

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA PLANT HEALTH INSPECTORATE
SERVICE**

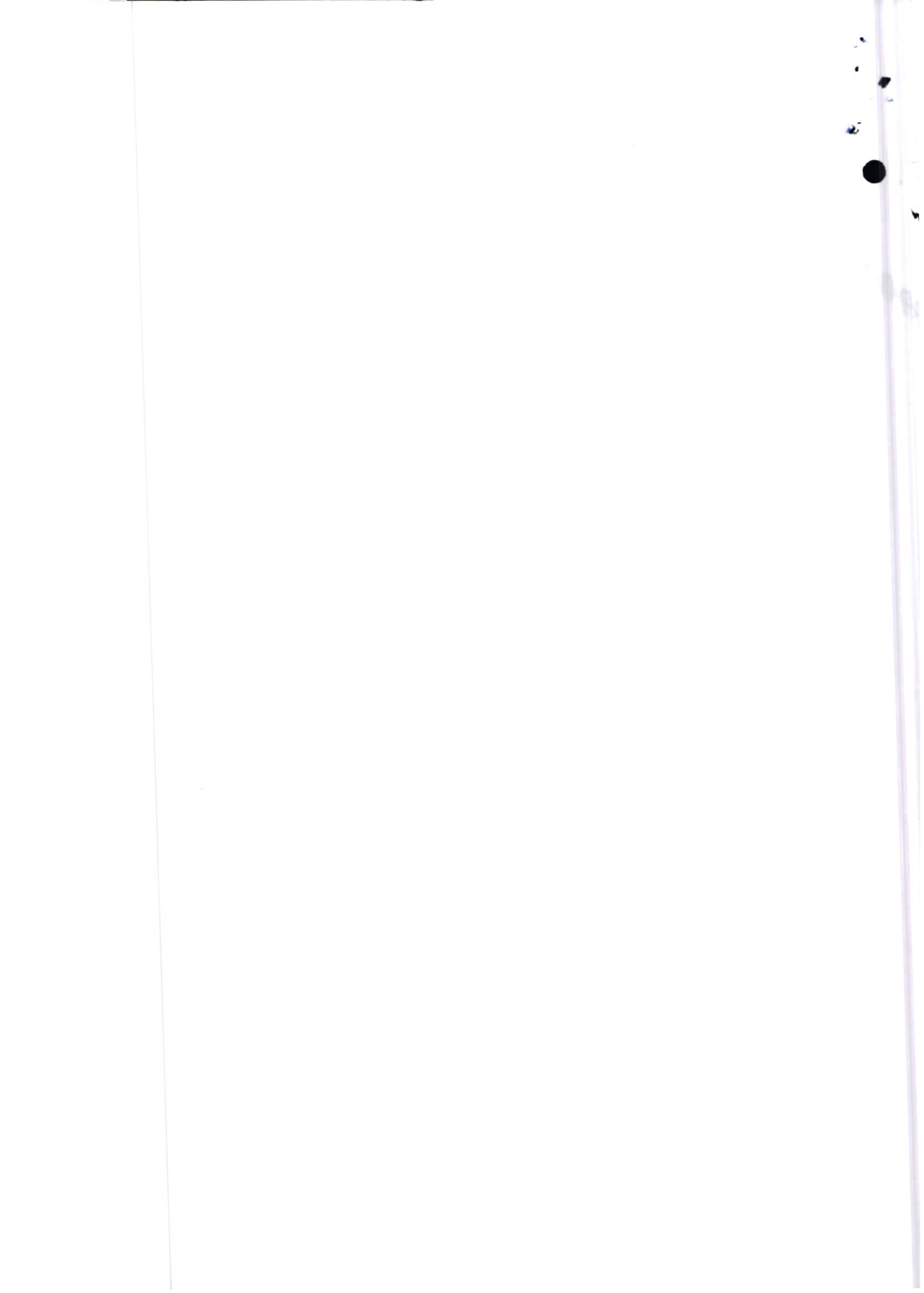
**FOR THE YEAR ENDED
30 JUNE, 2023**

THE NATIONAL ASSEMBLY
PAPERS 1410

DATE: 06 MAR 2024

MEMBER OF PARLIAMENT
Hon Owen Baya, MP
Deputy leader, Majority Party

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**Kenya Plant Health Inspectorate Service,
Annual Report and Financial Statements
For the year ended June 30, 2023**



KENYA PLANT HEALTH INSPECTORATE SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2023**

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

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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

MD	Managing Director
BOD	Board of Directors
KEPHIS	Kenya Plant Health Inspectorate Service
CPAK	Certified Public Accountant of Kenya
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PIP	Plant import Permit
ICT	Information and Communication Technology
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
FY	Financial Year
USDA	United States Department of Agriculture
EU	European Union
MRL	Maximum residual Level
PBR	Plant Breeders Rights
COPE	Centre of Phytosanitary Excellence
NPT	National Performance Trials
EAC	East African Community
WTO-SPS	World Trade Organisation- Sanitary and Phytosanitary measures
OECD	Organisation for Economic Cooperation and Development
COMESA	Common Market for East and Southern Africa
IPPC	International Plant Protection Convention
IECS	Import and Export Certification System
KPI	Key Performance Indicators
KRAs	Key Result Areas
DOB	Date of Birth

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

2. KEY ENTITY INFORMATION AND MANAGEMENT

Kenya Plant Health Inspectorate Service (KEPHIS) is a regulatory body established by the KEPHIS Act No.54 of 2012. The role of the Corporation is to undertake regulatory function in the agricultural sector on matters regarding plant protection, seeds and plant varieties to assure quality of agricultural inputs and produce.

Mandate

The functions of KEPHIS are outlined in the KEPHIS Act No. 54 of 2012 as follows:

- a) Regulate matters relating to plant protection, seeds and plant varieties;
- b) Administer and enforce Sanitary and Phytosanitary measures;
- c) Support the administration and enforcement of food safety measures;
- d) Establish service laboratories to monitor the quality and levels of toxic residues in agro-inputs, irrigation water, plants, soils and produce;
- e) Be the principal advisor to the Government on issues relating to seeds and planting material;
- f) Implement plant variety protection in Kenya, administer plant breeders' rights and maintain the Plant Breeders' Rights Register;
- g) Undertake plant variety testing and description, seed certification and plant quarantine control;
- h) Undertake inspection and grading of plants and plant produce at the ports of entry and exit;
- i) In consultation with other relevant agencies, develop and implement standards for seed and plant materials;
- j) Implement and enforce national biosafety regulations on the introduction and use of genetically or living modified species of plants, insects and microorganisms, plant products and other related species;
- k) Regulate import and export of plants and plant materials;
- l) In consultation with other relevant agencies, regulate the commercial exploitation of naturally occurring plants and plant-related microorganisms;
- m) Register and license seed merchants, seed growers, agents and any other person who may be required to be registered under the provisions of this Act or any of the laws specified in the First Schedule;
- n) Enter into association with such other bodies or organizations or authorised persons as the Board may consider desirable or appropriate in furtherance of the purposes for which the Service is established;
- o) Be the liaison office for international conventions relating to plant variety protection, plant protection, seed certification and dealing with endangered species or any other related conventions.

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The KEPHIS Management Structure

The management structure of the Service consists of the following organs:

The Board of Directors

Board of Directors for the Service is responsible for the policy, control, and management of the Service. The Board consist of:

- a. A Chairperson;
- b. The Cabinet Secretary to the Treasury or a designated representative.
- c. The Principal Secretary in the Ministry responsible for agriculture or a designated representative; and
- d. Seven other persons.
- e. The managing director is secretary to the Board.

The Office of the Managing Director

The bearer of the Office of the Managing Director of the Service is appointed by the Board. He/she is responsible to the Board, for the day-to-day management of the affairs of the Service, is Secretary to the Board, and performs such other functions as the Board may direct.

Corporation Secretary and Legal Services Directorate

The office is responsible for supporting the Managing Director to provide Board Secretariat and related services to the Board as required under the KEPHIS Act and Mwongozo. The Directorate is also responsible for advising the Board and Management on legal matters, overseeing legal matters as well as implementing good corporate governance to enhance organizational credibility.

Internal Audit and Risk Directorate

The Directorate is responsible for reviewing and evaluating budgetary performance, financial management, transparency and accountability mechanisms and processes at the Corporation; providing reasonable assurance through the audit committee on the state of risk management, control and governance within the Corporation; and reviewing the effectiveness of the financial and non-financial performance management systems of the Corporation.

Directorate of Corporate Services

The Directorate of Corporate Services is responsible for providing strategic leadership, expert advice and input to the Service to ensure optimal utilization and management of the Service's resources. It will also provide accountability in the functional areas of Finance and Accounts, Human Capital, Corporate Communications, Customer Care, ICT and Innovation and Administration Departments.

Directorate of Phytosanitary and Biosecurity

The Directorate is responsible for providing strategic leadership on plant health matters. It ensures implementation of import and export regulation, pest identification & diagnostics, pest risk analysis, pest surveillance, quarantine regulation, Plant biosecurity, standard harmonization, and international trade.

Directorate of Seed Certification & Plant Variety Protection

The Directorate is responsible for providing strategic leadership on quality inputs by ensuring that the service achieves its mandate through enforcement of plant breeders' rights and seed certification.

Directorate of Planning and Strategy

The Directorate is responsible for providing leadership on matters regulatory research; projects development and implementation; strategic planning and implementation; performance contracting.

Directorate of Laboratory Services

The Directorate is responsible for the effective management of the Analytical Chemistry Laboratory and Food Safety, Plant Health and Molecular Laboratories and the Seed Testing Laboratories functions of the Service.

Supply Chain Management Department

The supply chain Management is anchored in the Constitution through Article 227 and amplified by section 47 of the Public Procurement and Asset Disposal Act, 2015. The Division facilitates KEPHIS to achieve its strategic goals through efficient and effective planning and procurement/disposal of goods and services.

KEPHIS Organization Structure

The Organization Structure of the Service is shown in the Figure 1 below:

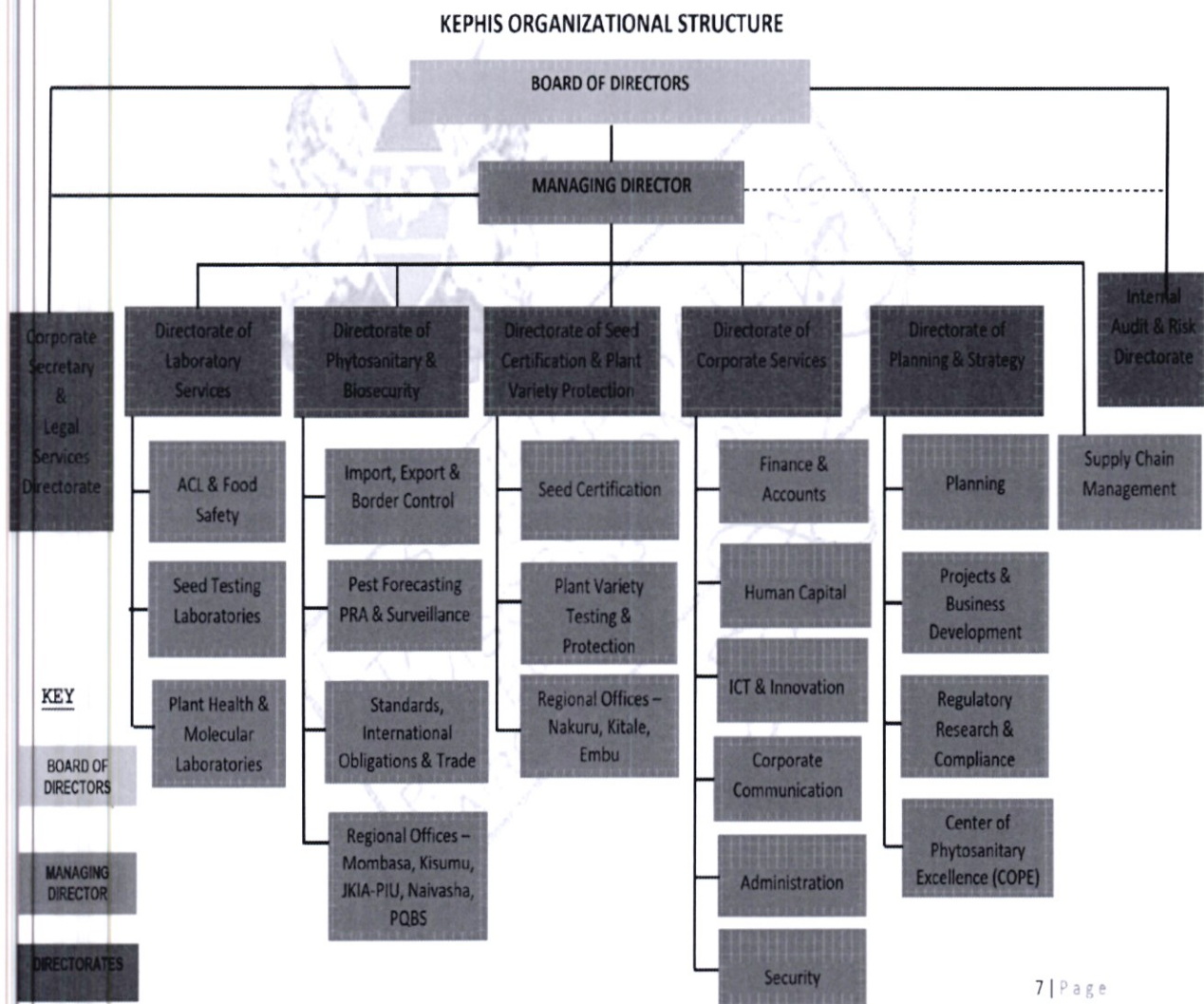


Figure 1: Organizational Structure of KEPHIS

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Year performance

During the FY 2022-2023, the Corporation undertook various activities within its mandate. These planned activities were implemented in accordance with the KEPHIS Strategic Plan and actualized through the 2022-2023 Annual Work Plan and Performance Contract.

