

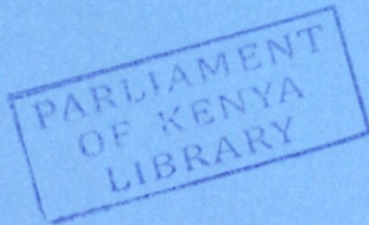
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**



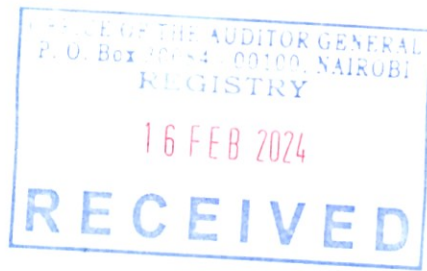
THE NATIONAL ASSEMBLY  
PAPERS LAID  
DATE: 21 MAR 2024 THURS  
OF Hon Naomi Wago, mp  
Deputy Majority Whip  
A. Shubuka

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL BIOSAFETY AUTHORITY**

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



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**NATIONAL BIOSAFETY AUTHORITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2023**

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

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**Annual Reports and Financial Statements**  
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## **1. Acronyms, Abbreviations and Glossary of Terms**

### **A: Acronyms and Abbreviations**

ASK	Agricultural Society of Kenya
BCH	Biosafety Clearing House
CBD	Convention on Biological Diversity
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss
EDMS	Electronic Data Management System
ERP	Electronic Resource Process
FAQ	Frequently Asked Questions
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IFPRI	International Food Policy Research Institute
IPSAS	International Public Sector Accounting Standards
LLP	Low Level Presence
NBA	National Biosafety Authority
NACOSTI	National Commission for Science, Technology and Innovation
NT	National Treasury
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PPAD	Public Procurement Asset & Disposal Act
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
WIBA	Work Injury Benefit Act
YAGPO	Youth Access to Government Procurement Opportunities

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**B: Glossary of Terms**

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

**Comparative Year-** Means the prior period.

## **2. Key Entity Information and Management**

### **(a) Background information**

National Biosafety Authority (NBA) was established pursuant to the provisions of the Biosafety Act No. 2, 2009 and became fully operational in 2010. The Authority is headed by a Board of Directors responsible for the general policy and strategic direction of the Authority. The ministerial responsibility is vested on the Cabinet Secretaries for Ministry responsible for Science and Technology as per the Biosafety Act No. 2 of 2009, and Ministry of Agriculture, Livestock and Fisheries as provided for in the Executive Order No. 1 of 2018. Executive Order No. 1 of 2018 (Revised), vested Ministerial responsibility on the Cabinet Secretary for Ministry of Education. The day to day Management of the Authority is carried out by a Management Team headed by the Chief Executive Officer.

NBA has made great strides in establishing strong biosafety framework in Kenya by developing and publishing the following Biosafety Regulations:

- i. The Biosafety (Environmental Release) Regulations, 2011
- ii. The Biosafety (Import, Export and Transit) Regulations, 2011
- iii. The Biosafety (Contained Use) Regulations, 2011
- iv. The Biosafety (Labelling) Regulations, 2012

These regulations lay a clear procedure on handling GMOs whether plants, animals or micro-organisms.

NBA is the National Focal Point for the Cartagena Protocol on Biosafety to the Convention on Biological Diversity (CBD) and is mandated to implement the provisions of the Cartagena Protocol on Biosafety matters pertaining to GMOs.

NBA is domiciled in Kenya and has border post offices in Mombasa, Namanga and Busia.

### **(b) Principal Activities**

The mandate of the Authority is to exercise general supervision and control over the transfer, handling and use of Genetically Modified Organisms with the aim of ensuring safety of human and animal health, and provision of an adequate level of protection of the environment.

#### **The principal activities of the Authority are to;**

- a) Consider and determine applications for approval for the transfer, handling and use of Genetically Modified Organisms and related activities;

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- b) Co-ordinate, monitor and assess activities relating to the safe transfer, handling and use of Genetically Modified Organisms in order to ensure that such activities do not have adverse effect on human health and the environment;
- c) Co-ordinate research and surveys in matters relating to the safe development, transfer, handling and use of Genetically Modified Organisms, and to collect, collate and disseminate information about the findings of such research, investigation or survey;
- d) Identify national requirements for manpower development and capacity building in biosafety;
- e) Advise the Government on legislative and other measures relating to the safe transfer, handling and use of Genetically Modified Organisms;
- f) Promote awareness among the general public relating to biosafety; and
- g) Establish and maintain a biosafety clearing house to serve as a means through which information is made available to facilitate the exchange of scientific, technical, environmental and legal information on, and experience with Genetically Modified Organisms.

**Our Vision**

A World-Class Biosafety Agency

**Our Mission**

To ensure and assure safe development, transfer, handling and use of genetically modified organisms.

**Our Core Values**

In pursuit of our vision and mission, we shall be guided by the following fundamental core values;

- Good Governance and Integrity
- Professionalism
- Customer Focus
- Inclusiveness

**(c) Key Management**

The Board of Directors is the top organ that provides the overall oversight over the management of the Authority. The Board of Directors include the following;

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**Key Entity Information and Management (continued)**

No.	Name	Designation	Nature of Directorship
1.	Prof. Jenasio Kinyamario	Chairman	Non-Executive/Independent
2.	Mr. Archibald Munyi	Member	Non-Executive/Independent
3.	Dr. Daniel Njoroge	Member	Non-Executive/Independent
4.	Mr. Mohammed Hussein	Member	Non-Executive/Independent
5.	Dr. Roselida Owuor	Member	Alternate Member
6.	Dr. Oscar Magenya	Member	Alternate Member
7.	Col. Susan Mutua	Member	Alternate Member
8.	Ms. Caroline Mweni	Member	Alternate Member
9.	Dr. Roy B. Mugiira	Chief Executive Officer	Ex-officio Member

The NBA is headed by the Chief Executive Officer, who ensures effective and efficient management of the Authority's day-to-day operations. The CEO is assisted by the following six Directorates:

1. Directorate of Corporate Services;
2. Directorate of Legal Services/Corporation Secretary;
3. Internal Audit and Risk Assurance;
4. Corporate Strategy and Planning; and
5. Biosafety and Biotechnology Development;
6. Biosafety Research and Compliance;

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Chief Executive Officer	<b>Dr. Roy B. Mugiira</b>
2.	Director Corporate Services	<b>FA. Ann N. Karimi</b>
3.	Corporation Secretary & Director Legal Services	<b>CS. Moses L. Sande</b>
4.	Deputy Director Technical Services	<b>Josphat Muchiri</b>



**(e) Fiduciary Oversight Arrangements**

The Key fiduciary oversight arrangements include: -

**The Board of Directors.**

The Board of Directors plays a crucial role in overseeing the management of the Authority. It is structured into committees that closely examine various aspects of the Authority's operations and provide regular reports to the full Board. These committees include:

- i. **Audit Committee:** This committee is responsible for reviewing the activities of the Authority's management to ensure they align with the Authority's policies, government directives, and legal provisions. Its primary focus is on oversight.
- ii. **Finance and Administration Committee:** This committee scrutinizes the activities of the management to ensure they adhere to principles of financial prudence and administrative efficiency.
- iii. **Technical Committee:** The Technical Committee assesses the management's activities related to the implementation of the Authority's core mandate. Its main goal is to ensure that these activities align with the provisions of the Biosafety Act and relevant international conventions on Biosafety matters.

**The office of the Auditor General.**

The Office of the Auditor General evaluates the Authority's Financial Statements and provides an assessment of the current situation. This includes conducting a system audit to assess the effectiveness of internal controls. The Auditor General also offers recommendations regarding the sufficiency of the existing internal control systems.

**Parliamentary Oversight Committees:**

- Public Investment Committee - reviews the Auditor General's reports and seeks further explanations from Management on any adverse reports with recommendations to Parliament for adoption and action by the Executive.
- Education, Science and Technology Committee – Interrogates the performance of the Authority on matters of Science and Technology.
- Agricultural Committee – Interested on role of the Authority in agricultural biotechnology regulation and provision of budgetary resources to support the Authority.
- Health Committee - Interested on role of the Authority in promoting public health through biosafety regulations on the safety of Genetically Modified Organisms.

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**Development Partners**

They review the Management activities and reports in regard to the sponsored projects to ensure compliance with the agreement conditions.

