environmental policy according to the EMCA 1999 that guides the implementation of Tsetse eradication programs. As part of corporate social responsibility, the council provides and trains stakeholders on the best practices in usage of insecticides, animal husbandry and improvement of their livestock especially in the tsetse freed areas. In order that an output from our operation is mitigated, the council conducts annual environmental audits to align the implementation of the Tsetse control programs with the requirements of the Environmental Management and Conservation ACT 1999. The national Environmental protection agency (NEMA) provides guidelines and framework/checklist for environmental sustainability; audit report preparation consistent with the provisions of EMCA, 1999.

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Community Engagement

Local committees in Tsetse infested areas are the main stakeholders in the Tsetse and Trypanosomiasis eradication activities. The council's Tsetse control activities like animal spraying, Tsetse traps and targets deployment, tsetse traps making and monitoring of tsetse populations through community groups. The groups are normally trained and supported by the Council on Tsetse and Trypanosomiasis eradication and profitable agricultural use of the Tsetse freed areas. To date the Council has over 800 such groups.

VII.MANAGEMENT DISCUSSION AND ANALYSIS

Operational and financial Performance

In the National Livestock Policy (2008), Tsetse and Trypanosomiasis eradication is identified as a priority for maximum livestock production. In addition, freeing large Tsetse and Trypanosomiasis infested areas is crucial in the achievement of the Vision 2030 Livestock Export Processing Zones (LEPZ) flagship project and promotion of tourism through opening up of national parks to visitors. Tsetse eradication will contribute to the realization of the Sustainable Development Goals including eradication of extreme poverty, hunger and diseases and is in line with Heads of States Decision.

During the Financial Year 2018/2019, KENTTEC had an approved a budget of Ksh.320 Million to enable the Council carry out planned activities of Tsetse and Trypanosomiasis Eradication in the tsetse belts. However, the Council was allocated Kshs.318 Million which due to the reduction of the Recurrent grant by Kshs.2 Million.

At the end of the financial year, the Council had received a cumulative total of Kshs.338, 747,000 as a grant, from the State Department of Agricultural Research comprising of Kshs.250 Million for development activities, Kshs.68 Million for recurrent expenses. The Council also received Kshs.20 Million from The National Treasury- European Commission support through Regional Integration Support Mechanism under the COMESA Adjustment Facility (CAF).

During the period the Council incurred a surplus of Kshs.2,957,241 as compared to deficit for the previous year of Kshs.24,374,482 .The surplus is attributed to the increase in the Development grant as compared to previous year.

During the year there was an increase in expenditure on all items except payment of Personnel emoluments which declined to Kshs 14,855,410 as compared to Kshs 25,717,816 which was due to reduction of the temporary employees.

The cost incurred on Specialised Materials for Tsetse control for the year was Kshs. 155,965,630 as compared to Kshs.48, 944,679.The increase was due to the rise in Development budget which enhanced procurement of materials for Tsetse eradication activities.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

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

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

The Council works to empower women and youth in the Tsetse infested and freed areas by ensuring that women and youth groups are involved in training farmers, target making, deployment and servicing. Upon successful suppression the youth and women are supported to engage in commercial agriculture and to access micro-financing services.

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

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

When working with the local communities KENTTEC recognizes the responsibility to act responsibly and constructively as a member of these communities. Through a broad range of community initiatives,

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charitable giving and continued awareness creation on tsetse and trypanosomiasis eradication, animal husbandry, breed improvement and environmental conservation.

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

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

IX.REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the financial statements for the year ended June 30th, 2019 which disclose the state of affairs of the Council.

The main objective of the council is;

To advise the government on the policy of Tsetse and Trypanosomiasis eradication in Kenya and its implementation.

Results

The results of the council for the year ended June 30th, 2019 are set out on page 31

Directors

The members of the Board of Directors who served during the year are shown on page 8. Towards the end of the financial year the term of the Chairman Dr David Wanyonyi and one Board member Dr.John Wekesa expired.