1.0 Phytosanitary Services

1.1 Imports

During the period, KEPHIS undertook inspection of import consignments for compliance. A total of **99,635** Plant Import Permits (PIPs) were issued to inspected and complying consignments at various KEPHIS stations in 2022 – 2023 as compared to **84,428** PIPs issued in the previous financial year. This reflects KEPHIS' continued facilitation of trade in agricultural produce and improved service delivery through digitization of processes. The increase in imports was also as a result growth in importation of fresh produce commodities and cereals from neighbouring countries.

1.2 Exports

KEPHIS facilitated exports during the period under review by certifying for export through inspecting consignments of crops, plant products and regulated articles in accordance with international standards and Phytosanitary requirements of the importing countries. During the period, a total of **505,661** Phytosanitary certificates were issued compared to **417,313** issued the year before. The increase is attributed to the increased exports of fresh produce consignments and new markets especially for Avocado to China, South Korea, and other countries. KEPHIS played a pivotal role in the opening of these markets by ensuring Kenyan produce meet phytosanitary requirements for export.

1.3 Farm Audits

During the period under review, a total of **1,115** inspections were conducted mainly under the routine inspections for compliance with Phytosanitary requirements of USDA and EU regulations. This was an increase compared to **1,057** inspections last year. This was attributable to enhanced audits for compliance with new market requirements due to the opening of new markets as highlighted in 1.2 above.

1.4 Pest Surveillance

KEPHIS continued to implement the early warning and rapid alert strategy for pests by carrying out surveillance for **19** emerging pests as compared to **26** in the previous period. Enhanced surveillance was ensured to curb new pest incidences and meeting of changing market requirements in importing countries.

2.0 Laboratory Services

2.1 Plant Health Laboratories

The Plant health laboratories conducted various tests during the period under review. These tests were either in supporting compliance to import and export requirements or as a service to the public. A total of **18,417** samples were tested in the Plant Quarantine and Biosecurity station at Muguga, Nakuru, Mombasa and Headquarters plant health laboratories. This was comparable to last year where **22,718** samples were tested. The decrease of samples is attributed to decreased level of non-compliance achieved through training and awareness activities undertaken by KEPHIS.

2.2 Analytical Chemistry Laboratory Services

During the year under review the laboratory analysed a total number of **6,300** samples for both customers and monitoring programs. This was an increase from **4,219** samples in the 2021 - 2022 financial year. For both enforcement and monitoring of Maximum Residues Levels (MRL) of pesticides, the laboratory analysed **2,777** for different commodities from exit points, supermarkets, farms, and local markets. The samples tested included beans, peas, tomatoes, passion fruits, capsicum, Kales, avocado, grapes among others. **500** samples were analysed for heavy metal contaminants and **609** for mycotoxins analysis. **2,414** samples were analysed for other samples submitted by customers for soil fertility, fertilizer quality, water for irrigation suitability among other analytical services provided by the laboratory. The increase is in line with our strategy of enhanced monitoring aimed at protecting existing and growing new markets for Kenyan produce.

3.0 Seed Certification

3.1 Plant Breeders' Rights

In the in the year 2022 - 2023, **68** PBR applications were received as compared to **73** in the previous year. In addition, **385** grants were renewed. Most applications received were for Roses. The applications are customer driven and depends on demand. KEPHIS ensured that their service demand was met efficiently.

3.2 National Performance Trials (NPTs)

During the reporting period, 191 varieties were under NPT compared to 209 the previous year. Majority of these (90%) were KEPHIS managed while 10% were planted in trials managed by the clients. During the year, the NVRC approved for release of **56** new varieties that had undergone through both NPT and DUS. These varieties' names were published in the Kenya Gazette and the seed companies are now at liberty to commercialize and sell to farmers.

3.4 Seed Inspection

In the period under review, KEPHIS inspected **24,781** hectares of seed crops under rain-fed and irrigated systems. This is a marginal decrease from 25,200 hectares inspected in 2021/22.

3.5 Seed Testing

Seed sampled during processing were tested at Nakuru and Kitale seed testing laboratories to determine the germination and purity capacities. During the period under review, the laboratories tested **9,593** samples. The number samples tested increased from **9,574** in 2021 - 2022.

3.6 Post Control Tests

Post control tests are quality control checks designed to determine effectiveness of field inspections during critical active seed crop growth stages. In the period under view, **2,747** samples were post controlled compared to **2,457** in the previous year.

3.7 Seed Post Certification Surveys and Licensing of Seed Stockists

During the seed post certification surveys carried out this financial year, seeds sampled from stockists was tested. Most of the seed sampled and tested met the minimum quality standards. In the same period **12,162** seed sellers were licensed to sell certified seed in various KEPHIS regional

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offices. This was a significant increase from the 5,516 seed seller's licenses issued in the 2021 - 2022 financial year. This was mainly because of the implementation of the Seed Certification and Plant Variety system.

3.8 Seed Merchant Registration

In the period under review, thirty-seven (37) new seed merchants were registered to undertake seed business compared to 26 in the previous year.

4.0 Performance Contracting

KEPHIS supports the Kenya government's policy on Performance Contracting and implemented the system as per the 19th cycle guidelines. In the 2022 - 2023 period the Corporation implemented its Performance Contract and performed exemplarily well in the set targets and achieved a provisional self-evaluated composite score of 2.5 (Very Good) as compared to 2.6 in 2021-2022.

(a) Key Management

The Corporation's day-to-day management is under the following key organs:

1. Board of Directors
2. Managing Director
3. Directors

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

	Designation	Name
1.	Managing Director	Prof. Theophilus M. Mutui
2.	Ag. Corporation Secretary and Legal Services Director	Ms Ivy Rose Waithera Bosco
3.	Ag. Internal Audit and Risk Directorate	Mr. Raphael Wanjohi Nderitu
4.	Ag. Director of Corporate Services	Mr. Bartonjo Cheptarus
5.	Ag. Deputy Director Finance & Accounts	Mr. Ezekiel Mucheru
6.	Director of Phytosanitary and Biosecurity	Dr. Isaac Macharia
7.	Director of Seed Certification & Plant Variety Protection up to 24 th April 2023	Mr. Simeon Kibet Kogo
8.	Ag. Director Seed Certification & Plant Variety Protection from 2 nd May 2023	Mr. Simeon Maina
9.	Ag. Supply Chain Management Department	Ms. Irene Wambui Wangithi
10.	Ag. Deputy Director Kisumu Regional Office	Ms. Chelangat Tonui
11.	Ag. Deputy Director Mombasa Regional Office	Mr. Thomas Kosiom
12.	Deputy Director Kitale Regional Office	Mr. Ephraim Wachira
13.	Deputy Director Nakuru Regional Office	Mr. Geoffrey Malemba
14.	Deputy Director Plant Inspection Unit, JKIA	Mr. James Wahome
15.	Deputy Director Plant Quarantine Station, Muguga	Ms. Florence Munguti
16.	Deputy Director Plant Inspection Unit, Naivasha	Ms. Hilda Miranyi
17.	Deputy Director Embu Regional Office	Mr. Charles Owino

(c) Fiduciary Oversight Arrangements

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The Corporation has the following fiduciary oversight structures:

- Non-executive Chairman of the Board
- Board of Directors comprising independent non-executive directors
- Technical Committee
- Finance Committee
- Human Resource and Administration Committee
- Audit, Risk & Governance Committee

(d) KEPHIS Headquarters

P.O. Box 49592 -00100
Oloolua Ridge, Karen
Nairobi, KENYA

(e) KEPHIS Contacts

Telephone: +254 0206618000/0709891000
E-mail: director@kephis.org
Website: www.kephis.org

(f) Corporation Bankers

1. Kenya Commercial Bank Ltd
P.O Box 7206 00100
NAIROBI
2. NCBA Bank
P. O Box 30437 00100
NAIROBI
3. National Bank Of Kenya
P.O. Box 72866 00200
NAIOROBI

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

3. THE BOARD OF DIRECTORS

Hon. Joseph M'eruaki M'uthari - Current Chairperson Appointed: 30th June 2023
DOB: 1st January 1967



Hon. Joseph M'eruaki M'uthari is the Chairman of KEPHIS, having been appointed on 30th June 2023. He has Master's Degree in Development Studies from St. Paul's University, Limuru and a B.Sc. (Hons) in Forestry from Moi University. In Year 2002, he was honoured as United Nations Person of the year in Kenya. Still, in 2002, he underwent a master class fellowship programme with CDRA South Africa, a highly specialized programme for senior social development practitioners working in various development endeavours. Hon. M'eruaki has the following certificates: Certificate in facilitating development – CDRA South Africa, Certificate in facilitating Organization Development – Tanzania,

Certificate of Attendance in National Workshop on Fundraising and a Certificate in Training Participatory Rural Appraisal for Community-based Planning and Natural Resources Management. Hon. M'eruaki has gained exposure in Natural Resource Management concerns through training and participation from seminars and workshops in Kenya, Zimbabwe, Tanzania, Zanzibar, Uganda and South Africa.

He was the Member of Parliament of Igembe North Constituency in Meru County from March 2013 to August 2017, Caritas Meru Director/Diocesan Social Development Consultant from February 2006 to March 2013, Executive Director of Kamurugu Agricultural Development Initiatives (KADI) from July 1995 to February 2006 and Head of Indigenous Plants Resources Research and Development Department from March 1994 to 1996. He worked with the Association of Volunteers Service International (AVSI) from March to April 1993 and from January to April 1992. In 1990, he worked as a teacher at Mutuati Secondary School. He is a former Chairman of Tana Water Works Development Agency.

He is fluent in English, Kiswahili and Italian

Hon. Peter Weru Kinyua - Chairperson



Former Chairperson. Term Ended 29th June 2023.
DOB: 9th February 1977

Hon. Peter Weru Kinyua works as a consultant for AMREF in acceleration of health laws in parliament. Previously he worked as a Member of Parliament for Mathira Constituency from 2013 to 2017 and offered great support for the community and environment. He has played key roles in several water projects in Mathira, Education sector, Youth Empowerment and Mentorship Programmes, Community Development, Environment Conservation Initiatives etc. He has also worked in the corporate world (Geosurv, Safaricom, and Vodafone among others). Hon Peter Weru holds a

Bachelor Science in Surveying (1997- 2002) from University of Nairobi and Certified Public Accountants part II. Moreover, he has attained certification in environmental impact assessment and audit from Jomo Kenyatta University of Agriculture and Technology.

Prof. Theophilus M. Mutui (Ph.D.) – Managing Director

Appointed: 11th December 2020

DOB: 1st January 1969



Prof. Theophilus M. Mutui (Ph.D.) is the International Plant Protection Convention (IPPC) official contact point for the Republic of Kenya. He is also the Representative of Kenya to the Council of the International Union for the Protection of New Varieties of Plants (UPOV). He has over 25 years of experience, having previously worked at the National Biosafety Authority (NBA) as the Acting Director, Technical Services. He holds a Ph.D. in Horticultural Sciences from Leibniz University of Hannover, Germany. He did his post-doctorate studies at the University of Georgia, the USA, and the United States Department of Agriculture (USDA) in Maryland under a fellowship from

the International Atomic Energy Agency (IAEA). At NBA, he was involved in establishing networks and partnerships with government entities, the private sector and development partners that were favorable to the Authority.

Prof. Mutui (Ph.D.) was formerly Country Coordinator for Better Training for Safer Food (BTSF) Programme for DG-SANCO for the European Union (EU) and a member of the National Food Safety Coordinating Committee. He has many years of experience in research, consultancy and teaching. He is a member in good standing of many local and International professional societies

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such as the International Society for Biosafety Research (ISBR), International Society of Horticultural Sciences (ISHS), Horticultural Association of Kenya (HAK) and a member of Kenya DAAD Scholars Association (KDSA). Prof. Mutui (Ph.D.) has widely published in international refereed journals and he is regularly invited as a guest speaker in international scientific conferences.