<p><b>National Biosafety Authority Headquarters</b></p> <p>P.O. Box 28251  NACOSTI Building  Loresho-Off Waiyaki Way  Nairobi, KENYA</p>	<p><b>National Biosafety Authority Contacts</b></p> <p>Telephone: (254) 202678667  E-mail: <a href="mailto:ceo@biosafetykenya.go.ke">ceo@biosafetykenya.go.ke</a>  Website: <a href="http://www.biosafetykenya.go.ke">www.biosafetykenya.go.ke</a></p>
<p style="text-align: center;"><b>National Biosafety Authority Bankers</b></p>	
<p>Central Bank of Kenya  Haile Selassie Avenue  P.O. Box 60000  City Square 00200  <b>NAIROBI, KENYA</b></p>	<p>Kenya Commercial Bank  Kipande House Branch  Kenyatta Avenue  P. O. Box 30012-00100  <b>NAIROBI, KENYA</b></p>
<p>Cooperative Bank of Kenya  Westlands Branch  P. O. Box 66589-00800  <b>NAIROBI, KENYA</b></p>	<p>NCBA Bank  Westlands Branch  P. O. Box 44599-00100  <b>NAIROBI, KENYA</b></p>
<p><b>Independent Auditor</b></p> <p>Auditor-General  Office of the Auditor General  Anniversary Towers, University Way  P.O. Box 30084  GPO 00100  Nairobi, Kenya</p>	<p><b>Principal Legal Adviser</b></p> <p>The Attorney General  State Law Office and Department of Justice  Harambee Avenue  P.O. Box 40112  City Square 00200  Nairobi, Kenya</p>

**3. The Board of Directors**

Director	Details
	<div data-bbox="620 439 1115 992" data-label="Image">A black and white portrait of Prof. Jenesio Kinyamario, a man with glasses, wearing a suit and tie.</div> <div data-bbox="539 1014 1200 1173" data-label="Caption"><p><b>Prof. Jenesio Kinyamario</b> <b>PhD (Nairobi), Msc (Texas A&amp;M), Bsc (Nairobi)</b> <b>Chairman Board of Directors</b> <b>D.O.B: 01/01/1952</b></p></div> <div data-bbox="300 1223 1439 1375" data-label="Text"><p>Prof. Kinyamario holds a PhD in Plant Ecology from the University of Nairobi, a Master's degree in Range Management from Texas A&amp;M University in the USA and a Bachelor's degree in Botany and Zoology from the University of Nairobi. He is a full Professor (now retired) of the University of Nairobi.</p></div> <div data-bbox="300 1384 1439 1626" data-label="Text"><p>Besides his academic and research work, Prof. Kinyamario offers consultancy services to various organizations such as the World Bank, the United Nations Environment Programme and the Kenya Government on environmental issues. He is also a Fellow of the World Innovation Foundation and a Member of the Environmental Institute of Kenya. He has previously served as a member of the Board of the Coffee Research Foundation, Moi University Council, Rivatex EA Ltd, and Moi Teaching and Referral Hospital.</p></div>



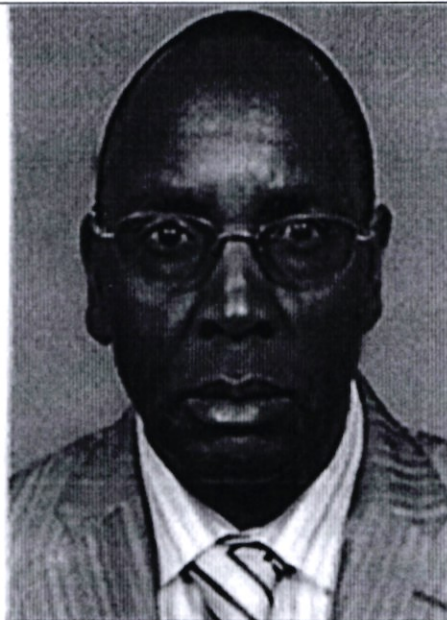
**Mr. Archibald Munyi,**  
**Bachelor of Law, LL.B**  
**Board Member**

**D.O.B: 19/07/1981**

Mr. Archibald Munyi is an Advocate of the High Court of Kenya, a Commissioner for Oaths and a Notary Public with over 13 years of experience in civil and commercial practice. He holds a Bachelor of Laws degree from the University of Nairobi and a post graduate diploma in law from the Kenya School of Law.

He is a member of the Law Society of Kenya and the Chartered Institute of Arbitrators (London).

He is the Chairman of the Audit Committee



**Dr. Daniel Njoroge**  
**Board Member**

**D.O.B: 31/12/1954**

Dr. Daniel Njoroge is a registered pharmacist with over 40 years' experience in both Government and Private Practice in Community Pharmacy.

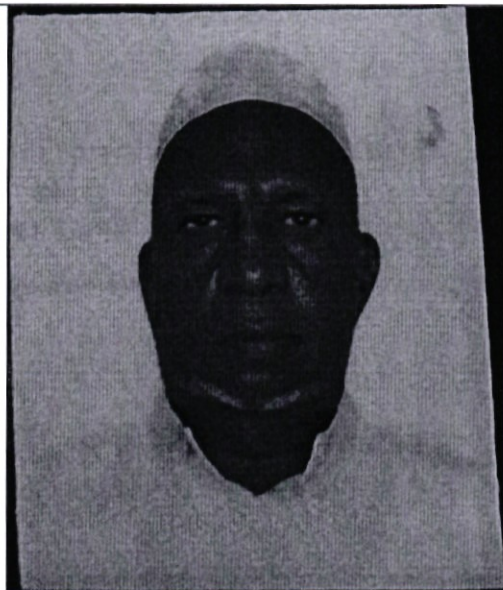
He holds a bachelor of Pharmacy from the University of Nairobi and a postgraduate diploma in community Pharmacy.

He is a member of Pharmaceutical Society of Kenya (PSK).

He has been involved with resource mobilization globally with International funds managers.

He is a member of Finance & Administration Committee and Technical Committee.

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**Mohamed Haji Hussein**

**Board Member**

**D.O.B: 1958**

Mr. Mohamed Haji Hussein holds a Diploma in Clinical Medicine and a Higher Diploma in Ophthalmology with 44 years' experience in medical practice. He served in the Ministry of Health as a clinician for 10 years and in private practice for 34 years.

He also served as a Director with the National Housing Corporation (NHC).

He is a member of Audit Committee and Technical Committee.



**Dr. Roselida Owuor**

**PhD, Cell and Molecular Biology**

**Rep of PS Higher Education and Research**

**D.O.B: 13/06/1968**

Dr. Roselida Owuor holds a PhD in Cell and Molecular Biology from Maseno University and MSc. in Reproductive Biology and Cellular and Applied Physiology from the University of Nairobi.

Dr. Owuor is a Deputy Director of Research, Science and Technology in the State Department for Higher Education and Research, Ministry of Education.

Dr. Owuor has served at Senior Management Positions in Public and Private Sector for a period of more than eighteen years. She is the chair of the Board Technical Committee and a member of the board Audit Committee.

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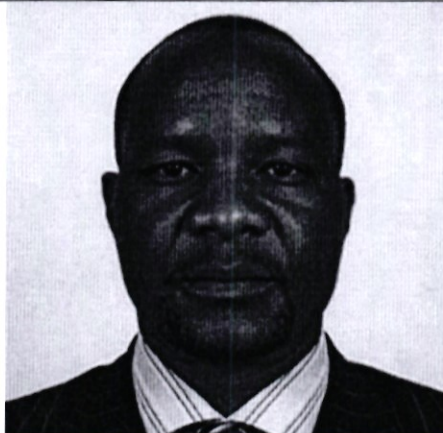
**Dr. Oscar Magenya**  
**PhD Agricultural Entomology**  
**Rep of PS Crops Development**  
**D.O.B: 06/07/1965**

Dr. Oscar E.V. Magenya holds a PhD in Insect-Viral-Environmental interactions from Wageningen University, The Netherlands and Post-Doctoral work at ICIPE on insect science; MSc in Agricultural Entomology from Kenyatta University. He is an agro-developmental specialist currently working as Director of Research and Innovation, Ministry of Agriculture and Livestock Development. Previously, Dr. Magenya was a Chief Research Administrator at the Kenya Agricultural Research Institute. He is a member of the Finance and Administration Committee and the Technical Committee.



**Ms. Caroline Mweni**  
**MA in Economics and Policy Management**  
**Rep of PS National Treasury**  
**D.O.B:19/03/1988**

Ms. Caroline Mweni is an Economist with over 11 years experience in Economic Policy and Public Finance Management. She holds a Bachelor of Science degree in Economics and Mathematics from the Kabarak University and a Master of Arts Degree in Economics and Policy Management from the University of Nairobi. She is also a member of the Economist Society of Kenya. She has been engaged in resource mobilization and negotiations for externally financed programmes and projects with Multilateral and Bilateral Agencies on behalf of the Government of Kenya. She is the chair of the Finance and Administration Committee and a member of the Audit Committee.



**Dr. Roy B. Mugiira**  
**Chief Executive Officer**  
**D.O.B:25/05/1969**

Dr. Roy B. Mugiira is the Chief Executive Officer.

He holds a Ph.D in the diagnosis of plant viral infections based on the alignment of their DNA sequences. He has research experience in the cloning of viral DNA genomes into gene silencing vectors for application in functional genomics.

Dr. Mugiira played a key role in the development of Kenya's Biotechnology Development Policy and the Biosafety regulatory framework for Genetically Modified Organisms. He is the National Focal Point for the Cartagena Protocol on Biosafety.

Dr. Mugiira has a wide experience in policy advisory for the governance of Science, Technology and Innovation (ST&I) generally and Biotechnology Development specifically.

**4. Key Management Team**



**Dr. Roy B. Mugiira**  
**Chief Executive Officer**  
**D.O.B:25/05/1969**

Dr. Roy B. Mugiira is the Chief Executive Officer. He holds a Ph.D in the diagnosis of plant viral infections based on the alignment of their DNA sequences. He has research experience in the cloning of viral DNA genomes into gene silencing vectors for application in functional genomics.