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Council incurred a deficit during the year 2017/2018. Furthermore the Council is not a regulatory organization.

Auditors

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

By Order of the Board

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

Date:.....10/2/2020.....

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X.STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14(3) of the State Corporations Act, requires the Directors to prepare financial statements in respect of The Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) which give a true and fair view of the state of affairs of the Council at the end of the financial year/period and the operating results of the organization for that year ending 30th June 2019. During the period under review, the Council has kept proper accounting records which disclose with reasonable accuracy the financial position of the Council and the assets of the organization have been properly safeguarded.

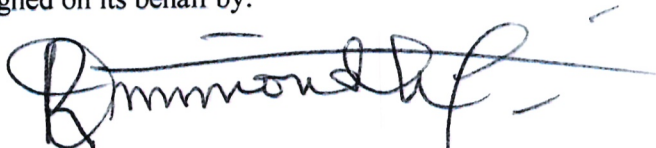
The KENTTEC Board of Directors are responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state affairs of the Council at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the direct manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Council's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the Council's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Financial Statements

The Council's financial statements were approved by the Board on 18/9/ 2019 and signed on its behalf by:



Dr. Robert O. Monda
CHAIRMAN-BOARD OF DIRECTORS

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Tsetse and Trypanosomiasis Eradication Council set out on pages 31 to 54, 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 Tsetse and Trypanosomiasis Eradication Council 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 Kenya Tsetse and Trypanosomiasis Eradication Council Order, 2012 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 the Kenya Tsetse and Trypanosomiasis Eradication Council 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.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 Council'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 Council 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 Council 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 Council'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 Council to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Council 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

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**XI.KENTTEC STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2019.**

		2018/2019	2017/2018
	Notes	Kshs.	Kshs.
Revenue from non-exchange transactions			
Government grant	6	318,747,000	139,500,000
Other income (ICIPE)	8	-	772,357
Other income (FAO)	8	-	979,200
Other income (RIIP)	8	20,000,000	-
Other income (Sale of tender documents)	7	-	34,000
Total revenue		338,747,000	141,285,557
Expenses			
Employee Costs	9	14,855,410	25,717,816
Domestic travel and Subsistence Cost	10	62,760,365	27,410,824
Board Expenses	11	11,213,600	7,357,372
Depreciation expense	12	14,975,812	13,388,124
Repairs and Maintainance	13	7,945,550	4,988,927
Contracted services	14	14,960,360	3,750,000
General expenses	15	53,113,032	34,102,297
Specialized Materials Other Supplies	16	155,965,630	48,944,679
Total expenses		335,789,759	165,660,039
Surplus before tax		2,957,241	(24,374,482)
Taxation		-	-
Surplus for the period		2,957,241	(24,374,482)

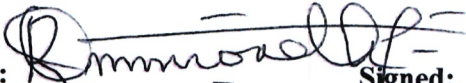
Notes from page 37 to 52 form an integral part to these financial statements

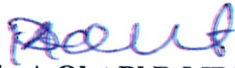
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**XII.KENTTEC STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019.**

	Notes	2018/2019 Kshs.	2017/2018 Kshs.
Assets			
Current assets			
Cash and cash equivalents	17	24,383	543,948
Receivables	19	1,375,000	-
Prepayments	22	215,957	-
Non-current assets			
Property, plant and equipment	20	47,577,778	47,042,614
Total assets		49,193,118	47,586,562
Liabilities			
Current liabilities			
Trade Payables	18	6,678,871	4,898,262
Provision for Audit fees	24	580,000	1,160,000
Bank Overdraft	17	485,632	-
Total liabilities		7,744,503	6,058,262
Net assets			
Accumulated surplus		41,448,615	41,528,300
Total net assets and liabilities		49,193,118	47,586,562

The Financial Statements set out on pages 31 to 36 were signed on behalf of the Board of Directors by:

Signed: 
Dr. Robert O. Monda
CHAIRMAN
BOARD OF DIRECTORS

Signed: 
Dr. Pamela A. Olet PhD MBS
CHIEF EXECUTIVE
OFFICER

Signed: 
Mr. Edmund O. Wafula
ICPAK M/N.8276
ASST. ACCOUNTANT
GENERAL

Date: 26/2/2020

Date: 10/2/2020

Date: 10/2/2020

**XIII. KENTTEC STATEMENT OF CHANGES IN NET ASSETS
AS AT 30TH JUNE 2019**

	Accumulated surplus <u>Kshs.</u>	Total <u>Kshs.</u>
Balance as at 30th June 2018	41,528,300	41,528,300
Payables for prior year (Adjustment)	(3,036,926)	(3,036,926)
Surplus/(deficit) for the period	2,957,241	2,957,241
Balance as at 30th June 2019	41,448,615	41,448,615

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**XIV.KENTTEC STATEMENT OF CASHFLOWS
AS AT 30TH JUNE 2019**

Cash flows from operating activities	Notes	2018/2019	2017/2018
		Kshs.	Kshs.
Receipts			
Government grant	6	318,747,000	139,500,000
Other income (ICIPE)	8	-	772,357
Other income (FAO)	8	-	979,200
Other income (RIIP)	8	20,000,000	-
Other income (Sale of tender documents)	7	-	34,000
		338,747,000	141,285,557
Payments			
Employee costs	9	14,855,410	25,717,816
Domestic travel and Subsistence Cost	10	62,760,365	27,410,824
Board Expenses	11	11,213,600	7,357,372
Repairs and Maintainance	13	7,945,550	4,988,927
Contracted services	14	14,960,360	3,750,000
General expenses	15	53,113,032	34,102,297
Specialized Materials other Supplies	16	155,965,630	48,944,679
Audit fees for previous years paid	18	1,160,000	-
Provision for Audit fees	24	(580,000)	(580,000)
(Increase)/Decrease in Bank Overdraft	17	(485,632)	-
(Increase)/Decrease in Trade payables	18	1,256,317	(3,457,457)
Increase in Receivables	19	1,375,000	-
Inventory expensed		-	(8,946,679)
Increase/(Decrease) in Prepayments	22	215,957	-
Total expenses		323,755,589	139,287,779
Net cash flows from operating activities		14,991,411	1,997,778
Cash flows from investing activities:			
Purchase of property, plant, equipment		(12,803,200)	-
Intangible Assets		(2,707,776)	(3,000,000)
Net cash flows used in investing activities		(15,510,976)	(3,000,000)
Net increase/(decrease) in cash and cash equivalents		(519,565)	(1,002,222)
Cash and cash equivalents As at 1 st July 2018	17	543,948	1,546,170
Cash and cash equivalents As 30th June 19	17	24,383	543,948

**XV. KENTTEC STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDING 30TH JUNE 2019**

F		Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
		2018/2019	2017/2018	2018/2019	2018/2019	2018/2019
1	Revenue	KShs.	KShs.	KShs.	KShs.	KShs.
	Government grants	320,150,000	(1,403,000)	318,747,000	318,747,000	-
	Other income(RIIP)	-	20,000,000	20,000,000	20,000,000	-
2	Total income	320,150,000	18,597,000	338,747,000	338,747,000	-
3	Expenses			-		-
	Employee costs	14,980,000	-	14,980,000	14,855,410	124,590
	Domestic travel and subsistence costs	52,754,400	10,000,000	62,754,400	62,676,365	78,035
	Board expenses	12,703,000	(1,403,000)	11,300,000	11,213,600	86,400
	Contracted Services	17,200,000	-	17,200,000	17,146,136	53,864
	Repairs and Maintenance	7,995,000	-	7,995,000	7,688,967	306,033
4	General expenses:					
	(i) Printing, advertising and other information costs	10,303,772	-	10,303,772	10,184,054	119,718
	(ii) Office Rent	21,900,000	-	21,900,000	21,817,546	82,454
	(iii) Foreign Travel Costs	4,000,000	-	4,000,000	3,983,092	16,908
	(iv) Training and capacity Building Expenses	3,077,384	-	3,077,384	2,870,260	207,124
	(v) Audit Fees	580,000	-	580,000	1,160,000	(580,000)
	(vi) Hospitality Expense	2,812,600	-	2,812,600	2,631,931	180,669
	(vii) General expenses	2,600,000	-	2,600,000	2,652,562	(52,562)
	(viii) Bank Charges	250,000	-	250,000	220,792	29,208
	(ix) Fuel Cost	6,000,000	-	6,000,000	6,910,000	(910,000)
	(x) Telephone and Courier expense	3,200,000	-	3,200,000	2,621,507	578,493
5	Specialized Materials other Supplies	145,693,844	10,000,000	155,693,844	155,285,630	408,214
6	Refurbishment of Buildings (offices)	1,000,000	-	1,000,000	1,440,805	(440,805)