Prof. Albert Kimutai- Director



Appointed: 30th June 2023

DOB: 29th September 1974

Prof. Kimutai was appointed to the KEPHIS Board on 30th June 2023. He is a holder of a Doctor of Philosophy degree in Science (Parasitology) from the University of Eldoret. In addition, he holds a Master of Science Degree (Immunology) from Kenyatta University and a Bachelor of Education (Science) degree from Egerton University.

He has developed his career in teaching and management over the last 21 years with 8 years' experience as a graduate teacher and administrator and 12 years of University level teaching, research and administration in two chartered public universities in Kenya, Masinde Muliro University of Science and Technology and the University of Kabianga.

Prof. Albert Kimutai is a seasoned researcher and consultant as well as lead trainer for various organizations including Uwezo Kenya, Twaweza East Africa, The Institute of Social Accountability (TISA), Lake Victoria North Water Services Board and CfBT Africa. Twice, he has won the best Facilitator for Uwezo East Africa Regional Research Training Facilitator of the Year 2012 and 2013. Between 2009 and 2013, he was among the lead consultants in a survey to assess learners on their numeracy and literacy competencies across East Africa region.

He is also the Africa Region consultant for Boehncke Business Information, a German organization that undertakes research on tropical diseases across Africa. A case in point is that in 2021, he was the Principal Researcher in a cross-sectional survey on the status of all health facilities in Central Equatoria region of South Sudan where he led the survey of over 500 health facilities. In addition to the above, he has served as the lead consultant for the development of strategic plans for secondary schools in Busia County (2012) and the country trainer for The Institute of Social Accountability.

Prof. Kimutai believes in community work and the promotion of human rights and social accountability. In 2012, he established Kerio Center for Community Development and Human Rights, a civil society organization that enhances and promotes good governance through public participation in the management of county affairs. Over the last six years, the International Budget Partnership, a US based organization, and other partners, has awarded his organization, Kerio

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Center for Community Development and Human Rights over 500,000 US dollars to undertake programs on strengthening and enhancing citizen participation and oversight role in the formulation and execution of county policies through budget analysis and advocacy in the counties of Uasin Gishu, Nandi, Elgeyo Marakwet, Trans Nzoia and Baringo.

Mr. Julius Mutua – Alternate Director, Representative to the Cabinet Secretary, National Treasury and Planning



Appointed: 16th May, 2017

DOB: 1st January 1971

Mr. Mutua is the Alternate Director to Cabinet Secretary, National Treasury. He is a seasoned civil servant with over 20 years' experience in economic and financial policy formulation at the National Treasury. He has served in the National Fiscal Budget Preparation Team for many years and participated in regional integration issues including the negotiation of the East African Community Monetary Union Protocol. He is currently the Planning Secretary and Programme Coordinator for the Public Finance Management Reforms. He holds a Bachelor's Degree in Economics from Kenyatta University and a Master's Degree in Economics from the University of Dares Salaam. He

also holds certificates in Fiscal Decentralization and Financial Institutions for Private Enterprise development from Duke and Harvard Universities respectively.

Mr. Silas Killingo – Member



Appointed: 13th May, 2022

DOB: 15th December 1961

Mr. Killingo was appointed as a KEPHIS Non-Executive Director in May 2022 and has 36yrs experience in both public and Private sector.

He holds BA (Hons) from the University of Nairobi, Majoring in Psychology and Sociology. He is currently pursuing a Master's Degree in Criminology. He works for Kenya Airforce, Technical Department, and Specializing in Engineering control and Instrumentation.

**Mr. James Wanjohi -Alternate Director, Representative to the Principal Secretary State
Department of Crops Development**



Appointed: 28th January, 2022

DOB: 14th September 1968

Mr. James Wanjohi was appointed to the Board on 28th January, 2022. He has had a distinguished career spanning 25 years as an agricultural development, food security and extension specialist, with local, regional and international exposure. He is currently working, at policy level, at the Ministry of Agriculture, Livestock, Fisheries and Cooperatives.

He holds an MSc in Agricultural Extension and a BSc in Agriculture. He has also attended many trainings in

the fields of agriculture and food security. He has corporate experience having been a board member of five other boards across the agriculture sector.

Mr. Moses Atuko, Director



Re-appointed: 27th October, 2022

DOB: 24th December 1980

Mr. Atuko is currently a consultant with United Nations. Previously, he worked as County Executive for Health Services and Environment-Mining-Energy, both for Baringo County Government; Country Director for MENTOR Initiative, Kenya; Regional Manager for Kenya Red Cross, North Rift; Deputy Country Director for MENTOR Initiative, Liberia; Emergency Health Manager for Kenya Red Cross, Nairobi; Project Officer with Aga Khan Foundation, Mombasa; and has been a Public Health Consultant for over 6 years. He is a graduate of Public Health, Moi University, 2004.

Dr. Rose Njeru, Director



Re-appointed: 27th October, 2022

DOB: 1st January 1961

Dr. Njeru holds a Doctorate degree in Plant Sciences from Murdoch University, Australia and a Master's Degree in Plant Pathology from The University of Nairobi. Dr. Njeru has a wide experience in the field of plant health having served as a senior lecturer at the Faculty of Agriculture, University of Nairobi for over 15 years. She has also served as a Senior Scientist with the Ministry of Agriculture in Rwanda under a World Bank funded Rural Sector Support Program for a period of four years. During the subsequent four years, she was a director in charge of Capacity Building and Technology Deployment with an international Non-Governmental Organization. Dr. Njeru has published widely in peer

reviewed journals, participated in international conferences and supervised PhD Students in the field of agronomy, plant breeding, biotechnology, and plant health in general.

She has international experience as an; educator, trainer, researcher, in proposal development and capacity development with a focus on plant health, biotechnology, capacity building, documentation, communication, science, technology and innovation systems. Currently, Dr. Njeru is an independent international consultant in the field of plant health with an interest in plant health systems, compliance to international treaties especially the world Trade Organization Sanitary and Phytosanitary Agreement. She has been a consultant with several organizations including; Food and Agriculture Organization of the United Nations, International Fund for Agriculture Development, Technical Centre for Agricultural and Rural Cooperation, Regional Universities Forum for Capacity Building in Agriculture, a consortium of over 33 Universities in Africa, International Potato Centre and International Centre for Tropical Agriculture among others. She serves the KEPHIS Board, as a member of the Technical Committee.

Mr. Ronald Juxton Abonyo, Director



Appointed on 4th May, 2020

DOB: 21st February 1982

Exited: 3rd May 2023

Mr. Abonyo holds a Master's degree in Real Estate Valuation and Management and Bachelor of Commerce, Finance option from the UoN. He was appointed as a KEPHIS Non- Executive Director in May 2020. He comes with the experience of over 10 years as a director where he was the Chair in an investment committee of the Board at Mvelaphanda Capital (Kenya). He is also a director at Goldman Group. Director Abonyo is the current Chairman of the KEPHIS Pension scheme with the responsibility to steer the organization to create value to its members. Mr. Abonyo chaired the Finance committee of the main KEPHIS board until his exit on 3rd May 2023.

Ms. Marstella Bahati Kahindi, Director



Appointed on 4th May, 2020

DOB: 10th October 1961

Exited: 3rd May 2023

Ms. Bahati is a Masters holder in Business Administration with a specialization in Strategic Management. She also holds a Bachelor's Degree in Arts second class upper Division. Both degrees from University of Nairobi.

She is a seasoned banker with over 35 years of experience having worked majorly at Kenya Commercial Bank and Absa Bank formerly Barclays Bank of Kenya. She is a certified Retail Banker one. She worked shortly at K-rep Bank now Sidian Bank and Agriculture Finance Cooperation. She prides herself in being responsible strategic, futuristic, arranger and

relator, strengths built over the years.

Previously, she was sitting in the Board of Kenya Industrial Estates as a Non –Executive Director. Marstella Bahati is a community leader organizing and mobilizing Coastal farmers around a cooperative to train, support and do farming right, for better yields, value add and get markets for the produce for improved lives of the farmers

Dr. Stephen K. Maore, PhD., Director



Appointed on 4th May, 2020

DOB: 1978

Exited: 3rd May 2023

Dr Maore is an expert in Strategy, Marketing and Brand Management with over 16 years' experience in teaching, consultancy and practice in this area. Dr Maore is the Director, University Advancement and Marketing at Kenya Methodist University (KEMU). He has served as a senior lecturer and Lecturer of International Business, Marketing and Brand Management at KeMU since 2006. He is a qualified trainer approved by the International Finance Corporation as a Trainer of Trainers (2018). Dr Maore has handled various assignments in the area of strategic Planning, Marketing Planning, Branding Strategy Development, Customer care, Customer Service Charter Development, Corporate Communication and Market Research, among others. Dr

Maore has been a lead assessor in the Company of the Year Awards program (COYA) since 2010, focusing on Leadership and Management, Customer Orientation and Marketing and Corporate Citizenship and Environmental Management.

In addition to the formal employment, Dr Maore served as the Chairman, Board of Directors at Meru County Investment and Development Corporation (MCIDC) from 2015 to 2018, and is currently a Member, Board of Directors at Kenya Plant Health Inspectorate Services (KEPHIS) since 2020 and a member of the Technical Committee on Standards at Kenya Bureau of Standards (KEBS).

Academically, Dr Maore holds a PhD in Business Administration from the University of Nairobi, a Masters in Business Administration (MBA- Marketing) from the University of Nairobi and a Bachelor of Education in Mathematics and Business Studies from Kenyatta University. He has published a number of papers in the area of branding and marketing with various reputable refereed journals.

Finally, Dr Maore is an active member of the Marketing Society of Kenya (MSK), Kenya Institute of Management (KIM) and Certified Institute of Marketing (CIM).

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Ms. Litole Jemtai Lucky, Director



Re-appointed on 27th October, 2021

DOB: 29th February 1984

Exited: 3rd May 2023

Ms. Litole is currently coordinating a woman and youth empowerment programme in West Pokot with Konrad Aduor Foundation. She was previously with Kenya Utalii College till 2016 when she left to join the Konrad Aduor Foundation. She is a holder of a Bachelor of Business Administration (Procurement and Supply Chain Management Option) and is currently pursuing a Master's Degree in Logistics and Procurement Management and a Certified Secretaries certificate. She also holds certificates in Food and Beverages, Business Management, and Customer Service.

4. MANAGEMENT TEAM

Prof. Theophilus M. Mutui (Ph.D.) – Managing Director

Profile on page xi above

Ms. Ivy Waithera Mburu - Ag. Corporation Secretary & Head Legal Affairs



Ms. Mburu joined KEPHIS in 2018 and holds a Bachelor of Laws LL.B (Hons.) from the Catholic University of Eastern Africa and a Post Graduate Diploma in Law from the Kenya School of Law. She is also an Advocate of the High Court of Kenya, Commissioner of Oaths, and a Notary Public.

Presently she is the Ag. Corporation Secretary and oversees the Legal Affairs Department which undertakes the Contracts & Legal Instruments, Litigation & Disputes, Ethics, Integrity and Anti-Corruption Issues and Legal Review of the Statues being implemented by the Organisation.

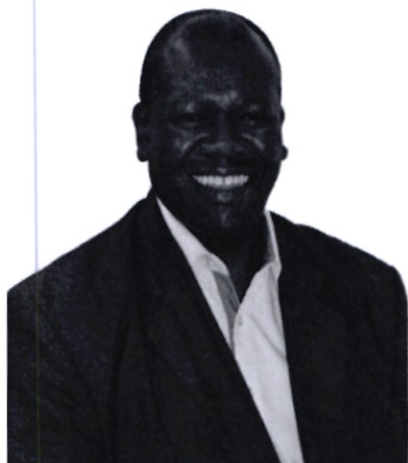
Dr. Isaac Macharia – Director of Phytosanitary and Biosecurity



Dr. Isaac Macharia, the General Manager, Phytosanitary Services holds a PhD in Plant Virology from the University of New England in Australia and Masters of Science in Plant pathology from the University of Nairobi. He has worked with KEPHIS since 2002 where he has served in various capacities; Plant Inspector, head phytosanitary laboratories & Deputy Officer in Charge at Plant Quarantine Station and finally as the Regional Manager - KEPHIS Mombasa. He has undergone extensive phytosanitary training on Pest Risk Analysis & Diagnosis from USDA APHIS and Ohio State University in the USA. During the course of his work he has spearheaded diagnostic services, pest risk analysis, surveillance, import certification and development of phytosanitary policies. This

has led to significant growth of the institution and has enabled the industry to access and retain foreign markets.

