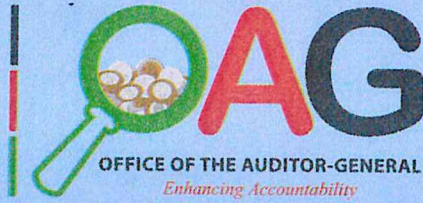


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA VETERINARY BOARD

FOR THE YEAR ENDED
30 JUNE, 2025

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON KENYA VETERINARY BOARD FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Veterinary Board set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2025 and the statement of statement of financial performance, statement of cash

flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Veterinary Board as at 30 June, 2025 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 the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Land Ownership

As previously reported, the statement of financial position reflects property, plant, and equipment balance of Kshs.329,675,514 as disclosed in Note 21 to the financial statements. However, the balance excludes land measuring approximately one and half (1.5) acres situated near the Veterinary Sports Club, along the Kabete police – Ndumbuini access road, bordering House no. VET/NEW/B, House No. VET/2/17, House No. VET/NEW/3 and a flat (House Nos. VET/1/99A, VET/1/99B, VET/1/99C and VET/1/99D. Management provided a memorandum of understanding between State Department of Livestock, Directorate of Veterinary Services, and the Board. However, valuation and title deed for the parcel of land were not provided for audit review.

In the circumstances, the accuracy, completeness, and valuation of the value of property, plant, and equipment balance of Kshs.329,675,514 could not be confirmed

2. Inaccuracies in the Statement of Cash flows

The statement of cash flows reflects cash and cash equivalent at the beginning of the year of Kshs.53,976,236. However, as previously reported casting of the 2024/2025 statement of cash flows revealed an increase in cash and cash equivalent amount of Kshs.33,886,341. This amount added to the cash and cash equivalent at the beginning of the year of Kshs.18,218,032 totaled to cash and cash equivalent at the end of the year of Kshs.52,104,373 resulting to a variance of Kshs.1,871,863 which was not explained or reconciled. Further, the statement of cash flows reflects total payments comparative amount of Kshs.120,705,378 while the prior audited financial statements reflect Kshs.122,577,241. However, no supporting prior year adjustments were provided for audit.

In the circumstances, the accuracy and completeness of the statement of cash flow and cash and cash equivalent balance of Kshs.18,772,420 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Veterinary Board Management in accordance with ISSAI 130 on the 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the report on financial statements, lawfulness and effectiveness in use of public resources, and effectiveness of internal controls, risk management and governance, respectively. Review of the status during audit of the entity in 2024/2025 revealed that the matters remained unresolved as shown below:

1. Unconfirmed Land Ownership
2. Unsupported Cash flow Statements

Other Information

The management is responsible for the Other Information set out on page iv to xxxiv which comprise of Key entity information and management, The board of directors, management team, chairman's statement, report of the chief executive officer, statement of performance against predetermined objectives, corporate governance statement, management discussion and analysis, environmental and sustainability reporting, report of the directors, statement of directors' responsibilities. the Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the board's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else 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

1. Board Expenses Paid Over and Above the Approved Threshold

The statement of financial performance and Note 11 to the financial statements reflects board expenses amount of Kshs.14,685,998 while the total operation cost amounted to Kshs.206,074,983. Computation of 5% of the total operation cost resulted to Kshs.10,303,749 resulting to excess of the allowable 5% threshold of the operations and maintenance budget by Kshs.4,382,249. This was contrary to the Office of the President Circular No. OP/CAB/9/1A which capped board expenses to 30 Million or 5% of the operations & maintenance budget, whichever is less.

In the circumstances, Management was in breach of the Circular.

2. Non-Compliance with Law on Affirmative Action on Employment of Staff with Disability

Examination of the Bio data of staff provided for audit revealed that Kenya Veterinary Board had no persons with disability among its staff contrary to Section 13 of persons with Disability Act, 2003 which requires employers with 20 or more employees to reserve at least 5% of jobs for persons with disabilities.

In the circumstances, Management was in breach of law.

3. Failure to Make a Provision for Sinking Funds for Depreciating Assets

Examination of accounting records kept by the Board revealed that even though the entity was in possession of depreciating assets, it had not made a provision in form of establishment of a sinking funds to be used in renewal of the depreciating assets contrary to Section 61(1) of State Corporations Act Cap 446

In the circumstances, management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for conclusion on effectiveness of internal controls, risk management and governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Non-Compliance with Board Composition and Governance Requirements on Size and Qualification of Board Members

Kenya Veterinary Board, Board of Management is composed according to Veterinary Surgeons and Veterinary Para-professionals Act, 2011, which requires the Board to have seventeen (17) board members. However, during the year under review the Board had eighteen (18) board members. In addition, it was also noted that the composition and structure of board did not meet the required threshold in terms of qualifications and skills as envisioned in Mwongozo, resulting in lack of prerequisite skills in some of the Board Committee. For instance Audit Committee of the board did not have required qualified personnel to guide on matters finance, accounting and risk management.

Further, three (3) out of four (4) board committees had more than 1/3 of board members these board committee members were not being rotated as required after continuously serving for twelve (12) months.

In the circumstances, the effectiveness of the Board to establish and monitor risk management frameworks could not be confirmed.

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 controls, 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 the Management and those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the *Board's* ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

3 November, 2025