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7	Purchase of Computers, Software and other equipment	4,000,000	-	4,000,000	4,013,340	(13,340)
8	Purchase of Motor Vehicles	9,100,000	-	9,100,000	9,005,200	94,800
9	Total expenditure	320,150,000	18,597,000	338,747,000	338,377,197	369,803
	Surplus for the period	-	-	-	369,803	(369,803)

Reconciliation of Total expenditure in financial performance with Statement of comparison.

Expenditure as per statement of Comparison of budget and Actuals	338,377,197
Add: Depreciation Expenses	15,028,312
Less: Amount paid for Noncurrent assets (Capital expenditure)	(15,668,476)
Less: Decrease in Trade payables and provisions Prepayment	(1,836,317) (215,957)
Expenditure as per the Statement of Financial Performance	335,684,759

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XVI. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC) is established by and derives its authority and accountability from Legal Notice of July 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to eradicate Tsetse and Trypanosomiasis in Kenya.

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for measurement at revalued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimate 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 KENTTEC's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

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

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

3. Adoption Of New And Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach. The standard does not have an impact on the Financial statements since the Council does not have pension liability since the staff are seconded from the ministry.

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

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

4. Summary of significant accounting policies

(a) Revenue recognition

(i) Revenue from non-exchange transactions

Transfers from other government entities

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

(ii) Revenue from Exchange Transactions

Sale of goods/Services

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

Grants from Donors

Grant revenues from donors are recognized on obtaining control of the asset (cash, goods, services and property) and that the transfer was free from unjust conditions and the economic benefits or service potential, related to the asset accrued to the entity and was measured reliably.

b) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional/reduced appropriations are added/reduced to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded revised appropriations of Kshs.18,597,000 on the 2018-2019 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a

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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.

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

c) Property, plant and equipment

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

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

Buildings	2.5%
Furniture, fixtures, fittings and office equipment	12.5%
Computers and Accessories	33.3%
Motor Vehicles and Cycles	20.0%
Machinery	20.0%

d) Intangible assets

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

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

e) Inventories

Inventories of Specialised tsetse materials used shall be recognised as an expense in the period in which they are issued and consumed. According to IPSAS 12 on inventories, a public sector entity may hold inventories that embody future economic benefits or service potential that will be distributed at no or at a nominal charge. As a consequence its future economic benefit or service potential does not reflect the future potential to generate future cash inflows for the entity. In this

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case these goods are valued at replacement or estimated replacement cost, depending on the fact that the future economic benefit or service potential can be acquired or not in the market.

f) Nature and purpose of reserves

The Council creates and maintains reserves in terms of specific requirements. Since the Council inherited assets from its predecessor (PATTEC) a Capital reserve was created to hold the Net Book Value amounts of the Assets. These assets were fully depreciated as at 30th June 2016.

g) Changes in accounting policies and estimates

The Council recognises changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

h) Employee benefits

Retirement Benefit Plans

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

i) Related parties

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

j) Cash and cash equivalents

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

k) Comparative figures

Comparative figures for the previous financial year 2017/218 are shown.