Mr. Simeon Kibet – Director of Seed Certification & Plant Variety Protection



Term Ended 24th April 2023

Mr. Kibet joined KEPHIS in October 2000. He has held various senior positions which include Liaison Officer for Quality Assurance Division, Regional Manager Nakuru and Head Seed Certification & Plant Variety Protection, General Manager-Quality Assurance and served as the Ag. Managing Director between March and December 2020.

Mr. Kibet holds an MPhil degree in Crop production and Seed Technology from Moi University, and a BSC in Agriculture from The University of Nairobi. He has extensive experience in seed quality assurance and has been trained in Seed Technology in Japan, Netherlands, and South Africa.

Simon Mucheru Maina- Ag. Director of Seed Certification & Plant Variety Protection



From 2nd May 2023

Mr. Simon Mucheru holds a BSc and M.Phil in Plant Genetics from Moi University. He has extensive experience in plant variety protection and seed quality assurance. He has undergone extensive training in plant variety protection, seed certification and seed policy in Japan, United States and The Netherlands. He has offered leadership as a seed system and plant variety protection expert in development of regional seed systems under COMESA, ARIPO and EAC. In particular, he chaired the ARIPO Technical Committee on Plant Variety Protection that oversaw the development and adoption of Regulations under the Arusha Protocol for the protection on new Varieties of Plants from 2015 to 2019. He also led the Kenyan team of experts that participated in the development of the draft East Africa Seeds and Plant Varieties Bill. He has spearheaded capacity building of local and regional seed inspectors.

Mr. Bartonjo Cheptarus- Ag. Director of Corporate Services

As from 18th March 2020



Mr. Bartonjo joined KEPHIS in the year 2002 and has served in the capacities of Head of Finance and Head of Audit. He holds a Bachelor's Degree in Commerce (Finance Option) from the University of Nairobi.

He is a Certified Public Accountant and is a member of the Institute of Certified Public Accountants, Kenya (ICPAK).

5. CHAIRMAN'S STATEMENT

I am pleased to present this 2022-2023 financial report, which describes the financial performance of the corporation during the period. KEPHIS operations are hinged on Kenya's economic Blueprint, the Vision 2030 which seeks to propel the country to achieving economic development with an average 10 percent growth rate for a globally competitive and prosperous nation. KEPHIS plays an important role in supporting the growth of Kenya's economy envisaged in Vision 2030 and other economic blueprints. The fourth Medium Term Plan (MTP) (2023-2027) envisages transformation of Kenya's Agricultural sector, through the agriculture pillar of the Bottom-up Economic Transformation Agenda (BETA) to boost food and nutritional security.

In its twenty-five years of existence, the Corporation has focused on delivering its mandate and has established robust systems and processes that assure high quality agricultural inputs and produce in the sector. Furthermore, support of the horticultural sub-sector has led to increased market access for plants and plant products.

The financial results and performance of core mandate areas of the organization as defined by its Key Performance indicators (KPIs) have also been highlighted in this report. During the period, the KEPHIS Board monitored and evaluated the implementation of planned activities and ensured prudence in utilization of availed public funds. This ensured that there was compliance with the relevant statutory obligations and services were delivered to the public as required.

During the implementation period, emerging issues were identified and addressed promptly. Unprecedented changes in the operational environment; emerging government policies and statutory requirements; resource availability and recommendations arising from the continuous monitoring and evaluation were encountered and appropriate response taken. Going forward, the Board shall also ensure performance management continues to be the main measure of the Corporation's service delivery and shall continuously strive to serve our clients as effectively and efficiently as possible.

I take this opportunity to thank the government, our stakeholders, and development partners for their continued support and collaboration without which the Corporation would not have achieved its mandate. We look forward to continuing to serve the public and delivering the services in line with the government agenda encapsulated under BETA and government plans.



**HON. JOSEPH M'ERUAKI M'UTHARI
CHAIRPERSON BOARD OF DIRECTORS**

6. MANAGING DIRECTOR'S STATEMENT

It is my pleasure to present to you the KEPHIS Financial statements from the period June 2022 to July 2023. This is indeed a great moment and milestone for the Corporation, having gone through twenty-five years of existence as a corporation. The period also marked the transition to the new planning cycle by developing its Strategic Plan 2022/23-2026/27.

The operations of KEPHIS are within the confines of the KEPHIS Act 2012, the Seeds, and Plant Varieties Act CAP 326 and the Plant Protection Act CAP 324. Kenya is also signatory to pertinent international conventions, agreements, and treaties which KEPHIS implements on its behalf. These include Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC), OECD Fruit and Vegetables Schemes, OECD Seed Schemes and OECD Forest Seed and Plant Scheme, the International Union for the Protection of new Varieties of Plant (UPOV), CODEX Alimentarius Commission, the World Trade Organization-Sanitary and Phytosanitary Agreement (WTO-SPS), the International Plant Protection Convention (IPPC) among others.

During the period under review, the Corporation made notable achievements including review of the legal framework that led to the finalization of the National Phytosanitary Policy and the Plant Protection Bill, enhanced ICT infrastructure and use of technology. The latter included the Integrated of Export and Import certification systems (IECS), integration with IPPC e-phyto hub, launch of the Enterprise Resource Planning (ERP) system and the Seed Certification and Plant Variety System. KEPHIS also maintained and expanded the scope of accreditation of laboratories, certification to Quality Management Systems (QMS), Information Security Management Systems (ISMS).

KEPHIS undertook implementation of its mandate through the implementation of its Strategic Plan 2022/23-2026/27 that focused on five (5) Key Result Areas (KRAs) i.e., Plant Health, Seed Quality Assurance and Plant Variety Protection, Trade Facilitation, Quality of Agro-inputs and Produce and Institutional Capacity. These were facilitated by resources that were received from the exchequer, development partners and internally generated funds.

Plant Health:

Plant health is a core area for KEPHIS and in retrospect; the country has gone through numerous challenges in terms of crop pest and disease emergence that included Maize Lethal Necrosis Disease (MLND), Potato Cyst Nematode (PCN) and Fall Armyworm (FAW) and False Codling Moth (FCM) in roses. In the period under review, KEPHIS continued to work with partners and other agencies in ensuring early warning and emergency response Systems for plant pests and their management. In the succeeding period, KEPHIS shall strengthen Early Warning and Emergence response systems and enhance research for regulatory decision-making. Enhancement of border control and surveillance will also be prioritized towards promoting our new Motto, "Plant Health, Our Business".

Seed Quality Assurance and Plant Variety Protection:

During the reporting period, KEPHIS undertook testing, release and commercialization of new varieties of plants, enhanced capacity for variety testing, enhanced capacity of maintenance of reference collections, regulated production and distribution of high quality seeds, increased farmer

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awareness on identification and benefits of using certified seed of superior varieties, promote local production of certified seeds and certify seedlings and vegetative propagated materials, authorized private persons to undertake specified seed certification services as determined by KEPHIS, maintained membership and participation in regional and international organizations, enhanced surveillance on the quality of seed in the market, adopted best practices on seed quality assurance system.

KEPHIS also undertook plant variety protection by administering plant breeder's rights, ensured maintenance of plant breeders' rights, and building capacity for staff and stakeholders on plant breeders' rights.

Trade facilitation:

KEPHIS participated in regional and international standard setting and harmonization activities to support market access, represent the interests of Kenya in regional and international forums and facilitate compliance to set standards in EAC, COMESA, AFCTA, and CODEX. In the subsequent period, KEPHIS will strengthen its participation in trade facilitation fora to enhance market access.

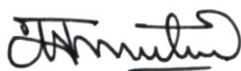
Quality of Agro-inputs and Produce:

KEPHIS continued strengthening quality assurance agro-inputs through its agricultural inputs and produced testing laboratories. In the period under review, KEPHIS assured the quality of seed, fertilizers, water for irrigation, soil, and pesticide formulations. This was made possible through KEPHIS accredited laboratories at Karen (Headquarters), Muguga, Nakuru and Kitale. Maintenance of accreditation of the laboratories to ISO 17025 was achieved during the period for the Analytical Chemistry Laboratory at Headquarters, Plant Health Lab at KEPHIS Muguga and the seed testing laboratory in Nakuru. KEPHIS intends to enhance laboratory services through expansion of testing scopes, accreditation of new methods and acquiring of modern analytical and diagnostic laboratory equipment.

Institutional capacity:

During the period, the Corporation enhanced the capacity of its staff and clients for improved service delivery and compliance to regulatory requirements. KEPHIS undertook building capacity for farmers, SMEs, and players in the national and County Governments as a way of ensuring compliance to set standards for market access and enhance productivity. The Corporation also sustained progress on staff skill development to meet the necessary competencies required for the agriculture sector. This was ensured through the continued operationalization of the Centre of Phytosanitary Excellence (COPE) and in collaboration with other stakeholders and partners in the industry. Enhancement of regulatory capacity through acquisition of necessary tools and equipment was also ensured as a way of improving service delivery.

In conclusion, KEPHIS is confident that with the support of all stakeholders and partners, we shall attain our new vision of "Excellence in Plant health and quality assurance in agriculture". I take this opportunity to sincerely thank the KEPHIS Board, management, staff, and stakeholders for the achievement of set milestones during the period under review.



PROF. THEOPHILUS M. MUTUI, PhD

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Kenya Plant Health Inspectorate Service (KEPHIS) has eight (8) strategic themes and objectives within the current Strategic Plan for the FY 2017/18- 2022/23. These strategic themes are as follows:

Theme 1: **Protection of Plant Resources**

Theme 2: **Legal and Regulatory Framework**

Theme 3: **Agricultural productivity**

Theme 4: **Trade facilitation**

Theme 5: **Capacity building**

Theme 6: **Resource mobilization and management**

Theme 7: **Stakeholder alliances and partnerships**

Theme 8: **Corporate brand image**

KEPHIS develops its annual work plans based on the above 8 Themes. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The corporation also developed its 2022/2023 Performance Contract from its Annual Work plan and implemented it as per the 18th Cycle Performance Contract guidelines. KEPHIS achieved its all its performance targets set for the FY 2022-2023 period for its 8 strategic themes, as indicated by some key indicators in the table below:

Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Protection of Plant Resources	To protect plants from pests, weeds, and invasive species	Number of samples analysed	Undertake analysis at the plant health laboratories	22,718 samples
		Number of consignments and Plant Import Permits	Inspection of import consignments at ports of entry	84,428 Plant Import Permits (PIPs)

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Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Activities	Achievements
		Number of pest surveillances	Pest surveillances conducted using surveillance technologies and tools	26 surveillances
2. Legal and Regulatory Framework	To establish a robust, facilitative policy, legal and regulatory framework for KEPHIS	Phytosanitary Draft policy	Development of the National Phytosanitary policy	Phytosanitary draft completed
		Plant Protection draft regulations	Development of plant protection regulations	Draft Regulations completed
3. Agricultural productivity	To contribute towards improved levels of agricultural productivity while responding to climate change	Number of Title grants	Administer Plant Breeders Rights	73 Grants
		Number of candidates tested	Conduct national performance trials	274
		Number of varieties gazetted	Facilitate release of new varieties including gazettement	53
		Hectares inspected	Undertake seed field inspections	25334 – Rain-fed 7873 – Irrigated
		Number of seed samples taken and tested	Undertake seed sampling, testing	9,574 samples
		Number of post control samples	Undertake pre and post control testing	2,457 samples
		Number of seed sellers licensed SMEs	License seed sellers, SMEs	5,511 seed sellers
		Number of new seed merchant, SMEs	Register seed merchants, SMEs	48 Seed Merchants

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Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Activities	Achievements
4. Trade facilitation	To Support Food safety, Market Access and Compliance	Number of Phytosanitary certificates issued	Undertake grading and inspection of export produce	417,313 Phytosanitary Certificates
		Number of audits/inspections	Undertake farm audits/inspections for compliance to SPS and market requirements (USDA, EU, Israel interception/rejection follow-ups, new client farm audits and food safety audits)	1,057 audits
		Number of samples analysed	Undertake analysis of agricultural produce for contaminants	3,321 samples
5. Capacity building	To build staff, stakeholders, and infrastructural capacity to facilitate efficient and effective delivery of the KEPHIS mandate.	Number of staff trained	Undertake training and development staff	512
		Number of interns/students	Undertake Youth Internships/Industrial attachments/Apprentice ships	299
		ERP system in place	Implement an integrated back office (Finance, HR, Audit, planning) ERP system for effective administration support for the organization	System in place
		Integrated ECS/ICS system	Implement an Integrated Import/Export Certification System	System in place

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Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Activities	Achievements
		Implementation of Seed Certification & Plant Variety system	Roll-out the Plant variety protection and seed certification system	System in place
		Number of new offices opened and operationalised	Operationalization of Lamu and Shimoni Port Offices	2 offices
		Number of practitioners trained	Enhance stakeholder capacity through COPE training	509 practitioners
6. Resource mobilization and management	To mobilize adequate financial resources and ensure optimal allocation and utilization for full implementation of programmes and activities	Percentage of utilisation of funds	Absorption of Allocated Funds (GoK)	100%
		Revenue collected	A-in-A	1.2Bn
		Percentage utilisation of externally mobilized funds	Absorption of Externally Mobilized Funds	100%
		Ratio of Pending Bills to total budget	Management of pending Bills	<1%
7. Stakeholder alliances and partnerships	To enhance synergies through collaboration and linkages with stakeholders and partners	Customer satisfaction index	Conduct customer satisfaction surveys to gauge customer service levels for the Corporation	76 CSI
		CAJ Score	Undertake resolution of customer complaints	96%

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Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Activities	Achievements
8. Corporate brand image	To enhance the visibility and corporate image of KEPHIS.	Number of Corporate Social Sustainability activities	Undertake corporate social sustainability activities	4
		Number of field days, shows, media interactions and farmer forums	Participate in field days, shows, trade fairs, media interactions, farmers forums	68

8. CORPORATE GOVERNANCE STATEMENT

The KEPHIS Act, No. 54 of 2012 Laws of Kenya, in Section 8 provides that the Board shall comprise of; a Chairman, seven (7) independent, non-executive members, appointed from among persons experienced in agriculture, horticulture, seed and administration; the following statutory members; the Principal Secretaries to the National Treasury and Planning; the Ministry of Agriculture, Livestock, Fisheries and Co-operatives; and the Managing Director who is the Secretary to the Board. The Board brings together Members from different professional backgrounds with diverse skills, competencies and strives to comply with the constitutional gender balance requirements.