Dr. Mugiira played a key role in the development of Kenya's Biotechnology Development Policy and the Biosafety regulatory framework for Genetically Modified Organisms. He is the National Focal Point for the Cartagena Protocol on Biosafety.

Dr. Mugiira has a wide experience in policy advisory for the governance of Science, Technology and Innovation (ST&I) generally and Biotechnology Development specifically.




**CS. Moses Lukale Sande**



**FA. Ann N. Karimi**  
**Director, Corporate Services**



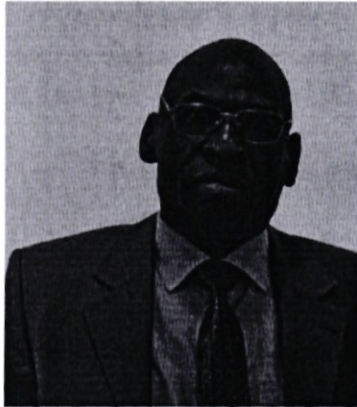
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<p><b>Corporation Secretary &amp; Director Legal Services</b> <b>D.O.B:22/03/1973</b> CS. Moses Lukale Sande is an advocate of the High Court of Kenya of over Ten (10) years, a Certified Secretary of Kenya and a member of the Institute of Certified Secretaries of Kenya (ICSK) in good standing and a member of the Law Society of Kenya (LSK). He holds a Bachelor of Laws degree (LL. B) from the University of Nairobi, a post-graduate Diploma in law from the Kenya School of Law; and a Master of Laws degree (LL.M) in International Criminal Justice and Armed Conflict from the University of Nottingham, United Kingdom.</p>	<p><b>D.O.B:15/09/1982</b> Ms. Ann N. Karimi is a qualified Financial Analyst with over fifteen years of experience in Pensions, Investments, Finance, Administration and the Asset Management Industry across various sectors. She is currently pursuing a Doctor of Philosophy in Business Administration. She holds a Master of Finance Degree from the University of Nairobi and a Bachelor's of Science Degree in International Business Administration (IBA) from United States International University (USIU). She is a Full member of the Institute of Certified Financial Analysts (ICIFA) and the Chartered Institute for Securities and Investments (CISI).</p>
<p> <b>Mr. Josphat Muchiri</b> <b>Deputy Director Technical Services</b> <b>D.O.B:21/09/1975</b> Mr. Josphat Muchiri is the Deputy Director Technical Services, National Biosafety Authority. He holds a Bachelor Degree in Agriculture from the University of Nairobi, a Master's Degree in Horticulture from the University of Nairobi and M.Sc. Biosafety in Plant Biotechnology from Marche Polytechnic University, Italy. He is currently in-charge of Technical Services Directorate, in an acting capacity, mandated to implement the core mandate of the Authority. He is</p>	

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	also the National Focal Point to the Biosafety Clearing House (BCH) as well as the Emergency Contacts person to the Cartagena Protocol on Biosafety.	
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## **5. Chairman's Statement**



The NBA Board of Directors presents the 2022/23 Annual Financial Statement Report. During the year, NBA focused its activities towards the Government's economic blueprints, which are the Vision 2030, the Big 4 Agenda, the Bottom-up Economic Transformation Agenda (BeTA) and Africa Union Agenda 2063 on food security, industrialization, climate change and manufacturing. Through implementing its 2020- 2025 Strategic Plan, the Authority contributed significantly to the regulation of research and commercial activities involving GMOs with a view to ensuring the safety of human and animal health and the provision of an adequate level of protection of the environment.

In the financial year 2022/23, the Authority was transferred from the Ministry of Education to the Ministry of Agriculture and Livestock Development through Executive Order Number 1 of 2023. This move has revitalized the regulation and application of modern agricultural biotechnology while reinforcing the Authority's role in enhancing agricultural productivity and ensuring food security and nutrition and economic growth.

The approval of various agricultural based biotechnologies which include Bt Cotton, Bt Maize as well as virus resistant cassava are geared towards enhancing agricultural productivity and economic growth in the country, leading to the realization of BeTA.

To ensure that these biotechnologies are implemented seamlessly, in FY 2022/23, NBA harmonized two biosafety guidelines: the coexistence of GMO and non-GMO crops and LLP/AP guidelines to support the biosafety regulatory systems. A number of other policies on GMOs and emerging biotechnologies have also been developed to support the Biosafety regulatory systems.

The Authority has ensured robust systems and processes are implemented to facilitate trade through the timely processing of GMO-Free Certificates, issuance of No objection letters to importers, and online cargo clearance at entry points through the KENTRADE online system. The operationalization of the TradeNet System has facilitated online applications, approval of import, and export/transit of Genetically Modified Organisms and their derived products as per the underlying NBA approval

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guidelines. This has created efficiency in service delivery and enhanced NBA collection of Appropriation in Aid (A-in-A).

Despite the achievements NBA has made over the past one year, it continues to face a number of challenges. During the financial year 2022/23, the Government lifted the ten-year ban on GMO and their derived products, however, the Government decision was challenged in court and conservatory orders issued against the implementation of the decision. This state of affairs continues to affect the operations of the Authority adversely as it is unable to fully implement its mandate.

Further, misinformation from external influences and a lack of solid knowledge about GMO technology among the public have compounded the Authority's ability to deliver on its mandate as it has faced a significant challenge in creating biosafety awareness and public education to the Kenyan public. The Authority however continues with its public engagement in ensuring that the development, transfer, use and utilization of Genetically Modified Organisms and other technologies is an integral part of biosafety decision-making processes. Some of the methodologies the Authority has used to reach the public include the Annual Biosafety Conferences, showcasing of the Authority's mandate in Agricultural Trade Fairs and Infomercials, development and distribution of information communication materials and posting of biosafety information in the Biosafety Clearing House (BCH).

The challenges notwithstanding, the Authority remains focussed on the delivery of its mandate. This can only be achieved through team work and I wish to extend my gratitude to the Board and Staff of NBA for their continued dedication to service delivery. Additionally, I express my appreciation to the Ministries of Education and Agriculture and Livestock Development for the support they gave the Authority for the year under review. Lastly, I commend our partners for their technical and financial support during the financial year.



**PROF. JENESIO KINYAMARIO**  
**CHAIRMAN OF THE BOARD**  
**NATIONAL BIOSAFETY AUTHORITY**

**6. Report of the Chief Executive Officer**



I am pleased to present the Annual Report and Financial Statements of the National Biosafety Authority (NBA) for FY 2022/2023. This report has been prepared in conformity with Sections 81(1,2,3,4) of the Public Finance Management Act, 2012 and in accordance with the Public Sector Accounting Standards (IPSAS) cash basis, which requires the Accounting Officer for a National Government entity to prepare financial statements in respect of the entity.

This report provides information on the National Biosafety Authority's (NBA) key achievements, structure, and budget performance against actual amounts for the current and prior year. It also presents information on the total annual exchequer issues and annual expenditures on recurrent activities.

Finally, the report provides information on emerging issues and discusses the challenges that hampered the effective implementation and realisation of the set activities and objectives. The report also provides some recommendations for dealing with the identified challenges. I thank the NBA Board of Directors for steering the Authority in the achievements that are reported herein, the Management Team for dedication to duty towards execution of our mandate and our key stakeholders for a great collaboration and partnership.

I hope that as we continue to discharge our mandate of exercising general supervision and control over the transfer, handling and use of Genetically Modified Organisms, in collaboration with our stakeholders and members of the public, we will realize significant milestones in ensuring safety of human and animal health and the provision of an adequate level of protection of the environment.

A handwritten signature in blue ink, appearing to read 'Roy B. Mugiira', written in a cursive style.

**DR. ROY B. MUGIIRA, Ph.D, MRSB**  
**CHIEF EXECUTIVE OFFICER**

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**7. Statement of Performance against Predetermined Objectives for FY 2022/2023**

The National Biosafety Authority has five strategic pillars and objectives within the current Strategic Plan for the Financial Year 2020- 2025. These strategic pillars are as follows:

**Pillar 1:** Biosafety management system.

**Pillar 2:** Legal and Regulatory Frameworks.

**Pillar 3:** Knowledge management and corporate branding.

**Pillar 4:** Partnership, Linkages and collaborations.

**Pillar 5:** Institutional capacity and resource mobilization.

NBA develops its annual work plans based on the above five pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the Financial Year 2022-2023 period for its five strategic pillars, as indicated in table 1 below:

**Table 1: Strategic Pillars and objectives within the Strategic Plan 2020-2025**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<b>1. Biosafety Management System</b>	To carry out risk assessment and socio-economic impact assessments of Genetically Modified Organisms.	No. of Guidelines developed/reviewed	-Hold public participation forums to collect views and validate Guidelines  -No of Guidelines approved for use.	Authority held two public engagement forums  3 Guidelines approved namely; - Food/Feed safety assessment Guidelines - Environmental risk assessment Guidelines - Harmonized Guidelines for Low Level Presence and Co-existence.
		% of GMO Applications received and risk	Screening of GMO Applications	100% of GMO Applications received during the reporting period were

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		assessment conducted	Conducting risk assessment of GMO Applications  Communicating of GMO Applications decisions	screened, risk assessment conducted and decisions and communicated in a timely manner to Applicants
To enhance compliance and enforcement capacities on biosafety.	% of ongoing GMO projects under contained use monitored	Conduct monitoring and inspection of contained use GMO Projects.	100% of ongoing GMO Projects Monitored	
	No of GMO Facilities inspected and certified	Conduct inspection of GMO Facilities  Compile and communicate Inspection Reports to Applicants	5 GMO Facilities inspected ( KU, ILRI, KALRO, ICIPE and JKUAT)	
	Number of Counties growing Bt cotton monitored for compliance to biosafety laws	Conduct monitoring of Bt cotton where its commercialized	Post commercialization monitoring was conducted in 19 counties including Kisumu, Homabay, Machakos, Embu, Mombasa growing Bt cotton varieties	
	No of counties market surveyed	Conduct GMO market surveillance.	Market surveillance was done in 36 Counties including Nairobi, Kiambu, Machakos, Kakamega, Mombasa, Garissa, Uasin Gichu.	