l) 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 30th June 2019.

m.) Provisions

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

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

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

5. Critical Accounting Estimates and Judgements in applying the Council's accounting policies

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

Property and equipment

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

Contingent liabilities

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

6. Transfers from Ministries, Departments and Agencies

Name of Entity Sending Grant	Amount Recognised to the Comprehensive income	Amount deferred under deferred income	Amount recognised in capital fund	Total Grant income during the year 2018/2019	2017/2018
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
State Department of Agricultural Research	318,747,000	-	15,510,976	318,747,000	139,500,000

7.Other Incomes

	2018/2019	2017/2018
	Shs	Shs
Sale of Tender documents	0	34,000
Total	0	34,000

8.Public donations and contributions

	2018/2019	2017/2018
	Shs	Shs
Grant for Collaborative tsetse activities (ICIPE)	0	772,357
Grant for Collaborative tsetse activities (FAO)	0	979,200
Grant for Collaborative tsetse activities (RIIP)	20,000,000	0
Total	20,000,000	1,751,557

9.Employee costs

	2018/2019	2017/2018
	Shs.	Shs.
Staff salaries and Allowances	5,528,800	12,249,532
Internship Stipends	2,280,000	7,487,000
Casual wages	7,046,610	5,981,284
Employee costs	14,855,410	25,717,816

10.Domestic travel and subsistence costs

	2018/2019	2017/2018
	Shs.	Shs
Subsistence allowances for officers field travel	59,629,622	26,074,268
Travel Cost	3,130,743	1,336,556
Total Domestic travel and subsistence cost	62,760,365	27,410,824

11.Board Expenses

	2018/2019	2017/2018
	Shs	Shs
Board Expenses	11,213,600	7,357,372

12(a).Depreciation Expense

	2018/2019	2017/2018
	Shs	Shs
Buildings	217,295	217,295
Office Equipment	766,719	1,809,069
Motor vehicles	4,502,600	2,701,560
Furniture, Fixtures and Fittings	7,663,228	7,663,229
Computer and Accessories	1,682,970	416,971
Machinery	143,000	580,000
Total Depreciation Expense	14,975,812	13,388,124

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13.Repairs and maintenance

	2018/2019	2017/2018
	Shs	Shs
Office Equipment and Computer Accessories	3,007,530	1,199,495
Motor Vehicles and Cycles	4,938,020	3,789,432
Total repairs and maintenance	7,945,550	4,988,927

14.Contractd Services

	2018/2019	2017/2018
	Shs	Shs.
Environmental Impact Assessment (EIA) Meru Mwea	1,485,960	0
Installation of Tsetse Targets in Lambwe Valley Meru Mwea Region	12,500,000	3,750,000
Information Security Management System (ISMS)	974,400	0
Total contracted services	14,960,360	3,750,000

15. General Expenses

	2018/2019	2017/2018
	Kshs	KShs
Printing publicity and Advertising Expenses	9,016,590	2,834,938
Office Rent	21,817,371	19,984,652
Foreign Travel	3,848,830	621,392
Training Expenses and Capacity Building	2,870,260	617,230
Hospitality expenses	2,631,931	1,893,360
Bank charges	220,792	84,721
Telephone, Courier and Internet Expenses	2,349,356	1,803,607
Fuel and oil	6,910,000	2,950,000
Office Stationery	960,330	1,953,589
General office expenses (Headquarters and five regions)	1,907,572	778,808
Audit fees (Provision)	580,000	580,000
Total General Expenses	53,113,032	34,102,297

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16. Specialised Tsetse Materials and Other supplies