During the 2022/2023 financial year, composition of the Board was as follows:

Name	Position
Hon. Peter Weru Kinyua	Chairman (Effective from 13 th July 2022 to 29 th June 2023)
Hon. Joseph M'eruaki	Chairman (Effective from 30 th June 2023)
Prof. Theophilus M. Mutui (Ph.D.)	Managing Director (Effective 11 th December 2020)
Mr. Julius Mutua	Alternate Director to the Cabinet Secretary, National Treasury and Planning
Mr. James Wanjohi	Alternate Director to the Principal Secretary, State Department for Crop Development and Agricultural Research
Mr. Chrisologus Makokha	Alternate to the Inspector General, Inspectorate of State Corporations
Mr. Silas Killingo 2021	Independent Board Member – Effective from 27 th October
Ms. Lucky Litole	Independent Board Member – Exited 3 rd May 2023
Mr. Moses Atuko 2021	Independent Board Member – Effective from 27 th October
Dr. Rose Njeru 2021	Independent Board Member – Effective from 27 th October
Prof. Albert Kimutai	Independent Board Member-Effective from 30 th June 2023
Ms. Marstella Bahati Kahindi	Independent Board Member -Term expired on 3 rd May 23
Dr. Stephen Kirimi Maore	Independent Board Member -Term expired on 3 rd May 23
Mr. Ronald Juxton Abonyo	Independent Board Member -Term expired on 3 rd May 23

Board Meetings

The Board meets on a quarterly basis to review management performance, operational issues, and future planning. The Directors are given appropriate and timely information to enable them to maintain full and effective control over strategic, financial, operational and compliance issues. All the Directors are independent of Management and free from any business relationship that could materially interfere with the exercise of the independent judgement. The Board held eight (8) meetings during the period under review.

Board Committees

Pursuant to section 11 (2) of the Act, the following Committees were in place during the financial year:

1. Technical Committee
2. Finance Committee
3. Human Resource and Administration Committee
4. Audit, Risk and Governance Committee

The Committees were formed to assist the Board to carry out its functions effectively and efficiently under well-defined terms of reference set by the Board.

During the 2022/2023 financial year, Committee meetings held Eighteen (18) meetings as follows:

Technical Committee – Four (4) No.

Finance Committee – Five (5) No.

Human Resource and Administration Committee – Four (4) No.

Audit, Risk & Governance Committee – Five (5) No.

Attendance to those Board and Committee meetings by members was as follows:

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Board Member	Technical Committee Meetings- 4 (4 scheduled)	Finance Committee Meetings – 5(4 scheduled and 1 special)	Human Resource & Administration Committee Meetings - 4 (4 scheduled)	Audit Committee Meetings - 5 (4 scheduled, 1 special)	Board Meeting-7 (4 scheduled and 3 special)	Ad-hoc Meetings	Board Member
Hon. Peter Weru Kinyua	0	0	0	0	6	0	6
Hon. Joseph M'eruaki	0	0	0	0	0	0	0
Prof. Theophilus M. Mutui(Ph.D.)	4	5	4	0	7	0	20
Mr. Julius Mutua	0	5	0	5	7	0	17
Mr. James Wanjohi	4	0	4	0	7	0	15
Mr. Chrisologus Makokha	4	4	4	5	7	0	24
Ms. Lucky Litole	1	3	1	0	4	0	9
Mr. Moses Atuko	4	0	0	5	7	0	16
Dr. Rose Njeru	4	3	0	0	7	0	14
Mrs. Marstella Bahati Kahindi	0	0	4	5	7	0	16
Dr. Stephen Kirimi Maore	4	1	3	0	7	0	15
Mr. Ronald Juxton Abonyo	0	5	4	0	7	0	16
Mr. Silas Killingo	0	0	4	5	7	0	16
Prof. Albert Kimutai	0	0	0	0	0	0	0

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Notes

- Hon. Peter Weru Kinyua - Term as Chairman expired effective on 29th June 2023.
- Hon. Joseph M'ruaki – Term as Chairman begun effective from 30th June 2023.
- Prof. Albert Kimutai was appointed to the Board on 30th June 2023.
- Ms. Lucky Jemtai Litole was appointed County Executive Member (CEC) for Water, Environment, Natural Resources and Climate Change in West Pokot County on 12th October 2022.

Succession Planning

Appointment of Board members as provided for under the Act has been staggered in such a way that there is retention, continuity, and transfer of institutional memory.

Existence of a Board Charter

A Board Charter sets out the mandate of the Board and the respective roles of the Chairperson and members as well as provisions on orientation, training, and board evaluation.

Induction and training

Board members undergo regular training and education to enable them to fulfil their responsibilities. All board members receive an induction upon joining. This provides an overview of the organization, new developments in the environment in which the organization operates, accounting and financial reporting developments and policies, as well as any regulatory and compliance changes.

Declaration of Interest

Conflict of Interest is a standing agenda item in all Board and Committee Meetings. A register is also maintained and duly filled during all the Board and Committee meetings.

Board Remuneration

Currently governed under the 2004 Guidelines on Terms and Conditions of Service for State Corporations' Chief Executive Officer, Chairmen and Board Members, Management and Unionisable Staff.

Governance Audit

The Board has embarked on building in-house capacity in readiness for the 1st Governance Audits during the 2022/2023 financial year upon accreditation of Governance Auditors by the State Corporations Advisory Committee.

Board Evaluation Results for FY 2022/2023 facilitated by the State Corporations Advisory Committee (SCAC)

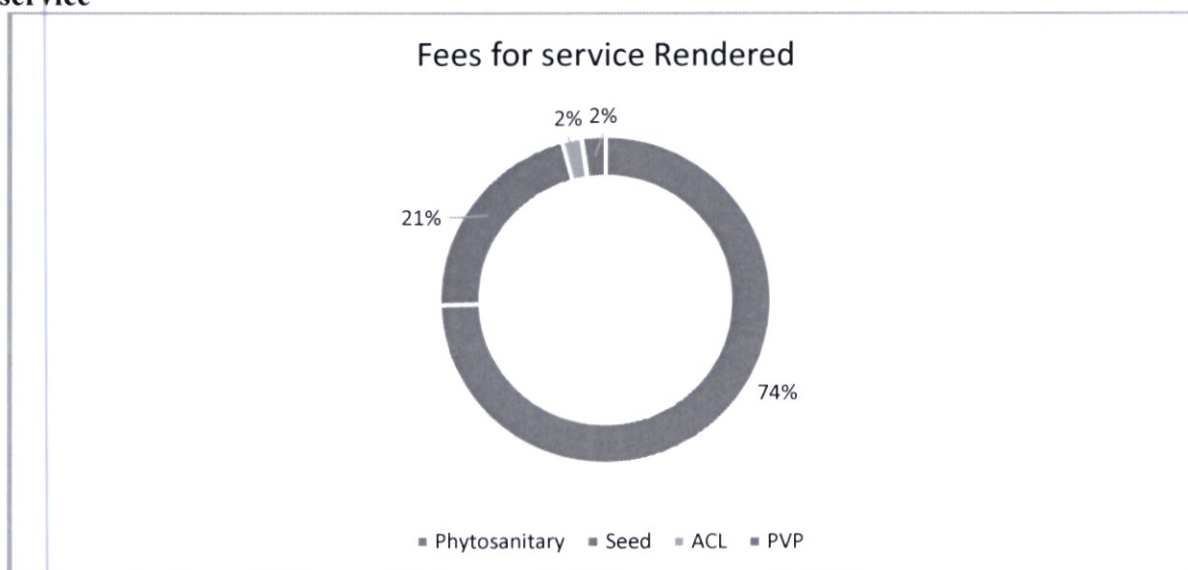
The Code of Governance for State Corporations (Mwongozo) requires boards of state corporations to undertake an annual evaluation of its performance. During the board evaluation conducted by the State Corporations Advisory Committee (SCAC), the mean score was 4.5 which is equivalent to 90.5%.

9. MANAGEMENT DISCUSSION AND ANALYSIS

Service revenue generation

Revenue from service rendering grew in the year by 6.7% from KShs 1.25B recorded in financial year 2021/22 to KShs 1.33B in the financial year 2022/23. Phytosanitary services continue to be the leading revenue earner at 74% followed by seed certification services at 21% as shown in figure 1. Improved revenue from phytosanitary services was attributed to withdrawal of waiver on inspection of Tea, coffee, and herbs.

Figure 1. Graphical representation of proportionate Revenue generation from rendering service



Expenditure

Total personnel emoluments were within budget. The board expenditure was slightly above budget due to increased activities caused by review of strategic plan, orientation, and training of new appointees to the Board, and change of government requiring BOD input in the financial year.

Depreciation varied from budget on implementation of new rates upon revaluation in line with the Asset and Liability Management policy.

Repair and maintenance cost had an 18% variation due to increased motor vehicle maintenance costs resulting from inflation.

In total expenditure increased by 6.1% from KES 1.53B to KES 1.62B mainly due to increased activities and high inflation prevailing at the macro level.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

KEPHIS conducts Corporate Social Sustainability (CSS) activities in the areas under its jurisdiction. The aim is to build capacity of those in the environment in which it operates to enhance their food availability through the Corporation's mandate, i.e., seed certification, protection of plant varieties, Phytosanitary services and analyses of agricultural inputs and produce through its globally accredited laboratories.

Deforestation has been linked to climate change, which is a large contributor to global warming. Kenya in the recent past has experienced the worst drought in decades with devastating results. In this regard, H.E. President William Ruto launched a nation-wide tree growing and restoration government program on 21st December 2022 to raise Kenya's tree cover to 30%, by growing 15 billion trees by 2032. KEPHIS in response to this noble initiative participated in tree planting initiative of the first Lady's and Mama Doing Good organization and contributed over 3,500 seedlings including Macadamia, Avocado, and Mangrove as well as indigenous tree seedlings.

In addition, KEPHIS, through the Nakuru Regional Office, constructed a green house, donated pipes and a water tank and planted tomatoes at KARI primary school in Nakuru County. This was aimed at empowering the students at the school to produce food through the KEPHIS mandate.

Thirty KEPHIS staff participated at the annual Standard Chartered Marathon where each participant planted two trees in efforts to mitigate climate change. The event also promoted teamwork through enabling staff to improve their fitness collectively as a team and to take part in an event together.

Some Pictorials of CSS Activities Undertaken in the Year.



The Cabinet Secretary for Health Ms. Susan Nakhumicha(centre) at Kakamega Forest during a tree planting exercise, and Mr. Simon Maina, at the same event representing MD Prof. Theophilus Mutui (Ph.D.)