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		No of samples tested	Testing of surveillance regulatory samples and private samples	50 samples were tested for GMO Presence.
		No. of registered Institutional Biosafety Committees (IBCs)	Registration of IBCs.	3 IBCs registered (ILRI, UON, ICIPE)
	To serve as a regional Centre of Excellence on biosafety management.	% of completion of GMO Molecular Reference laboratory	Opening of a molecular GMO Testing laboratory	-Acquisition of Land to establish a Regional Molecular lab started  -GMO testing lab operationalized awaiting commissioning to a Centre of Excellence
		National and Regional BCH Centre	Establish a national and a regional center on BCH	National BCH established
<b>2. Legal and Regulatory Frameworks</b>	To review the legal and regulatory framework on biosafety.	No. of reviewed Policies, laws	Identify areas of review  Hold public participation forums to collect views  Review of Biosafety Act  Review of Biosafety Regulations	Areas of possible review of Biosafety Act identified including emerging biotechnologies, membership of the Board, Regulations on Labelling and Transport, Storage and Packaging
	To advise the Government on biosafety policy issues	No of advisory briefs to various Government Departments	Draft policy briefs on various thematic areas	Government Advisory Briefs done on;  <i>Gazettement of Biosafety Inspectors as required by the Biosafety Act</i>



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			on biosafety issues and emerging biotechnologies	<p><i>Lifting of the ban on GM food imports</i></p> <p><i>Low-Level Presence (LLP) Situations of GMO products in imported consignments.</i></p> <p><i>Import of raw materials for Animal feeds</i></p> <p><i>Levies, Fees and Charges by the National Biosafety Authority for Harmonization by the East African Community.</i></p> <p><i>Draft Food and Feed Safety Control Coordination Bill, 2023</i></p>
<b>3. Knowledge management and corporate branding.</b>	To enhance Knowledge Management framework.	% of developing an information management system	Maintain the ERP system  Develop an EDMS	ERP system maintained  -EDMS pending due to budgetary constraints
	To promote public awareness and public participation on biosafety.	% completion of Biosafety Communication Strategy	Develop a Biosafety Communication Strategy	Biosafety Communication Strategy developed awaiting validation by stakeholders
		No. of biosafety awareness programs	Sensitization on Biosafety Regulatory framework	Sensitized High-Level Policy Makers, Lawyers, CEOs of Regulatory Agencies on Biosafety Regulatory Framework.  Held 11 <sup>th</sup> Annual Biosafety Conference.  Participated in various ASK Trade Fairs  Developed and distributed biosafety brochures and FAQs on GMOs.

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				Held County awareness fora on biosafety matters in Counties including Nakuru, Busia, Mombasa, Kisumu, Garissa, Embu, Transzoia, Kajiado
	To enhance visibility and corporate image.	No of updates in the website	Website updates	Website regularly updated
		No of social media engagement	Sustaining a vibrant social Media presence.	Several active social media engagements
	% completion of Branding Policy	Branding Policy developed	Draft Policy developed	
	No of CSR activities	CSR activities conducted	Several CSR activities held aimed at tree planting initiatives, cleaning of the environment	
<b>4. Partnership, Linkages and collaborations</b>	To enhance synergies through collaboration with stakeholders and partners.	No of collaborations, agreements, partnerships	Negotiate and Partner with organizations	Negotiated and partnered with various organizations including USAID/PBS, AUDA NEPAD, Alliance for Science, ISAAA, AATF, NRF.
	To strengthen linkages with partners and compliance with international obligations.	No of engagements on CBD and Cartagena Protocol	Participate in COP MOP Meetings  Publish biosafety data in the BCH	NBA participated in the 15 <sup>th</sup> COP MOP Meeting in Montreal, Canada.  All relevant biosafety information published in the BCH
<b>5. Institutional capacity and resource mobilization.</b>	To enhance staff and infrastructure capacities.	No. of reviewed HR instruments (organogram, HR career progression, staff establishment).	To review HR instruments.  Car loan and mortgage scheme	Developed HR instruments.  Operationalized the car loan and mortgage scheme

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				Developed succession management policy
	To mobilize, optimally allocate and prudently utilize financial resources.	No. of proposals developed	Develop funding proposals.	17 proposals developed and submitted to various development partners
	To improve quality management and good corporate governance systems.	No. of ISO Audits conducted No of Management review meetings held	Participate in external surveillance audits Conduct internal audits Hold Management review meetings	One surveillance audit by KEBs conducted 2 internal audits conducted 2 management review meetings held

## **8. Corporate Governance Statement**

### **8.1 Overview**

The National Biosafety Authority (NBA) is established under the Biosafety Act, 2009. The Authority is established to exercise general supervision and control over the transfer, handling and use of genetically modified organisms with the aim of ensuring;

- a. Safety of human and animal health; and
- b. Provision of an adequate level of protection of the environment.

The Board of Directors of the Authority has adopted high standards of corporate governance and applies strict rules of conduct based on best practice. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles—

- a. To observe high standards of ethical and moral behavior;
- b. To act in the best interest of the Authority;
- c. To remunerate and promote fairly, prudently and responsibly;
- d. To recognize the legitimate interests of all stakeholders; and
- e. To ensure that the Authority acts as a good corporate citizen.

In line with Section 3 of the Leadership and Integrity Act No. 19 of 2012, the Board respects the values, principles and the requirements of the Constitution, including—

- a. The national values and principles provided for under Article 10 of the Constitution;
- b. The rights and fundamental freedoms provided for under Chapter Four of the Constitution;
- c. The responsibilities of leadership provided for under Chapter 6 of the Constitution;
- d. The principles governing the conduct of State officers provided for under Article 75 of the Constitution; and
- e. The values and principles of Public Service as provided for under Article 232 of the Constitution.

### **8.2 Board Size, Composition, Appointment of Members and Succession Plan**

The Board provides strategic direction, exercises control and remains accountable through effective leadership, enterprise, integrity and good judgment. It is diverse in its composition, independent but flexible, pragmatic, objective and focused on balanced and sustainable performance of the Authority. The Cabinet Secretary responsible for Crops Development selects and appoints Board members for a period of three (3) years and are eligible for reappointment for one more term of three (3) years. The renewal of a Member's tenure for a second term is subject to an acceptable evaluation as determined during Board evaluations. The Cabinet Secretary has staggered Board appointments to ensure that the respective expiry dates of the members terms fall at different time to ensure continuity. The

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appointment of independent Directors is by name and by notice in the Kenya Gazette. Membership of the Board may cease if the Board member—

- a. Serves the appointing authority with a written notice of resignation;
- b. Is absent, without the permission of the Chairperson, from three consecutive meetings;
- c. Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings;
- d. Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
- e. Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership the Board.

The Board is composed of eight members who possess broad range of expertise and diverse professional background. The members are drawn from various ministries, public and private sectors. Their remuneration is based on Guidelines on Terms and Conditions of Service for State Corporations dated 23 November 2004. These guidelines clearly stipulate remuneration elements such as taxable sitting allowances for meetings attended, travel and accommodation allowance while on Corporation duty as well as the monthly honoraria for the Chairman. The Board of Directors' remuneration for financial year 2022/2023 is presented in Note 12.

To effectively discharge its mandate, the Board has established three committees with specific terms of reference. The committees are as follows—

- a. Technical Committee;
- b. Finance and Administration Committee; and
- c. Audit Committee.

The Board however remains collectively responsible for the decisions and actions taken by any of its committees. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board.

### **8.3 Number of Board meetings held and attendance by the members**

The Board holds quarterly meetings while special meetings are called when deemed necessary. During the Financial Year 2022/2023, the Board held four (4) full Board meetings, Eleven (11) Special Board meetings and Fourteen (14) Board Committee meetings. All meetings had quorum and any member who absented him/herself from a meeting did so with the express authority of the Chairperson.