	2018/2019	2017/2018
	Shs.	Shs.
Deltamethrin 5%	10,336,800	0
Tsetse Odours	14,405,000	5,420,000
Alphacypemethrin 10%	23,625,000	0
Albendazole 10%	8,992,500	0
Acetone GPR	0	4,158,000
Diminazene Aceturate	3,600,000	0
Tsetse Biconical traps	3,670,000	1,715,000
Impregnated Treated Tsetse Targets	31,402,500	15,725,000
Sticky panels	1,950,000	0
Flumethrine 1%	13,912,500	5,910,000
Laboratory Reagents	7,722,950	4,788,679
Livestock feeds and Sexed Semen	895,600	352,000
Spray Pumps	3,052,000	2,060,000
Deltamethrin treated Nets and Community materials	13,950,000	0
Protective Kits	680,000	0
Farm inputs	2,300,780	0
AI Kits	1,450,000	0
Material for Community Trap making	14,020,000	8,816,000
Total	155,965,630	48,944,679

17 (a).Cash and cash equivalents:

Cash and cash equivalents is the cash balance that was held in the Council's bank account at the closure of the financial year were as follows:

		2018/2019 Shs.	2017/2018 Shs.
Bank Balance		24,383	543,948
Financial institution	Account number	2018/2019 Shs.	2017/2018 Shs.
Current account			
Co-operative Bank	01136008428802	24,383	374,065
Co-operative Bank	01136008428803	-	169,883
Grand total		24,383	543,948

17 (b). Bank Overdraft

Current account	Account number	2018/2019	2017/2018
Co-operative Bank	01136008428803	485,632	-

18. Trade payables;

At the closure of the financial year 2018/2019 there were accrued expenses totalling Kshs.6, 678,871. Included in this figure is a prior year adjustment of Office rent arrears of Kshs.3, 036,926.

	2018/2019 Kshs.	2017/2018 Kshs.
Balance b/f	4,898,262	1,440,805
Accrued expenses paid	(4,898,262)	-
Accrued expenses for previous year 2017/2018	3,036,926	-
Accrued Expenses for the year 2018/2019	3,641,945	3,457,457
Balance c/f	6,678,871	4,898,262

19.Receivables

While making payment to one of the Council's Suppliers M/S Dacity Digital Technologies, an erroneous double payment was made by the Bank. It was then advised that the vendor refunds the amount, but by the end of the financial year this had not been realised. Efforts are in place to realise the refund from the supplier.

	2018/2019 Kshs	2017/2018 Kshs
Balance b/f	0	0
Receivable for the year	1,375,000	0
Balance c/f	1,375,000	0

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20. Property, Plant and Equipment.

	Buildings	Motor Vehicles and Cycles	Office equipment	Computer and Accessories	Furniture,Fixt ures and Fittings	Machinery	Intangibl e Asset(WI P)	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs.	Shs
As at 1 st July 2018	8,691,802	41,946,278	50,208,455	24,441,453	62,584,424	3,635,000	3,000,000	194,507,412
Additions	-	9,005,200	-	3,798,000	-	-	2,707,776	15,510,976
Disposals	-	-	-	-	-	-	-	-
As at 30th June 2018	8,691,802	50,951,478	50,208,455	28,239,453	62,584,424	3,635,000	5,707,776	210,018,388
Depreciation								-
As at 1 st July 2018	(869,180)	(33,841,598)	(49,441,736)	(24,024,483)	(35,795,801)	(3,492,000)	-	(147,464,798)
Depreciation Charge 2018/2019	(217,295)	(4,502,600)	(766,719)	(1,682,970)	(7,663,228)	(143,000)	-	(14,975,812)
Disposal	-	-	-	-	-	-	-	-
As at 30th June 2018	(1,086,475)	(38,344,198)	(50,208,455)	(25,707,453)	(43,459,029)	(3,635,000)	-	(162,440,610)
As at 1 st July 2018	8,691,802	44,966,278	50,208,455	24,441,453	62,584,424	3,635,000	-	194,527,412