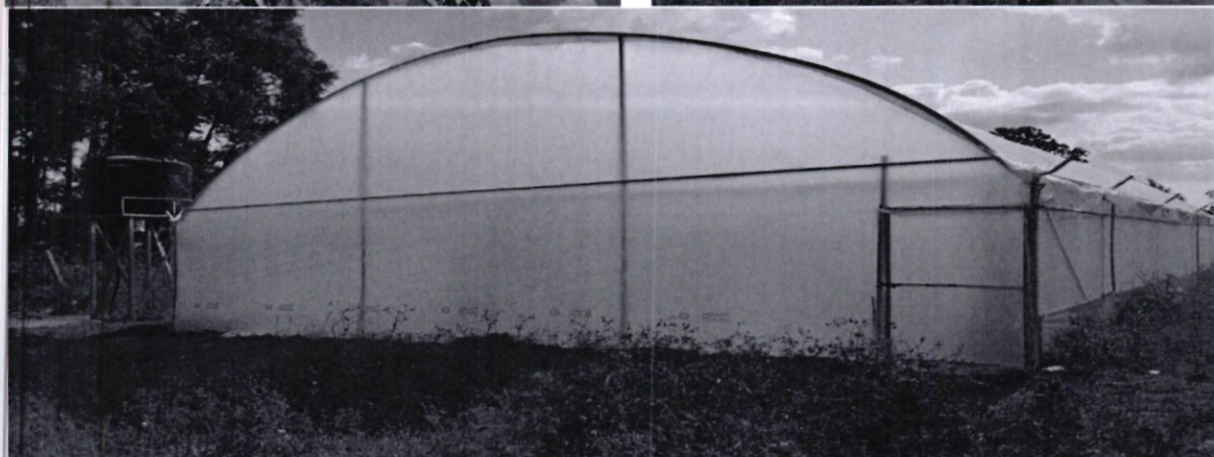
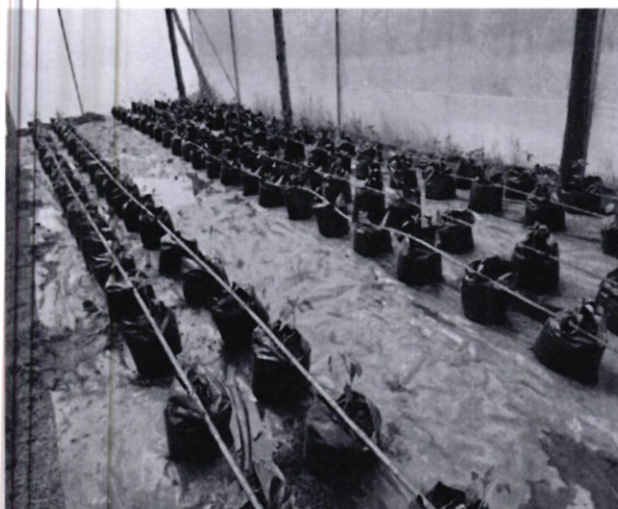


KEPHIS staff and Chigozani farmers (Big Dream Self-Help Group) after planting 608 Mangrove seedlings in the Chigozani area of Mombasa.



Staff Participation at Standard Chartered Marathon, Nairobi.

**Construction of green house and donation of seedlings and Water Tank
Nakuru Regional Office**



Conclusion

The Corporation's CSS activities mainly focused on capacity building in agriculture and infrastructural support. We are moving away from donations to sustainable activities that are impacting targeted stakeholders. Going forward, Environmental, Social and Governance targeted activities will be entrenched as the sustainability activities of the Corporation.

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the corporation's affairs.

Principal activities

The principal activities of the Corporation are as expounded in the KEPHIS legal framework i.e., Plant Variety Protection, Seed Certification, Analytical Chemistry Laboratory Services and Phytosanitary Services; others include Corporate Nature Activities, Project implementation and Support services.

Results

The results of the entity for the year ended June 30, 2023, are set out on pages 1 to 5.

Directors

The members of the board of directors who served during the year are shown on page vi. During the year, five directors retired and three were appointed.

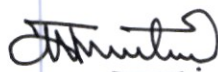
Surplus Remission

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. In financial year 2022/23 KEPHIS had no surplus hence zero remission.

Auditors

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

By Order of the Board



Secretary to the Board of Directors, KEPHIS

Date.....24/01/2024.....

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 16 of the KEPHIS Act No.54 of 2012, require the Directors to prepare financial statements in respect of KEPHIS, which give a true and fair view of the state of affairs of the corporation at the end of the financial year and the operating results of the corporation for the period. The Directors are also required to ensure that the corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the corporation. The Directors are also responsible for safeguarding the assets of the corporation.

The Directors are responsible for the preparation and presentation of the corporation's financial statements, which give a true and fair view of the state of affairs of the corporation for and as at the end of the financial year ended on June 30, 2023. 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 corporation; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the KEPHIS Act. The Directors are of the opinion that the corporation's financial statements give a true and fair view of the state of corporation's transactions during the financial year ended June 30, 2023, and of the corporation's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the corporation, which have been relied upon in the preparation of the corporation'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 corporation 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 entity's financial statements were approved by the Board on 22nd SEPTEMBER 2023 and signed on its behalf by:



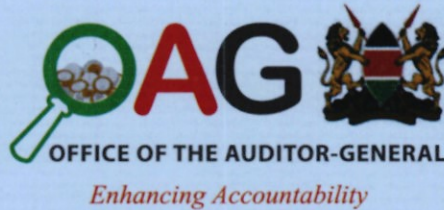
HON. Joseph M'eruaki M'uthari
CHAIRMAN BOARD OF DIRECTORS



Prof. Theophilus M. Mutui (Ph.D.)
MANAGING DIRECTOR

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA PLANT HEALTH INSPECTORATE SERVICE FOR THE YEAR ENDED 30 JUNE, 2023

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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 the Kenya Plant Health Inspectorate Service set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance,

Report of the Auditor-General on Kenya Plant Health Inspectorate Service for the year ended 30 June, 2023

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

In my opinion, 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 the Kenya Plant Health Inspectorate Service as at 30 June, 2023, 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 Plant Health Inspectorate Service Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.3,216,213,000 and as disclosed in Note 26 to the financial statements. The balance and as previously reported includes eleven (11) parcels of land valued at Kshs.2,350,450,000 situated in Nakuru, Kiambu, Trans Nzoia, Embu, Nairobi and Kisumu Counties. However, the Inspectorate Service did not possess ownership documents for the land in Nakuru, Kiambu (Muguga) and Kitale. Although records provided for audit indicated Management had made efforts to have ownership of the Nakuru and Kiambu (Muguga) lands transferred from the Kenya Agricultural and Livestock Research Organization (KARLO) to KEPHIS, it was not certain when the title documents would be obtained.

Further, as similarly reported in the previous year, out of the 125.3 hectares of land in Trans Nzoia irregularly possessed by private developers or occupied by illegal settlers, the Inspectorate Service had as at 30 June, 2023 recovered 34.09 hectares only. The prospects for recovery of the remainder 91.21 hectares were not disclosed by Management.

In the circumstances, ownership of property, plant and equipment, and accuracy and completeness of the respective net book balance of Kshs.3,216,213,000 as at 30 June, 2023 could not be confirmed.

2.0 Presentation and Disclosure of the Financial Statements

Review of the financial statements submitted for audit revealed the following anomalies;

- (i) The statement of changes in net assets and Note 26 to the financial statement on property, plant and equipment did not include detailed comparatives as required by the accounting standards.

- (ii) The opening balance for donated assets under deferred income in Note 31 to the financial statements reflects Kshs.49,960,000 instead of previous year balance of Kshs.46,960,000 resulting to a variance of Kshs.3,000,000.
- (iii) Note 31 to the financial statements reflect a balance of Kshs.46,960,000 being transfer to depreciation under public contributions and donations. However, Note 14 and Note 26 to the financial statements on depreciation and on property, plant and equipment respectively does not reflect this balance.

In the circumstances, the accuracy and completeness of the above balances included in these financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Plant Health Inspectorate Service 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 qualified 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Inspectorate Service's ability 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 terminate the Service, 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 Inspectorate Service's financial reporting process, reviewing the effectiveness of how the Inspectorate monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 controls 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 controls.
- 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 Inspectorate Service's ability 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 Inspectorate Service to cease 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 Inspectorate Service 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 February, 2024

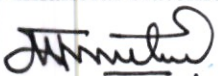
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**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2023**

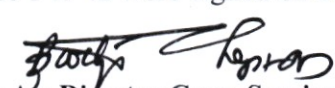
	Notes	2022-2023	2021-2022
		Kshs '000'	Kshs '000'
Revenue from non-exchange transactions			
Public contributions and donations	6	73,170	45,099
Transfers from other governments—gifts and services-in-kind	7	151,000	160,500
		224,170	205,599
Revenue from exchange transactions			
Rendering of services	8	1,334,500	1,250,270
Hire of Facilities	9	7,407	6,282
Finance income-external investments	10	155	155
Other income	11	1,493	1,536
		1,343,556	1,258,243
Total revenue		1,567,726	1,463,842
Expenses			
Employee costs	12	670,616	654,217
Board Expenses	13	31,701	23,847
Depreciation and amortization expense	14	77,765	94,891
Repairs and maintenance	15	76,871	70,538
Grants and subsidies	16	26,211	25,288
General expenses	17	746,328	662,862
Total expenses		1,629,491	1,531,643
Other gains/(losses)			
Gain on sale of assets	18	(2,602)	393
Gain on foreign exchange transactions	19	1,768	1,230
Increase/Decrease in provision	30	(6,800)	(4,346)
Total other gains/(losses)		(7,634)	(2,723)
Surplus/Deficit for the period		(69,399)	(70,524)

The notes set out on pages 7 to 42 form an integral part of these Financial Statements.


The financial statements set out on pages 1 to 42 were signed on behalf of the Board of Directors by:


Managing Director
Prof. Theophilus M. Mutui (Ph.D.)

Date.. 23/01/2024..


Ag. Director Corp. Services
Mr. Bartonjo Cheptarus
CPAK Member No. 4391

Date. 23/01/2024


Chairman of the Board
HON. Joseph M'eruaki

Date..... 24/01/2024

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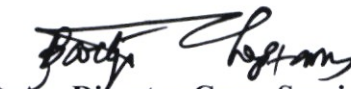
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2022-2023	2021-2022
		Shs '000'	Shs '000'
Assets			
Current assets			
Cash and cash equivalents	20	27,123	23,721
Receivables from exchange transactions	21/22	145,862	138,383
Receivables from non-exchange transactions	23	19,645	5,311
Inventories	24	31,611	63,175
Prepayments	25	37,337	55,784
		261,579	286,373
Non-current assets			
Property, plant & equipment	26/27	3,216,213	1,072,583
Investments	28	60,000	60,000
Long term receivables		-	-
		3,276,213	1,132,583
Total assets		3,537,792	1,418,956
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	29	165,287	126,555
Provisions	30	8,459	7,693
Deferred income	31	17,803	57,197
Payments received in advance	32	8,447	9,474
Current Borrowing		-	-
		199,996	200,920
Net assets			
Reserves		3,407,194	1,288,560
Surplus/(deficit)		(69,399)	(70,524)
Total Net Assets & Liabilities		3,537,792	1,418,956

The Financial Statements set out on pages 1 to 42 were signed on behalf of the Board of Directors by:


Managing Director
 Prof. Theophilus M. Mutui (Ph.D.)

Date: 24/01/2024


Ag. Director Corp. Services
 Mr. Bartonjo Cheptarus
 CPAK Member No. 4391

Date: 23/01/2024


Chairman of the Board
 HON. Joseph M'eruaki M'uthari

Date: 24/01/2024

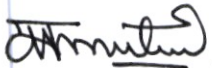
16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Revaluation reserve	Retained earnings	Total
	Kshs '000'	Kshs '000'	Kshs '000'
Balance as at June 30th , 2022	451,194	766,841	1,218,036
Revaluation Gain	2,189,158	-	2,189,158
Balance on Revaluation	2,640,352	766,841	3,407,194
Add: Surplus/(Deficit) for FY 22/23	-	(69,399)	(69,399)
Balance as at June 30, 2023	2,640,352	697,442	3,337,795

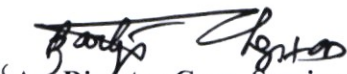
**Kenya Plant Health Inspectorate Service,
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17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023


	Notes	2022-2023	2021-2022
		Kshs '000'	Kshs '000'
Cash flows from operating activities			
Receipts			
Public contributions and donations	6	33,776	22,611
Transfers from other governments—gifts and services-in-kind	7	151,000	160,500
Rendering of services	8	1,334,500	1,250,270
Hire of Facilities	9	7,407	6,282
Finance income-external investments	10	155	155
Other income	11	3,261	2,766
		1,530,100	1,442,584
Payments			
Employee costs	13	670,616	654,217
Board Expenses	14	31,701	23,847
Repairs and maintenance	16	76,871	70,538
Grants and subsidies	17	26,211	25,288
General expenses	18	746,328	662,862
Remission to National Treasury			-
		1,551,727	1,436,752
Net cash flows from operating activities		(21,627)	5,832
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(38,068)	(50,914)
Proceeds from sale of property, plant and Equipment		3,228	482
Decrease/(increase) in current receivables		(27,848)	(21,197)
Decrease/(increase) inventories		31,564	(37,249)
Decrease/(Increase) in prepayments		18,446	17,084
(Decrease)/Increase in payables		38,735	12,597
(Decrease)/Increase Payment received in advance		(1,027)	833
Net cash flows used in investing activities		25,030	(78,363)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		3,402	(72,531)
Cash and cash equivalents at 30 June 2022		23,721	96,252
Cash and cash equivalents at 30 June 2023		27,123	23,721
Per Financial Statements		27,123	23,721


Managing Director
Prof. Theophilus M. Mutui (Ph.D.)