The summary of the Board meetings is as indicated in Table 2 below:

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**Table 2: Board of Directors Meetings during Financial Year 2022/2023**

**The Full Board held 4 Meetings as follows**

No.	Name	Attendance
1.	Dr. Joseph Chavutia	4
2.	Mr. Archibald Munyi	4
3.	Dr. Daniel Njoroge	1
4.	Mr. Mohamed Hussein	1
5.	Dr. Roselida Owuor	4
6.	Dr. Oscar Magenya	4
7.	Col. Susan Mutua	3
8.	Ms. Caroline Mweni	4
9.	Dr. Roy Mugiira	4

**The Special Full Board Meetings held 11 Meetings as follows**

1.	Prof. Jenesio Kinyamario	4
2.	Dr. Joseph Chavutia	7
3.	Mr. Archibald Munyi	11
4.	Dr. Daniel Njoroge	5
5.	Mr. Mohamed Hussein	5
6.	Dr. Roselida Owuor	9
7.	Dr. Oscar Magenya	11
8.	Col. Susan Mutua	7
9.	Ms. Caroline Mweni	9
10.	Dr. Roy Mugiira	9

***NB: Prof. Jenesio Kinyamario took over from Dr. Joseph Chavutia as the Chairman during the 3<sup>rd</sup> Quarter of the 2022/2023 Financial year***

**The Technical Committee held 4 Meetings as follows:**

1.	Dr. Roselida Owuor	2
2.	Mr. Archibald Munyi	4
3.	Dr. Oscar Magenya	3
4.	Col. Susan Mutua	4

**The Finance & Administration Committee held 6 Meetings as follows:**

1.	Ms. Caroline Mweni	6
2.	Dr. Oscar Magenya	6
3.	Ms. Susan Mutua	5
4.	Dr. Daniel Njoroge	1

**Audit Committee held 4 Meetings as follows:**

1.	Mr. Archibald Munyi	4
2.	Dr. Roselida Owuor	4
3.	Ms. Caroline Mweni	3

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#### **8.4 Role and Functions of the Board**

The role and functions of the Board are premised on the objects and functions of the Authority as stipulated in the Biosafety Act. The Code of governance for State Corporations – *Mwongozo* sets out the role and functions of the Board to include—

- a. Determination of the Authority’s mission, vision, purpose and core values;
- b. Setting and overseeing the overall strategy and approving significant policies of the Authority;
- c. Ensuring that the strategy of the organization is aligned to the long-term goals of the Authority on sustainability so as not to compromise the ability of future generations to meet their own needs;
- d. Approving the Authority’s organizational structure;
- e. Approving the annual budget of the Authority;
- f. Monitoring the Authority’s performance and ensure sustainability;
- g. Enhancing the corporate image of the Authority;
- h. Ensuring availability of adequate resources for the achievement of the Authority’s objectives.
- i. Hiring the CEO on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management of the Authority;  
and
- j. Ensure effective communication with stakeholders.

#### **8.5 Induction and Training**

The Authority’s Board undertakes regular training and skills development programs to enable the fulfillment of its responsibilities. All Board members undergo an induction training on appointment to enable them to understand more about the Authority, their role and ways of working.

#### **8.6 Board and Member Performance and Evaluation**

During the year, Board conducted a self-evaluation assessment facilitated by the State Corporations Advisory Committee. During the review of the Evaluation Report, the Board and individual members interrogated their performance and pointed out issues that required their attention.

#### **8.7 Board Charter**

A Board Charter was developed in the year in order to define the Board’s roles and responsibilities as well as functions, workplans and structures in a way that supports the members in carrying out their strategic oversight function. The Charter has enabled members to think creatively and critically about how their strategic and operational plans align with the Authority’s strategic direction and

expectations with respect to governance. The Charter was adopted by the Board acting in accordance with *Mwongozo*, the Code of Governance for State Corporations and other applicable Kenyan laws, regulations and circulars that have been issued by the Government from time to time.

#### **8.8 Governance Audit**

Whilst the need and importance of governance audit cannot be overemphasized, the Authority was not able to conduct Governance Audit during the year under review due to financial constraints. Management however, continually monitored and ensured compliance with the legal requirements and governance principles as stipulated in *Mwongozo*, the Code of Governance for State Corporations and other applicable Kenyan laws, regulations and circulars that have been issued by the Government from time to time.

#### **8.9 Register of Conflict of Interest**

The Authority maintained a register of conflict of interest for recording any declarations of conflict of interest made by Board members and employees of the Authority.

#### **8.10 Code of Conduct and Ethics**

The Authority continues to apply the approved Code of Conduct and Ethics that governs the general conduct of public officers under the Leadership and Integrity Act No. 19 of 2012 and the staff have subscribed their commitment to comply with the code. The Authority continues to inculcate these in its personnel through its core values of Good governance and Integrity, Professionalism, Customer focus and Inclusiveness.



## **9. Management Discussion and Analysis**

### **9.1 Strategic Direction**

During the period under review, the Authority implemented its third Strategic Plan 2020 – 2025 which coincided with the implementation of the government’s Big 4 Agenda, Bottom-up Economic Transformation Agenda (BeTA), the third Medium Term Plan of Kenya’s Vision 2030 and Africa Union Agenda 2063. The strategic objectives of the plan provided guidance to the Authority over the period as it developed activities that realized the following five key result areas: Biosafety Management System; Legal and Regulatory Frameworks; Knowledge Management and Corporate Branding; Partnerships, Linkages and Collaborations and Institutional Capacity and Resource Mobilization.

### **9.2 Operation Performance Analysis**

During the FY 2022/2023, the Authority implemented a number of activities as contained in NBA’s 2020-2025 Strategic Plan. The strategic KRAs are the performance areas prioritised by the Authority to achieve its mandate and deliver value to its stakeholders. The Authority implemented the following activities during the financial year 2022/23:

- i. Conducted risk assessment at hundred per cent of GMO and genome edited applications;
- ii. Published food and feed safety assessment guidelines, environmental risk assessment guidelines and harmonized guidelines for coexistence and low level presence of GMO products;
- iii. Carried out capacity building initiatives to Board members, regulatory agencies, lawyers, policy makers and importers on biotechnology and biosafety matters including emerging technologies and biosafety communication;
- iv. Participated in various biosafety awareness and education programs such as; holding the 11<sup>th</sup> Annual Biosafety Conference, exhibition in various ASK shows and also participated in awareness forums in various counties including Nairobi, Trans-Nzoia, Machakos, Busia, Mombasa and Nakuru;
- v. Monitoring of commercialized Bt Cotton in twenty counties to assess compliance to Biosafety Laws;
- vi. Conducted GMO Market Surveillance in thirty six counties;
- vii. Concluded the preparation of the HR instruments which were approved by the State Corporations Advisory Committee and undertook staff job evaluation which was validated by the Salaries and Remuneration Commission;

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- viii. Recruitment of the top level management including the CEO, Director Biosafety Research and Compliance and Deputy Director Human Resource Management; and
- ix. Implemented Staff Car and Mortgage Scheme.

**9.3 Financial Performance Analysis**

**(a) Approved Budget Analysis**

The Authority had a final approved budget of Ksh 194.1 million constituting of Ksh 89.42 million for personnel emoluments, Ksh 104.68 million for use of goods and services and other recurrent expenditures for the financial year 2022/2023. The revenue estimates were based on approved activities carried out by the Authority in the year under review.

**(b) Overall Expenditure Analysis**

The Authority incurred a total of Ksh 189.08 million in actual expenditure, which translates to an absorption rate of 98.0 per cent of the approved budget for the FY 2022/23. Of the Ksh.189.08 million, Ksh.82.6 million was spent on compensation to employees, Ksh. 71.89 million was spent on use of goods and services and other recurrent expenditures.

**(c) Revenue**

In the financial year under review, revenue from government grants amounted to Ksh 144.9 million. This represented 74.7 per cent of the Authority’s approved budget of Ksh 194.10 million. The analysis of the exchequer receipts and the comparative period for the previous financial year are summarised in table 3 below.

**Table 3: Comparable statement of exchequer receipts for the FY 2021/2022 and 2022/2023 (Amount in Ksh)**

<b>Period</b>	<b>2022/2023</b>	<b>2021/2022</b>
Quarter 1	36,225,000	36,225,000
Quarter 2	36,225,000	36,225,000
Quarter 3	36,225,000	36,255,000
Quarter 4	36,225,000	36,225,000
<b>Total</b>	<b>144,900,000</b>	<b>144,900,000</b>

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**Authority's compliance with statutory requirements**

The Authority has fully complied with all statutory requirements. These include timely submission of PAYE, N.S.S.F, N.H.I.F, NITA and H.E.L.B to respective institutions during the financial year.

**Major risks facing the Authority.**

The major risks facing the Authority include;

- (a) Constrained budgetary allocation for the financial year 2022/2023. The Authority was allocated Ksh.144.9 million for all its operations;
- (b) Continued risk of non-allocation of Capital Grants from the Ex-Chequer;
- (c) General perceptions on GMO technology; and
- (d) Limited capacity due to reduction in government funding, inadequate human resources as per the approved staff establishments well as inadequate infrastructure (office space, laboratory for testing, equipment and facilities).

**Material arrears in statutory/financial obligations**

The Authority has no material outstanding /pending bills. The Authority has continued to make payments as soon as invoices are received except for the normal trade payables.

## **10. Environmental and Sustainability Reporting**

The Authority is established under the Biosafety Act, 2009 to ensure safety of human and animal health and provide adequate protection of the environment from harmful effects that may result from genetically modified organisms (GMOs). The Authority is mandated to regulate all activities involving GMOs in food, feed, research, industry, trade and environmental release and it fulfils its mandate by ensuring and assuring safe development, transfer, handling and use of GMOs.

NBA is also the National Focal Point for the Cartagena Protocol on Biosafety to the Convention on Biological Diversity (CBD) and is mandated to implement the provisions of the Protocol on all biosafety matters pertaining to GMOs.