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Additions	-	-	-	-	-	-	3,000,000	3,000,000
Disposals		(3,020,000)	-	-	-	-	-	(3,020,000)
As at 30th June 2018	8,691,802	41,946,278	50,208,455	24,441,453	62,584,424	3,635,000	3,000,000	194,507,412
Depreciation								-
As at 1 st July 2017	(651,885)	(34,160,038)	(47,632,667)	(23,607,512)	(28,132,572)	(2,912,000)	-	(137,096,674)
Depreciation Charge	(217,295)	(2,701,560)	(1,809,069)	(416,971)	(7,663,229)	(580,000)	-	(13,388,124)
Disposals	-	3,020,000	-	-	-	-	-	3,020,000
As at 30th June 2018	(869,180)	(33,841,598)	(49,441,736)	(24,024,483)	(35,795,801)	(3,492,000)	-	(147,464,798)
Net Book Value As at 30th June 2019	7,605,327	12,607,280	-	2,532,000	19,125,395	-	5,707,776	47,577,778
Net Book Value As at 30th June 2018	7,822,622	8,104,680	766,719	416,970	26,788,623	143,000	3,000,000	47,042,614

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21. Surplus for the period reconciliation with cash generation

	2018/2019	2017/2018
	Kshs.	Kshs.
Surplus/(Deficit) for the period	2,957,241	(24,374,482)
Adjusted for:		
Depreciation	14,975,812	13,388,124
Provision for Audit fees (Paid)	(1,160,000)	-
Provision for Audit fees 2017/2018	580,000	580,000
(Decrease)/Increase in Trade payables	(1,256,317)	3,457,457
(Increase)/Decrease in Receivables	(1,375,000)	-
Inventory expensed	-	8,946,679
Increase in Prepayments	(215,957)	
Net cash flow from operating activities	14,505,779	1,997,778

22. Prepayments

The prepayment represents an amount paid for insurance of Motor Vehicles that remained unutilised as at year end.

	2018/2019	2017/2018
	Kshs	Kshs
Balance b/f	0	0
Insurance charge Motor Vehicles	215,957	0
Balance c/f	215,957	0

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23. Financial Risk Management Objectives and policies

The organisation's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The major types of financial risks faced by the organisation are:

- Credit risk
- Liquidity risk

(a) Liquidity risk

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

Prudent liquidity risk management, implies maintaining sufficient cash, by liaising with the parent Ministry and Treasury to ensure prompt grant releases when due and ensuring spending is within budgetary provisions. However, the council is exposed to this risk due to budget cuts by the National treasury that affect the grants due to it, and delayed exchequer release.

Prudent liquidity risk management includes maintaining sufficient cash to meet organisation's obligations. The organisation manages liquidity risk through continuous monitoring of forecast and actual cash flows. The liquidity risk is also managed through the continuous grants from Parent Ministry headquarters. The table below analyses the organisation's extend of the liquidity risk as at the end of the period;

	within 1 year Shs	Between 2-3 years Shs	Over 3 years Shs	Total amount Shs
30th June 2019				
Unexpended grants	0	-	-	0
Payables	3,641,945	3,036,926	-	6,678,871
Overdraft	<u>485,632</u>	<u>0</u>	<u>0</u>	<u>485,632</u>
	<u>4,127,577</u>	<u>3,036,926</u>	<u>-</u>	<u>7,164,503</u>
30th June 2018				
Unexpended grants	543,948	-	-	543,948
Payables	<u>3,457,457</u>	<u>1,440,805</u>	-	<u>4,898,262</u>
	<u>4,001,405</u>	<u>1,440,805</u>	<u>-</u>	<u>5,442,210</u>

(b) Credit Risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The largest concentration of credit exposure within the council arises from cash held with the bank. The Council has placed its amounts of funds in a recognised financial institution with strong credit rating and does not consider credit risk exposure to be significant. The credit risk on trade receivables is limited because the nature of the organisation's business is such that the services provided are not chargeable.

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The bulk of income to the organisation for the period relates to grants from government and other donors. The credit risk on grants receivable is limited because funds are sourced from credible donors.