Date... 24/01/2024


Ag. Director Corp. Services
Mr. Bartonjo Cheptarus
CPAK Member No. 4391

Date... 23/01/2024


Chairman of the Board
HON. Joseph M'eruaki

Date... 24/01/2024

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference		Explanation of material variances
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	%	
	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)	Kshs (000)		
Revenue							
Revenue							
Public contributions and donations	30,750	43,250	74,000	73,170	(830)	-1%	(a)
Transfers from other governments–gifts and services-in-kind	160,500	(10,000)	150,500	151,000	500	0%	(b)
Rendering of services	1,355,842	44,178	1,400,520	1,334,500	(66,020)	-5%	(c)
Other income	4,908	5,092	9,500	9,055	(445)	-5%	
Total income	1,552,000	82,520	1,634,520	1,567,726	(66,794)	-4%	(d)
Expenses							
Employee costs	728,100	(24,053)	675,171	670,616	4,555	1%	
Board Expenses	30,000	0	30,000	31,701	(1,701)	-6%	(e)
Depreciation and amortization expense	69,036	10,964	80,000	77,765	2,235	3%	
Repairs and maintenance	60,924	15,476	76,400	76,871	(471)	-1%	
Grants and subsidies	30,750	(2,000)	28,750	26,211	2,539	9%	(f)
General expenses	633,190	82,133	744,199	746,328	(2,129)	0%	
Total expenditure	1,552,000	82,520	1,634,520	1,629,491			
Other Gains /Losses				(7,634)			
Surplus for the period				(69,399)			

NB: Changes between the original and final budget were in line with Treasury Circular No. 15/21 which allows internal revision of the budget up to 10%.

Explanation of material variance in statement of variance and actual comparison.

- a) Donor funded arose from recognition of income from donor assets on revaluation. No further conditions were to be fulfilled and the projects had been completed.
- b) Difference in GOK caused by rounding downwards of Recurrent amounts receivable.
- c) In spite of 6.6%, growth in internally generated revenue the target in the budget not achieved due to reduced imports from neighbouring countries.
- d) Total targeted revenue not achieved due to factors highlighted above.
- e) The board expenditure was slightly above budget due to increased activities requiring BOD input in the financial year.
- f) Grants and subsidies relate to development partners activities. Some of the activities were still in progress by end of the financial year.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General information

Kenya Plant Health Inspectorate Service (KEPHIS) was established in 1996 through Legal Notice No. 305 until the enactment of Kenya Plant Health Inspectorate Service Bill, 2011 in December 2012. KEPHIS is domiciled and is a regulatory body for the protection of plants, seeds, and plant varieties.

2. Statement of Compliance and Basis of preparation

The financial statements have been prepared on a historical cost basis unless stated otherwise. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the corporation's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the corporation, and all values are rounded to the nearest thousand (Ksh000).

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

Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

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Standard	Impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.

**Kenya Plant Health Inspectorate Service,
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<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2022 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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<p>IPSAS 43</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

ii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2022/2023.

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the National Assembly on 30th March 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the corporation upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record any additional appropriation on the 2022-2023 budget.

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

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

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

c) Taxes

Government grant is not subject to tax. The Corporation just like the Ministries of Government, operates on non-commercial basis. Surpluses are necessarily already utilized on purchase of assets. In addition, surplus relates to GOK grant.

d) Property, plant and equipment

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

The depreciable amounts of assets (cost or valuation amount less residual value) are allocated over the estimated useful life of the assets. Depreciation is calculated on the straight-line method. Depreciation is applied on pro rata basis for assets acquired i.e. from

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month of acquisition. Assets disposed of during the year are not depreciated. In the financial year 2022, the organisation valued its assets and adopted the asset and Liability policy. Depreciation rate of assets has been adjusted in the financial year to be in tandem with the policy;

The Corporation now applies the following rates of depreciation:

- | | |
|--|-----------------|
| • Freehold land – nil | No Change |
| • Buildings 2% | No Change |
| • Plant and Machinery 12.5% | No Change |
| • Motor Vehicles 16.67% & 10% for vehicles over 4500cc | Prior was 25% |
| • Office Equipment 12.5% | No Change |
| • Furniture and fixtures 12.5% | No Change |
| • Laboratory Equipment 12.5% | No Change |
| • Computers & Accessories 30% | Prior was 33.3% |
| • | |

The residual values were retained as follows:

- Plant and Machinery 10%
- Motor Vehicles 10%
- Furniture and Fixtures 5%
- Laboratory Equipment 5%
- Computers and Accessories 5%
- Office Equipment 5%

e) Leases

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

f) 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.

g) Research and development costs

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

The technical feasibility of completing the asset so that the asset will be available for use or sale

Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development.

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

h) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Corporation has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on

acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized as surplus or deficit.

Impairment of financial assets

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

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

i) Financial liabilities

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

j) Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

k) Inventories

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

Costs incurred in bringing each product to its present location and condition is accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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

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

Provisions

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

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

Contingent liabilities

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

Contingent assets

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

i) Nature and purpose of reserves

The Corporation creates and maintains reserves in terms of specific requirements. The corporation maintains two reserves namely, retained earnings reserve and revaluation reserve. The revaluation reserve of Kshs. 2,189,158,285.00 reflected in the financial statements arose out of revaluation of corporation assets while the retained earnings reserve have a balance of Kshs. 766,841,672.46 arising out of accumulated surplus since inception.

Changes in accounting policies and estimates

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

j) Employee benefits

Retirement benefit plans

The Corporation provides defined contribution plan under which it pays fixed contributions into a separate Corporation (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income as employee emoluments in the year in which they become payable.

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. The US Dollar closing rate as at 30 June 2022 was Kshs. 107.85. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

l) Borrowing costs

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

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

m) Related parties

The Corporation regards a related party as a person or an entity with the ability to exert control individually or jointly or exercise significant influence over it, or vice versa. Members of the Board or Directors are regarded as parties.

n) Service concession arrangements

The Corporation analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, KEPHIS recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant judgments and Sources of estimation uncertainty

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

Estimates and Assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were determined on consideration of relevant factors affecting receivables and in line with the organizational policies and procedures. General provision for doubtful debts was maintained at 7.5% and 100% for all debts over three years.

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6. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Project grant COPE	20,722	13,903
COMESA/RIIP	9,000	7,000
SASHA II/Prebasic seed revolving fund		-
EU-SMAP		5
CIP Pre-Basic revolving Fund		72
CIP Ralstonia	79	-
USAID foodscap		-
Natural History Museum		427
IITA cassava Rap		-
STDF/COMESA		-
CIMMYT	2,064	67
CABI Papaya Mealy Bug	1,911	-
Gattsby Africa		1,136
Total Transfers and sponsorship	33,776	22,611
Reconciliation of public contribution and donations		
Balance unspent at the beginning of the year	57,197	79,685
Current year receipts	33,776	22,611
Condition met-transferred to revenue	(73,170)	(45,099)
Condition to be met -remain liabilities	17,803	57,197

These funds are received from various development partners and stakeholders.

7. Transfers from other governments

a) Grant

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Unconditional grants		
Operational grant	151,000	160,500
Other		
	151,000	160,500
Conditional grants		
Development Grant		-
Total government grants and subsidies	151,000	160,500

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial Performance	Amount deferred under deferred income	Amount recognized in capital fund.	Total transfers 2022-22	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Agriculture Livestock and Fisheries/State department of Research	151,000	-	-	-	151,000
Total	151,000	-	-	-	151,000

8. Rendering of services

Description		2022-2023	2021-2022
Department	Section	KShs 000	KShs 000
Phytosanitary	JKIA Plant Inspection Unit	358,215	335,990
	Plant Quarantine Station Muguga	19,535	27,837
	Namanga Border Post	74,061	114,696
	Loitokitok Border Post	43,436	41,926
	ICD Nairobi	7,986	4,758
	Headquaters Phytosanitary	15,916	11,328
	Headquaters Molecular Laboratory	3,364	5,667
	Mombasa Chief Grader	317,828	154,941
	Shimoni		51
	Lungalunga Boarder Post	16,118	42,369
	Taveta Border Post	18,682	43,726
	Bura Station	58	143
	Naivasha	14,048	12,193
	Kisumu Main Office	6,983	10,764
	Busia Border Post	48,908	56,152
	Isebania Border Post	9,670	30,706
	Embu Regional Office	9,059	11,163
	Moyale Border Post	20,514	7,703
Timau Station	7,082	5,666	

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Description		2022-2023	2021-2022
Department	Section	KShs 000	KShs 000
	Nyeri	1,831	1,179
	Total Phytosanitary Revenue	993,294	918,956
Seed Certification	Headquarters Seed Section	41,116	43,916
	Nakuru Main Office	59,418	62,586
	Kitale Main office	100,185	99,973
	Malaba Border Post	65,236	62,627
	Eldoret Station	2,534	3,178
	Swam	1,774	506
	Lwakhakha	14,867	3,930
		Total Seed Certification Revenue	285,131
Plant Variety Services		30,684	21,651
Analytical Laboratory Services	Headquarters	25,392	32,948
Total revenue from the rendering of services		1,334,500	1,250,270

9. Rental revenue from facilities

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Conference and Accommodation	7,407	6,282
Total rentals	7,407	6,282

The revenue is generated from fees charged for use of the corporation's conference and accommodation facility at the headquarters.

10. Finance income

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Interest from Mortgage Deposit and other deposits	155	155
Total finance income – external investments	155	155
Interest Received	0	0
Interest receivable	155	155
Total Interest receivable	155	155

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This is revenue from staff mortgage fund and interest negotiated current account

11. Other income

	2022 - 2023	2021 - 2022
	Kshs 000	Kshs 000
Miscellaneous receipts	1,493	1,536
Total other income	1,493	1,536

Incomes received from rented houses in Headquarters, Nakuru and Kitale and income from Safaricom Masts.

12. Employee costs

	2022 - 2023	2021 - 2022
	Kshs 000	Kshs 000
Basic Salary	308,489	312,496
Casual Labour	80,172	63,889
Gratuity and Pension	46,174	49,648
House Allowance	108,296	110,268
Transfer Allowance	220	1,265
Other Personal Allowances	11,736	47,643
Overtime Allowance	2,710	2,272
Passage & Leave Expenditure	3,886	4,222
Medical Expenses	63,655	56,124
Staff life and accident cover	5,373	6,390
Staff Counselling & support services		-
Total employee cost	670,616	654,217

13. Remuneration of directors

Description	2022 - 2023	2021 - 2022
	Kshs 000	Kshs 000
Medical Expenses	875	1,123
Board Committees and Seminars	29,816	21,810
Chairman's Honoraria	1,010	914
Total director emoluments	31,701	23,847

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14. Depreciation and amortization expense

Description	2022 - 2023	2021 - 2022
	Kshs 000	Kshs 000
Property, plant and equipment	77,765	94,891
Total depreciation and amortization	77,765	94,891

15. Repairs and maintenance

Description	2022 - 2023	2021 - 2022
	Kshs 000	Kshs 000
Maintenance of Motor Vehicle	35,368	35,621
Maintenance of Plant Machinery & Equipment	20,436	14,892
Maintenance of Buildings and stations	21,067	20,025
Total depreciation and amortization	76,871	70,538

16. Grants and subsidies

Description	2022-2023	2021 - 2022
	Kshs 000	Kshs 000
Project grant COPE	10,534	13,490
ASSIP -K		81
COMESA/RIIP	11,093	9,219
SASHA II/Prebasic seed fund		717
Agri experience		-
Darwin Papaya Mealy Bug	1,583	
CIMMYT		
USAID Foodscap	1,857	377
Natural History Museum		
TMEA		
Total Transfers and sponsorship	26,211	25,288

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17. General expenses

Description	2022-2023	2021 - 2022
	Kshs 000	Kshs 000
Electricity	18,884	19,797
Water & Conservancy	1,025	1,020
Telephone	5,333	4,317
Postal & Courier	3,926	5,194
Internet Services	15,861	19,760
Local travel & Accommodation	285,590	278,068
External Travel	30,745	22,421
Publishing & printing	91,164	45,776
Advertising & publicity	3,901	3,306
Trade shows & Exhibitions	12,474	10,089
Rents & Rates	9,040	8,017
Hire of transport	1,373	1,353
Training (stakeholders)	5,105	6,832
Catering services	8,579	6,892
Insurance premiums - vehicles & other assets	6,679	5,582
Laboratory stores	27,695	32,781
Education & library	2,222	1,817
Uniform & clothing	3,131	2,203
Purchases of NPT DUS PC and farm inputs	10,426	7,189
General office supplies and Stationery	18,692	12,756
Supply and accessories for computers and Printers	31,409	27,170
Fuel & lubricants	46,344	34,045
Bank Charges	4,531	4,941
Guards & cleaning services	31,171	30,807
Contracted professional services	15,345	16,772
Others - Miscellaneous	568	836
Contribution to private and international organisations	6,800	3,703
Farmers demos & field day food & ration	36,473	33,444
Audit fees	2,883	1,922
Compensation and ex-gratia	-	865
Corporate social responsibility	453	901
Staff Training	8,505	12,299
Total General Expenditure	746,328	662,862