The Authority is aware that good corporate responsibility practices and responsible behaviour are integral parts of sustainable development which it's fully committed to conducting its work responsibly and in the best interests of its customers, employees and other stakeholders that it interacts with that are affected by its activities. This is what guides the Authority to deliver on its mandate.

Below is a brief highlight of NBA's achievements in the following four sustainability pillars:

### **a) Sustainability strategy and profile**

The Authority is currently implementing programs to ensure its sustainability such as the expansion of the review of Biosafety Act and regulations to provide framework for regulation of emerging technologies, a focus on improvement of AIA collection through revision of fees for services offered, establishment of a molecular laboratory for GMO testing and automation of its services and acquisition of land for the construction of NBA headquarters.

The Authority is further aggressively engaged in Biosafety awareness and public education to ensure increased public confidence in Authority's mandate.

### **b) Environmental performance**

The Authority has mainstreamed its environmental sustainability goals within all its operation areas as part of its corporate strategy to enhance the core mandate. NBA therefore continues to comply with applicable environmental laws and regulations in the public sector.

The National Biosafety Authority promotes an effective and efficient regulatory framework that regulates modern biotechnology for, among others, maximizing productivity in agriculture and industry, protecting the environment, conserving biodiversity, bio-prospecting, and generally improving the quality of human welfare. Modern biotechnology as a Science, Technology, and

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Innovation tool, underpins the critical areas of national development as identified in the Vision 2030 Third Medium Term Plan programme on Biotechnology and Biosciences specifically Biotechnology stewardship.

The Authority initiated programmes to ensure that its environmental activities remain sustainable in the long run. This effort is demonstrated by operationalising policies relating to disposal of electronic waste, by installing water dispenser units, sharing of IT assets, sharing and circulation of soft copies of documents as opposed to hard copies and printing on both sides of paper documents.

Further, the Authority has embraced presidential directives on tree planting having planted over 1,500 tree seedlings in the financial year under review. In ensuring environmental sustainability, the Authority works closely with the National Environmental Management Authority as the national focal point on environmental matters.

**c) Employee welfare**

The Authority has an elaborate recruitment policy that provides a structured framework for managing human resources processes of recruitment, selection appointment, development and promotions.

The Human Resource policy, subscribes to the tenets of public service values and principles in the recruitment of staff, as provided in Article 232 of the Constitution. It is the policy of the Authority to provide continuous, high quality training and development to staff to improve their skills and competencies that will contribute to improved organizational performance. Staff are subjected to a fair performance appraisal system whose output, amongst other aspects, is the identification of areas of improvement and training.

NBA has continued to support training of staff (both individual and at organizational level) as it considers it important in improving the efficiency and service delivery. In its effort to address performance and skills gaps with the aim of enhancing service delivery, the Authority has made it a routine to train its entire staff through various training institutions. The training process is guided by the Human Resource policy and the trainings requested for by staff evaluated for approval by the Human Resource Management Advisory Committee, which has been put in place.

The Authority has a medical cover, work injury benefits (WIBA) and worker's compensation insurance cover in place.

Further, the Authority's offices are certified registered places of work with the Ministry of Labour, and thus, they are in conformity with the requirements of the Occupational Safety and Health Act of

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2007, (OSHA, 2007). The Authority has ensured compliance with Ministry of Health protocols for the safety of staff and stakeholders and also for continuity of business.

Below is a summary of how the Human Resource function has continued to enhance the employee welfare at the Authority;

**1. Efforts made in improving skills and career progression;**

The Authority recognizes the importance of training and development to enhance productivity and efficiency. Towards this realization, the Authority undertook capacity building programs and facilitated staff to attend professional development courses, seminars and workshops. These trainings interventions are aligned with the organization's performance management system. To achieve this;

- a) The Authority has put in place a Career progression policy;
- b) An appointed Training Committee is in place to assist in guiding decision making on matters pertaining to training and development;
- c) There is training and development program where all organizational, departmental and individual trainings are assessed and approved, a training plan and commensurate budget is prepared for approval by the committee while HR monitors its application and evaluates the performance at the end of the program;
- d) The Authority has also planned for on-the-job training program on employee mentorship; and
- e) Offers Internship and attachment programs for acquisition of skills.

**2. Efforts made in managing appraisal and reward systems.**

- a) A policy on Performance management is in place
- b) The Authority works using Performance Contracting process and work-plans (Individual and departmental).
- c) Staff Performance management and appraisal is carried out annually.

**3. The organizational policy on Safety and Health in place and in compliance with Occupational Safety and Health Act of 2007, (OSHA) provides for;**

The Authority is committed to providing and maintaining safe and secure working conditions, equipment and systems of work that are safe and healthy for use by all employees, visitors and other persons at or near its operational areas. The Authority has put in place;

- a) General guidelines for safety of staff at the work place.

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- b) Emergency preparedness plans and sensitization of staff on the same.
- c) Provision of fire protection facilities and measures to be adhered to by staff.
- d) Staff insurance for injury at the work place benefits
- e) Undertaking annual safety and health Audit.
- f) Performance contracting reporting on safety and health activities.
- g) Recording Accidents and incidents at the work place by the point person on safety and health.
- h) Having in place a safety and health Committee running with all matters safety and health at the work place.
- i) Registration of the Authority with the Directorate of Occupational Safety and Health services.
- j) Ensuring staff welfare provisions are in place.
- k) Provision of First Aid Kits.
- l) Provision of Personal Protective Equipments for the Laboratory Personnel.

**4. Staff car loan and Mortgage Scheme.**

The Authority operationalized a staff car loan and Mortgage facility to assist staff acquires vehicles and houses at affordable rates as per the approved guidelines.

**d) Market place practices**

The Authority outlines its efforts to;

**a. Anti-corruption issues**

The Authority has made remarkable strides in preventing corruption and unethical practices, as provided in the Ethics and Anti-Corruption Act of 2011. Key achievements include establishment of the Corruption Prevention Committee which has institutionalized anti-corruption initiatives in the operations of the Authority. The Committee has formulated coordinated and implemented Code of Conduct and Ethics, Anti-Corruption Policy, Integrity Testing Programme, Whistle Blowers Protection Systems, Corruption reporting channels, Customer Service charter, Corruption Risk Assessment and mitigation plan and Performance contracting targets.

**b. Responsible political involvement**

NBA is apolitical regulatory agency established by Biosafety Act, No 2 of 2009.

### **Responsible supply chain and supplier relations**

The supply chain function plays a pivotal role in the timely procurement of quality goods, works and services. The procurement process is guided by the Public Procurement and Assets Disposal Act, 2015, relevant regulations, policy and procedures and best practices in the industry. The main objective of the supply chain function is to improve processes and service delivery to stakeholders for sustained economic development.

The Authority continues to maintain good business practises and treats its suppliers responsibly by honouring contracts, respecting payment practices and ensuring that specifications are given in compliance with the law to ensure there is value for money for the goods procured or services rendered.

The Authority also continues to ensure that the procurement processes are maintained through equal and fair opportunity to all suppliers through rotational identification of suppliers in the delivery of goods, works and services. The Authority's procurement processes equally provide sensitization of all suppliers to help them understand what is expected of them together with supplier's rights through brochure accessed in both the Authority's premise and the website, which helps to promote and maintain good, and cordial business relation between NBA's procurement department and suppliers. The Authority's procurement processes also ensure timely payments for supplies of goods and services. The Authority carried out the following activities during the year under review to ensure best practices are adhered to;

- a. The Authority complied with the 30 per cent rule reservation for women, youth and persons with disabilities about procurement.
- b. During the period, the Authority appointed various Ad hoc Committees to undertake procurement-related activities such as tender evaluation, disposals and inspection and acceptance committees. Some of the tender requests opened, evaluated, awarded and inspected include Medical Cover contracts and Cleaning services.
- c. The members of the Disposal Committee appointed by the Accounting Officer identified assets for disposal, set prices for disposable assets and made recommendations to the Accounting Officer on disposal methods through the Annual Disposal plan.



**e) Corporate Social Responsibility / Community Engagements**

Corporate Social Responsibility (CSR) is an essential component that enables an organization to participate in promoting the environmental, ethical and socio-economic concerns of the communities. During the period under review, the Authority participated in tree planting exercise at Rungiri Primary School as outlined below;

**TREE PLANTING: CORPORATE SOCIAL RESPONSIBILITY**



*NBA staff and Rungiri primary school pupils pose for a group photo behind the NBA billboard*

The National Biosafety Authority (NBA) recently sponsored and participated in a tree planting initiative at Rungiri Primary School, where over 1000 pupils planted over 700 tree seedlings. The school, located in a semi-urban environment, had been experiencing a decline in tree cover due to tree cutting for the school feeding program and classroom construction. However, with ample land and a borehole to support watering, the school was an ideal candidate for this project, as the teachers and pupils were dedicated to increasing tree coverage.

Other initiatives included tree planting initiatives in Kaptagat forest during reforestation programme aimed at planting 15 billion trees by 2032 and participation during the International Day of Biodiversity in Nyeri County.