The amount that best represents the institute's maximum exposure to credit as at year end is made up as follows:

	Total Amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 th June 2019				
Grants receivable	0	0	0	0
Receivables and prepayments	1,590,957	0	0	0
Cash at Bank	0	0	0	0
	=====	=====	=====	=====
As at 30 th June 2018				
Grants receivable	0	0	0	0
Prepayments and other receivables	0	0	0	0
Cash and cash equivalents	543,948	543,948	0	0
	=====	=====	=====	=====

(c) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Council processes, personnel, technology and infrastructure and from external factors other than credit and

Liquid

ity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Council operations.

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

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

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

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24. Provision for Audit Fees

	Kshs.
Balance at the beginning of the year	1,160,000
Audit fees paid during the year	(1,160,000)
Provision for 2018/2019	580,000
Balance c/f	580,000

25. Related Parties Balances

The Government of Kenya is the principal shareholder in Kenya Tsetse And Trypanosomiasis Eradication Council. Other Related Parties are:

- i) The Parent Ministry of Agriculture Livestock and fisheries,
- ii) Key Management,
- iii) Board of Directors.

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

Transactions with related parties	2018/2019	2017/2018
	Kshs	Kshs
a) Sales to related parties		
Sales of goods to	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from Parent Ministry(National government)	318,747,000	139,500,000
Total	318,747,000	139,500,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments(Sitting and Other allowances)	10,193,600	7,357,372
Chairman's Honoraria	1,020,000	1,020,000
Compensation to CEO and Key management	5,390,800	11,032,104
Total	16,424,400	19,201,276

26. Events After The Reporting Period

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

27. Ultimate And Holding Entity

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

28. Currency

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

**KENYA TSETSE AND TRYPANOSOMIASIS ERADICATION COUNCIL (KENTTEC)
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XV. APPENDICES

Appendix 1: Projects implemented by the Council

Projects implemented by the Council Funded by development partners

Project Title	Project No.	Donor	Period	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements
1). Regional Integration Implementation Programme (RIIP)		The National Treasury- European Commission support through Regional Integration Support Mechanism under the COMESA Adjustment Facility (CAF)	2 YEAR	40,000,000	NO	YES

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Status of Project's Completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1) Regional Integration Implementation Programme (RIIP)	40,000,000	19,934,480	49.8	20,000,000	19,934,480	The National Treasury- European Commission support through Regional Integration Support Mechanism under the COMESA Adjustment Facility (CAF)

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Appendix 2: Inter Entity Transfers

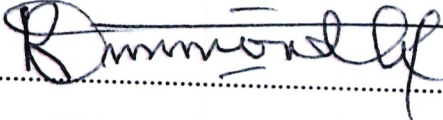
a.	Recurrent Grants	Bank Statement Date	Amount (KShs)	FY
		24/08/2018	17,537,500	2018/2019
		31/10/2018	17,537,500	2018/2019
		13/02/2019	16,485,250	2018/2019
		17/05/2019	17,186,750	2018/2019
		Total	68,747,000	
b.	Development Grants	Bank Statement Date	Amount (KShs)	
		29/10/2018	125,000,000	2018/2019
		13/03/2019	125,000,000	2018/2019
		Total	250,000,000	
c.	Direct Payments	Bank Statement Date	Amount (KShs)	
			0	
			0	
			0	
		Total	0	
d.	Donor Receipts	Bank Statement Date	Amount (KShs)	
	The National Treasury (RIIP)	24/09/2018	10,000,000	2018/2019
	FAO	20/02/2019	10,000,000	2018/2019
		Total	20,000,000	

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


During the year there were no transfers from other government entities.

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS
AS AT 30TH JUNE 2018**

During the financial year 2017/2018 the Council had an unqualified opinion on its Financial Statements.

Signed..........Date 26/02/2020.....

Dr. Robert O. Monda
CHAIRMAN-BOARD OF DIRECTORS

Signed..........Date 10/2/2020.....

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