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18. Gain on sale of Assets

Description	2022-2023	2021 - 2022
	Kshs 000	Kshs 000
Motor Vehicles	(2,602)	393
Office Equipment	-	-
Furniture & Fitting	-	-
Total gain	(2,602)	393

19. Gain on foreign exchange

Description	2022-2023	2021 - 2022
	Kshs 000	Kshs 000
Realised Exchange Gain/loss	1,768	1,230

20. Detailed Analysis of the Cash and Cash Equivalents

Institution	Description	Account Number	2022-2023	2021-2022
			Kshs 000	Kshs 000
Current accounts				
CBA	KEPHIS USAID	6523810022	85	1,862
KCB	KEPHIS	1108285430	2,622	4,544
KCB	KEPHIS	1108285678	3,281	3,261
KCB	KEPHIS(Dollar)	1104843269	943	2,747
KCB	Kephis-Assip	1138298948	289	290
KCB	Kephis-Cope	1130043959	7,059	2,762
KCB	Kephis sinking Fund	1128368366	130	131
KCB	Kephis EAAPP Project	1121039685	259	260
NBK	Kephis	1001017146200	9	9
NIC	EU Smap	1001569364	5	5
CBA	Kephis JKIA	6523810017	5,328	4,382
	MPESA		4,784	1,338
			24,794	21,593
KCB	Kephis Kisumu	1104038307	106	185
KCB	Kephis Kitale	1108814093	-11	143
KCB	Kephis Mombasa Office	1101574712	1,199	16
KCB	Kephis Naivasha	1121954359	12	27
KCB	Kephis Nakuru	1101844876	2	78

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Institution	Description	Account Number	2022-2023	2021-2022
			Kshs 000	Kshs 000
KCB	Kephis Plant Quarantine	1107093724	-5	17
KCB	JKIA		38	65
KCB	Kephis Embu	1102966649	5	3
			1,345	534
	Un-deposited funds		984	1,593
Total cash and cash equivalents			27,123	23,721

21. Receivables from Exchange Transactions

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Current receivables		
Service debtors	176,578	163,064
Less: impairment allowance	30,715	(24,682)
Total current receivables	145,862	138,383

22. Impairment Allowance computation

0-30 Days	30-90 Days	90-365 Days	1-3yrs	Over 3yrs	TOTAL
7.5%	7.5%	7.5%	7.5%	100%	
6,683,775	1,429,149	3,042,831	1,739,683	18,888,736	30,715,423

23. Receivables from Non-Exchange Transactions

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Current receivables		
Staff advances	78	36
Interest receivable	2,165	2,099
Medical Advance	3,152	3,176
MOA-June Recurrent Grant receivable	14,250	-
Total current receivables	19,645	5,311

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24. Inventories

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Inventories	31,611	63,175

25. Prepayments

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Prepayment Supplies	26,981	43,008
Deposit Supplies	9,582	10,666
Travel Imprest	774	2,109
Total Prepayments	37,337	55,784

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. Property, plant and equipment

COST OR VALUATION	LAND	BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	COMPUTERS AND ACCESSORIES	OFFICE EQUIPMENT	FURNITURE AND FITTINGS	LABORATORY EQUIPMENTS	WIP	TOTALS
	Shs.'000'	Shs.'000'	Shs.'000'	Shs.'000'	Shs.'000'	Shs.'000'	Shs.'000'	Shs.'000'	Shs.'000'	Shs.'000'
Net Book Value at 30th June 2022	264,666	501,946	18,764	83,495	28,937	13,991	6,990	136,292	17,502	1,072,583
Revalued as at 1st July 2022	2,350,450	426,900	19,513	168,672	37,552	8,568	8,717	223,868	17,502	3,261,741
Additions	-	-	3,010	-	15,430	5,647	3,145	10,836	-	38,068
Transfer	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	(5,904)	-	-	-	-	-	(5,904)
Assets as At 30th June 2023	2,350,450	426,900	22,523	162,768	52,982	14,215	11,862	234,703	17,502	3,293,905
Depreciation charge	-	8,538	3,147	24,230	12,368	1,205	1,301	26,977	-	77,765
Net Book Value at 30th June 2023	2,350,450	418,362	19,376	138,538	40,615	13,010	10,561	207,727	17,502	3,216,140

- Proland Valuers undertook current valuation on assets. All asset categories as per above were valued in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2020). These amounts were adopted from 1st July 2023. Prior valuation was by CB Richard Ellis in November 2009. Valuation base was Open Market Value.
- On revaluation, donated assets of Kshs 46.9 million were fully recognised and have the market value (revaluation amount).
- WIP constitutes Capital Expenditure on Intangible Asset (Seed system and IEICS system)

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27. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	17,502	17,502
Additions	-	-
At end of the year	17,502	17,502

This is for a Seed system and IEICS system supported by Trade- Mark East Africa.

28. Investment Property

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
At beginning of the year	60,000	60,000
Additions	-	-
Depreciation	-	-
At end of the year	60,000	60,000

The investment is a deposit at Kenya Commercial Bank of Kshs 60 million to finance staff mortgage that was established in 2009.

Financial Performance for Investment	2022-2023
	Kshs 000
Interest Receipts	155
Surplus	155

Financial Position for Investment	2022-2023
	Kshs 000
Cash and Cash equivalent	-
Interest Receivable	2,165
Total Current Assets	2,165
Non-Current Assets	
Long term receivable from exchange transactions	60,000
Net Assets	62,165
Capital Fund	60,000
Accumulated Surplus	2,165
Total Net assets & Liabilities	62,165

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29. Trade and other payables from exchange transactions

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Trade Creditors	115,539	94,789
Sundry Creditors	44,733	31,048
Tax Liability	5,016	717
Totals	165,287	126,555

Aged Schedule for Payables in Kshs.

	Current	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	TOTAL
	KShs	KShs	KShs	KShs	KShs	KShs
Trade Creditors	28,769,229	28,733,141	19,125,191	12,983,788	25,927,159	115,538,509
Sundry Creditors	655,806	20,339,595	11,391,618	8,530,325	3,815,293	44,732,636
Tax Liability	5,016,000	-	-	-	-	5,016,000
	34,441,035	49,072,736	30,516,809	21,514,113	29,742,452	165,287,144

30. Current provisions

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Audit fee Provision		
Balance at the beginning of the year	1,922	2,883
Additional Provisions	1,922	961
Provision utilised	1,922	1,922
Change due to discount and time value for money	-	-
Transfers from non -current provisions	-	-
Balance at the end of the year	1,922	1,922
Provision for Doubtful Debt		
Balance at the beginning of the year	24,681	19,498
Additional provision	6,034	5,193
Change due to discount and time value for money	-	-
Balance at the end of the year	30,715	24,681
Provision for Gratuity		
Balance at the beginning of the year	2,803	2,689
Additional provision	755	114

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Change due to discount and time value for money	-	-
Balance at the end of the year	3,558	2,803
Ex-gratia Provision		
Balance at the beginning of the year	2,969	2,969
Additional provision	-	-
Change due to discount and time value for money	-	-
Balance at the end of the year	2,969	2,969
Salary Advance Provision		
Balance at the beginning of the year	0	-
Additional provision	11	-
Change due to discount and time value for money	-	-
Balance at the end of the year	11	-
Total Provision (1,922+3558+2969+11)	8,459	7,693
Change in provision (6034+755+11)	7,761	4,346

31. Deferred income

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Public contributions and donations	17,803	10,238
Donated assets	-	49,960
Total deferred income	17,803	57,198

The deferred movement is as follows.

Public contributions and donations	
Balance brought forward	57,198
Additions	33,776
Transfers to Capital fund	-
Transfers to income statement	(26,211)
Transfer to depreciation	(46,960)
Balance carried forward	17,803

32. Payment Received in Advance

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Prepayment Liability	8,447	9,474

20. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount	Fully performing	Past due	Impaired
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
At 30 June 2022				
Receivables from exchange transactions	140,939	131,317	9,622	19,488
Receivables from non-exchange transactions	6,239	6,239	-	-
Total	147,178	137,556	9,622	19,488
At 30 June 2023				
Receivables from exchange transactions	176,578	157,690	18,888	30,715
Receivables from non-exchange transactions	19,633	19,633	-	-
Total	196,211	177,323	18,888	30,715

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Between 3-5 Months	Over 5 months	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
At 30 June 2022					
Trade payables	84,185	5,912	2,725	592	93,414
Provisions	961	-	-	1,922	2,883
Deferred income	79,685	-	-	-	79,685
Employee benefit obligation	19,556	-	-	-	19,556
Total	184,387	5,912	2,725	2,514	195,538
At 30 June 2023					
Trade payables	57,504	32,108	25,927	-	115,539
Provisions	8,459	-	-	-	8,459
Deferred income	17,803	-	-	-	17,803
Employee benefit obligation	18,828	19,681	3,785	-	42,304
Total	102,594	51,789	29,712	-	184,105

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs 000	Kshs 000	Kshs 000
At 30 June 2023			
Financial assets			
Cash	26,180	943	27,123
Debtors	158,017	18,561	176,578
Total financial assets	184,197	19,504	203,701
Financial Liabilities			
Trade and other payables	163,882	1,405	165,287
Total financial liabilities	163,882	1,405	165,287
Net foreign currency asset/(liability)	20,315	18,099	38,414

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2022-2023	2021-2022
	Kshs 000	Kshs 000
Revaluation reserve	2,640,353	451,194
Retained earnings	766,842	837,366
Total funds	3,407,194	1,288,560
Total borrowings	199,996	200,920
Less: cash and bank balances	(27,123)	(23,721)
Net debt/(excess cash and cash equivalents)	172,873	177,199
Gearing	0.05	0.14

21. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) Ministry of Agriculture Livestock and Fisheries;
- iii) Key management;
- iv) Board of directors

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	2022-2023	2021-2022
	Kshs 000	Kshs 000
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	151,000	160,500
Total	151,000	160,500
b) Key management compensation		
Directors' emoluments	30,826	23,847
Compensation to the CEO	6,683	5,947
Compensation to key management	14,672	12,636
Total	52,181	48,333

4. 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. *In line with this legal requirement KEPHIS did not make any surplus during the year (FY 2022/23) and hence no remittance has been made to the Consolidated Fund.*

5. Events after the Reporting Period

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

6. Ultimate and Holding Entity

KEPHIS is a State Corporation under the Ministry of Agriculture Livestock and Fisheries. Its ultimate parent is the Government of Kenya.

7. Currency

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

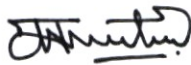
22. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lack of ownership titles for parcels of land in Muguga, Nakuru and Kitale. Large part of land in Kitale is in the hands of grabbers	Muguga and Nakuru land are not in dispute and are part of larger parcels held by KALRO. The Corporation engaged KALRO on the issue of the parcels. Muguga land has been subdivided awaiting transfer to KEPHIS, while on the Nakuru land discussions have been held between the two institutions and a scheme plan drawn to pave way for survey and subdivision. The process is still ongoing. Regarding Kitale land, the Corporation has over the years made a lot of effort to obtain title for the land and recover the encroached portion. These efforts can only succeed with full support of the Government. This	Prof. Theophilus M. Mutui(Ph.D.) Managing Director	Not resolved by the date of submitting this report to the Office of the Auditor General	Not possible to project since there are other key stakeholders involved in the process.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved /Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
		has been reported to the Ministry for intervention.			



Managing Director
Prof. Theophilus M. Mutui(Ph.D.)

Date:.....24/01/2024.....

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23. INTER-ENTITY TRANSFERS

ENTITY NAME:		KEPHIS		
Breakdown of Transfers from the State Department of Agricultural Research				
a.	FY 22/23			
	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	
		02-08-22	13,416,666.65	FY 2022/23
		27-09-22	13,416,666.65	FY 2022/23
		28-09-22	13,416,666.65	FY 2022/23
		14-11-22	13,416,666.65	FY 2022/23
		07-12-22	13,416,666.65	FY 2022/23
		13-01-23	13,416,666.70	FY 2022/23
		13-02-23	13,416,666.70	FY 2022/23
		08-03-23	11,750,000.00	FY 2022/23
		14-04-23	5,083,333.00	FY 2022/23
		06-06-23	11,750,000.00	FY 2022/23
		09-06-23	14,250,000.00	FY 2022/23
		03-07-23	14,250,000.00	FY 2022/23
		<u>TOTAL</u>	150,999,999.65	