## **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 National Biosafety Authority affairs.

### **i) Principal activities**

The principal activities of the Authority are to;

- a) Consider and determine applications for approval for the transfer, handling and use of Genetically Modified Organisms and related activities;
- b) Co-ordinate, monitor and assess activities relating to the safe transfer, handling and use of Genetically Modified Organisms in order to ensure that such activities do not have adverse effect on human health and the environment;
- c) Co-ordinate research and surveys in matters relating to the safe development, transfer, handling and use of Genetically Modified Organisms, and to collect, collate and disseminate information about the findings of such research, investigation or survey;
- d) Identify national requirements for manpower development and capacity building in biosafety;
- e) Advise the Government on legislative and other measures relating to the safe transfer, handling and use of Genetically Modified Organisms; and
- f) Promote awareness among the general public relating to biosafety; and establish and maintain a biosafety clearing house to serve as a means through which information is made available to facilitate the exchange of scientific, technical, environmental and legal information on, and experience with Genetically Modified Organisms.

### **ii) Results**

The results of the Authority for the year ended June 30, 2023, are set out on pages 1 to 61.

### **iii) Directors**

The members of the Board of Directors who served during the year are shown on page x-xiv. During the year 2022-2023, the former Chairman's tenure ended and a new Chairman was appointed with effect from 27<sup>th</sup> April 2023. Further, during the financial year under consideration, two independent Board of Directors were appointed on 5<sup>th</sup> August 2022.

### **iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus

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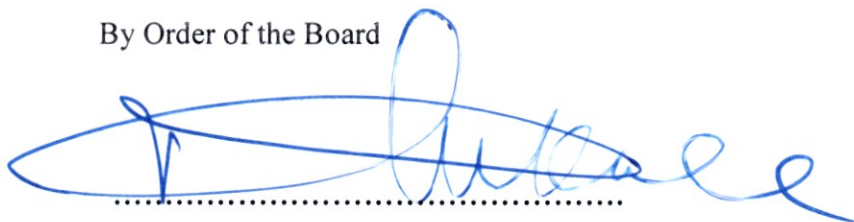
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funds reported in the audited financial statements after the end of each financial year. The Authority did not make any surplus during financial year 2022-2023 and hence no remittance to the Consolidated Fund.

**v) Auditors**

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2023.

By Order of the Board

A handwritten signature in blue ink, appearing to read 'Moses Lukale Sande', is written over a dotted line. The signature is fluid and cursive.

**CS. MOSES LUKALE SANDE**

**CORPORATION SECRETARY/SECRETARY TO THE BOARD**

## **12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of that Authority which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) 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 Authority;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority'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. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority's which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

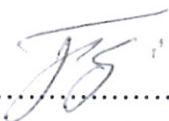
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Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The National Biosafety Authority's financial statements were approved by the Board on 20<sup>th</sup> September 2023 and signed on its behalf by:



.....  
**PROF. JENESIO KINYAMARIO  
CHAIRMAN BOARD OF DIRECTORS**



.....  
**DR. ROY B. MUGHIRA, Ph.D., MRSB  
CHIEF EXECUTIVE OFFICER**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL BIOSAFETY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023**

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### **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 the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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 FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Biosafety Authority set out on pages 1 to 55, which comprise of the statement of financial position as at

30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 National Biosafety Authority 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 Biosafety Act, 2009 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1.0 Lack of Revaluation Policy on Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.35,723,150 as disclosed in Note 18 to the financial statements. However, the Authority did not review the residual values and useful lives of property, plant and equipment at the reporting date in accordance with Paragraph 67 of the International Public Sector Accounting Standards (IPSAS) 17 as property, plant and equipment with a gross carrying amount of Kshs.18,201,325 had a zero-net carrying amount while still being in use.

Further, the Authority's asset register reflects total book value of Kshs.21,913,231 which does not include additions during the year of Kshs.1,253,513 while the statement of financial position reflects a balance of Kshs.35,723,150 resulting to an unreconciled variance of Kshs.13,809,919.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.35,723,150 could not be confirmed.

### **2.0 Unsupported Reserves**

The statement of financial position reflects a reserves balance of Kshs.30,282,003 as disclosed in Note 28 to the financial statements. As previously reported, the disclosure Note does not highlight the analysis of the assets that make up the reserve balance and it is not supported by relevant documentations and schedules in the financial statements. The accounting policy disclosed in Note 4 does not specify the reserves maintained and the accounting policies adopted as required by Paragraph 95(c) of the International Public Sector Accounting Standard (IPSAS 1) on the presentation of the financial statements.

In the circumstances, the accuracy and completeness of the reserves balance of Kshs.30,282,003 could not be confirmed.

### **3.0 Unsupported Use of Goods and Services**

The statement of financial performance reflects use of goods and services expenditure of Kshs.71,894,925 as disclosed in Note 10 to the financial statements. Included is an

expense on conferences and seminars of Kshs.10,037,767. The expenditure includes Kshs.105,000 paid to seven (7) officers at a rate of Kshs.15,000 each, as planning committee allowances during the National Biosafety Conference. However, the criteria and basis for the rates used for payment could not be confirmed as they were not commensurate with Salaries and Remuneration Commission (SRC) rates.

In the circumstances, the accuracy and completeness of the use of goods and services expenditure of Kshs.71,894,925 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Biosafety Authority 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.

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved all the issues nor given explanations on failure to resolve the long outstanding issues.

## **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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Irregular Board Meetings**

The statement of financial performance reflects board expenses amounting to Kshs.13,979,455 as disclosed Note 12 to the financial statements. Review of board



records including minutes of meetings held revealed that the Authority held fourteen (14) full board meetings against a maximum of six (6) board meetings for each financial year as stipulated by office of the President circular No. OP/CAB.9/1A of 11 March, 2020. Approval from the Cabinet Secretary on the extra meetings which resulted in extra cost of Kshs.1,900,340 was not provided for audit review.

Further, board meetings on shortlisting exercise for recruitment and interviews of CEO was held in Mombasa and Naivasha respectively, outside the registered office, and no authority to hold the meeting outside the registered office by the Cabinet Secretary was provided. This led to payment of an extra amount of Kshs.819,000 being per diem allowance to the board members.

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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### 1.0 Knowledge Gap in Financial Expertise in the Board of Directors

Review of the composition of the Board of Directors revealed that the Authority's Board did not have a member with financial expertise.

In the circumstances, the Authority did not benefit from the oversight and advisory services of financial nature.

#### 2.0 Lack of Risk Management Systems

Review of risk management systems revealed that the Authority did not have an approved risk management policy and did not maintain a risk register containing risks facing the entity. It was, therefore, not clear how Management handles risk exposures. This is contrary to Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which

include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, in the absence of an approved risk management policy, the Authority may not be able to respond in a timely manner to risks which may have an adverse effect on the current and future business operations.

### **3.0 Under-Staffing of the Authority**

Review of the Authority's staff establishment revealed an approved staffing level of fifty-three (53) while only forty-one (41) or 77% were in-post.

The Authority sought approval for recruitment from the National Treasury but the same has not been received.

In the circumstances, the Authority may not effectively achieve its mandate.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority 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 Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

13 March, 2024

**NATIONAL BIOSAFETY AUTHORITY**  
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**14. Statement of Financial Performance for the year ended 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	143,646,487	144,900,000
Donors/Partners Support	7	9,788,206	10,350,176*
		<b>153,434,693</b>	<b>155,250,176</b>
<b>Revenue from exchange transactions</b>			
Application Fees	8	7,352,573	2,591,503**
Conference Fees	9	4,095,000	2,354,506
<b>Total revenue</b>		<b>164,882,266</b>	<b>160,196,185</b>
<b>Expenses</b>			
Use of goods and services	10	71,894,925	65,314,479
Employee costs	11	82,663,140	78,603,361***
Board Expenses	12	13,979,455	9,424,219
Depreciation and amortization expense	13	7,280,256	6,807,118
Repairs and maintenance	14	3,506,390	2,577,498
Project Expenses	15	9,788,206	10,350,176
<b>Total expenses</b>		<b>189,112,372</b>	<b>173,076,851</b>
<b>Deficit before tax</b>		<b>(24,230,106)</b>	<b>(12,880,666)****</b>
<b>Deficit for the year</b>		<b>(24,230,106)</b>	<b>(12,880,666)</b>
Remission to National Treasury	24	0	0
<b>Net Deficit for the year</b>		<b>(25,230,106)</b>	<b>(12,880,666)****</b>

\*The figure is different from the figures as per the audit certificate issued due to correction in the accounting treatment of donor funds and deferred income as per IPSAS 23.

\*\*The figure is different from the figure as per the audit certificate due to recognition of receipts totalling Ksh. 1,006,973 as per audit certificate issued. Refer Appendix VIII, Journal Entry.

\*\*\*The figure is different from the figure as per the audit certificate issued due to adjustment of Gratuity Computation. Refer Appendix VIV Journal Entry.

\*\*\*\*Restated.

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The notes set out on pages 11 to 49 form an integral part of these Financial Statements.  
The Financial Statements set out on pages 1 to 61 were signed on behalf of the Board of Directors  
by:



CHIEF EXECUTIVE OFFICER  
DR.ROY B. MUGIIRA

Date. 12/02/2024



HEAD OF FINANCE  
ESTHER N.THUKU

ICPAK NO.10108  
Date. 12/02/2024



CHAIRMAN OF THE BOARD  
PROF.JENESIO KINYAMARIO

Date. 12/02/2024

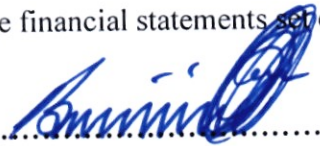
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**15 Statement of Financial Position as at 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	16	7,558,817	34,748,138*
Receivables from Non-Exchange Transactions	17	12,075,000	0
<b>Total Current Assets</b>		<b>19,633,817</b>	<b>34,748,138</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	35,723,150	41,749,893
<b>Total Non- Current Assets</b>		<b>35,723,150</b>	<b>41,749,893</b>
<b>Total Assets</b>		<b>55,356,967</b>	<b>76,498,031</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	19	4,222,335	792,506
Contract Retention Money	20	2,395,651	2,395,651
Current Provision	21	2,960,405	3,262,063
Deferred Income	22	0	1,292,642
<b>Total Current Liabilities</b>		<b>9,578,391</b>	<b>7,742,862</b>
<b>Total Liabilities</b>		<b>9,578,391</b>	<b>7,742,862</b>
<b>Net Assets</b>			
Reserves	28	30,282,003	30,282,003
Accumulated Surplus		14,243,060	38,473,166
Capital Grants/Fund		1,253,513	0
<b>Total Net Assets</b>		<b>45,778,576</b>	<b>68,755,169*</b>
<b>Total Net Assets and Liabilities</b>		<b>55,356,967</b>	<b>76,498,031</b>


\*Restated.

The financial statements set out on pages 1 to 61 were signed on behalf of the Board of Directors by:



DR. ROY B. MUGIIRA  
 CHIEF EXECUTIVE OFFICER

Date: 12/02/2024



ESTHER N. THUKU  
 HEAD OF FINANCE

ICPAK No. 10108  
 Date: 12/02/2024



PROF. JENESIO KINYAMARIO  
 CHAIRMAN OF THE BOARD

Date: 12/02/2024

National Biosafety Authority  
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16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Ordinary share capital	Reserves	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, 2021</b>	-	30,282,003	-	51,353,832	-	-	81,635,835
Issued new capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Additional Charge to Retained Earnings	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	(12,880,666)	-	-	(12,880,666)
Surplus/ deficit for the year	-	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Interim dividends paid	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
<b>As at June 30, 2022</b>	-	30,282,003	-	38,473,166	-	-	68,755,169
<b>As at July 1, 2022</b>	-	30,282,003	-	38,473,166	-	-	68,755,169
Issue of new share capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	(24,230,106)	-	-	(24,230,106)
Surplus/ (deficit) for the year	-	-	-	-	-	-	-



**NATIONAL SOCIETY OF THURTY**  
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Description	Ordinary share capital	Reserves	Fair value adjustment (reserve)	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
Capital/development grants received during the year	-	-	-	-	-	1,253,513	1,253,513
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Interim dividends paid	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
<b>As at June 30, 2023</b>	-	<b>30,282,003*</b>	-	<b>14,243,060</b>	-	<b>1,253,513</b>	<b>45,778,576</b>

*\* The Reserves of Ksh 30,282,003 relates to the capital input in relation to assets less liabilities that were transferred to the Authority at inception.*

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**17. Statement of Cash Flows for the year ended 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	131,571,487	144,900,000
Donors/Partners Support	7	8,495,564	8,133,722
Application Fees	8(a)	6,345,600	2,591,503*
Conference Fees	9	4,095,000	2,354,506
<b>Total receipts</b>		<b>150,507,651</b>	<b>157,979,731</b>
<b>Payments</b>			
Use of goods and services	10(a)	69,045,096	64,734,479
Employee costs	11(a)	80,124,312	80,371,296
Board Expenses	12	13,979,455	9,424,219
Repairs and maintenance	14	3,506,390	2,577,498
Project Costs	15	9,788,206	12,802,889
<b>Total payments</b>		<b>176,443,459</b>	<b>169,910,381</b>
<b>Net cash flows used in operating activities</b>	25	<b>(25,935,808)</b>	<b>(11,930,650)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE		(1,253,513)	(11,165,060)
<b>Net cash flows used in investing activities</b>		<b>(1,253,513)</b>	<b>(11,165,060)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>		<b>0</b>	<b>0</b>
<b>Net decrease in cash &amp; Cash equivalents</b>		<b>(27,189,321)</b>	<b>(23,095,710)</b>
Cash and cash equivalents at 1 July	16	34,748,138	57,843,848
<b>Cash and cash equivalents at 30 June</b>	16	<b>7,558,817</b>	<b>34,748,138*</b>

\*Restated.

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers from Other Governments entities	144,900,000	-	144,900,000	144,900,000	0	100
Donors/Partners Support	-	8,495,564	8,495,564	8,495,564	0	100
Application Fees	2,000,000	3,420,600	5,420,600	7,352,573	(1,931,973)	135
Conference Fees	2,000,000	1,953,000	3,953,000	4,095,000	(142,000)	103
<b>Total Income</b>	<b>148,900,000</b>	<b>13,869,164</b>	<b>162,769,164</b>	<b>164,843,137</b>	<b>(2,073,973)</b>	<b>101</b>
<b>Expenses</b>						
Use of Goods and Services	64,367,924	11,075,392	75,443,316	71,894,925	3,548,391	95
Employee costs	98,969,033	(9,545,332)	89,423,701	82,633,198	6,790,503	92
Remuneration of Directors	9,011,693	5,242,885	14,254,578	13,979,455	275,123	98
Repairs and Maintenance	2,685,000	1,269,655	3,954,655	3,506,390	448,265	89
Project Expenses	3,207,210	6,580,996	9,788,206	9,788,206	0	100
<b>Total Expenditure</b>	<b>178,240,860</b>	<b>14,539,164</b>	<b>192,780,024</b>	<b>189,082,430</b>	<b>3,697,594</b>	<b>98</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,239,293)</b>	<b>-</b>	<b>-</b>
<b>Capital Expenditure</b>	<b>1,993,000</b>	<b>(670,000)</b>	<b>1,323,000</b>	<b>1,253,513</b>	<b>69,487</b>	<b>95</b>

**Budget notes:**

Material variances between the final budget and actual amounts have been explained in the budget notes according to International Public Sector Accounting Standards (IPSAS 24) Paragraph 14 and 29. Further the Authority has prepared the reconciliation statement of the actual amount on a comparable basis and actual amounts in the financial statements as required by Paragraph 47 (b) of the International Public Sector Accounting Standards (IPSAS 24).

**1. Budget Revision/Adjustments Notes-**As provided under IPSAS 24.29, the Authority has provided explanations of changes between the original and final budget indicating what caused the difference whether was due to reallocations or other causes in this case was due to budget reallocation during the year under review as highlighted below;

- a. **Development partners support-**The Authority submitted a number of funding proposals to several development partners during the financial year. Disbursements towards programs and activities supported by the development partners during the financial year was Kshs.8,495,564 which was incorporated in the revised annual budget.
- b. **Application Fees-**The Authority had projected to collect Kshs.2,000,000 from application fees as its A-I-A during the financial year. Due to increased activities on application of GMO services through KENTRADE platform, the Authority received more fees hence revised the budget from Kshs.2,000,000 to Kshs.3,420,000.
- c. **Conference Fees-**The Authority had projected to collect Kshs.2,000,000 from the 11<sup>th</sup> Annual Biosafety Conference. During the conference, the Authority received more support from partners towards the conference amounting to by Kshs.1,953,000. The budget was revised from Kshs.2,000,000 to Kshs.3,953,000 to reflect the collections as the additional amounts towards the conference.
- d. **Employees Costs-**A budget reallocation of Kshs.9,545,332 was made from the salaries and allowances. This was due to underutilization of the funds which had been allocated towards staff promotions during the financial year. However, this was not undertaken since the Authority was in the process of undertaking job evaluation exercise with the SRC. Additionally, approval for recruitment of new employees was not granted by the National Treasury whereas the Authority had already made provisions of the same in the initial budget. Further, the position of the Director Technical Services fell vacant with effect from September 2022, and the recruitment process for replacement for the position had not been completed towards the end of the financial year. The funds were reallocated towards expenditure related to recruitment of the CEO, Director Technical Services and the Deputy Human Resource Officer positions.
- e. **Use of Goods and services-**Some budget votes under the use of goods and services which were underutilized during the financial year supported other deserving votes which required more budget allocation. This was geared towards ensuring effective service delivery and discharge of the Authority's core mandates as well as fast track key activities which required

the Authority to reallocate any potential surplus to some priority votes. A summary of the votes reallocated is as shown below;

Donating		Receiving	
Budget Vote	Amount (Kshs)	Budget Vote	Amount (Kshs)
Communication Supplies	2,727,540	Travel, Subsistence and others	3,552,184
Purchase of Assets	670,000	Printing and Advertising	223,744
Contracted Services	809,167	Insurance	2,300,482
Specialized Materials	2,900,000	Hospitality Supplies	6,198,821
		Routine Maintenance	1,269,655
		Training Expenses	3,237,868

2. **Budget Notes on percentage of utilization-**As provided under IPSAS 24.14, the Authority has provided explanatory notes to underutilization of the budget which is below 90% or over utilization as required as highlighted below;
- a. **Application fees-** Application fees was achieved at 135%. This was because of unidentified direct deposits into the Authority’s bank account, which had been received for some period and stood at Kshs.1,006,973 as at 30 June 2022. Following consultations with the various institutions which include KENTRADE, the deposits were confirmed to relate to payments towards import duty which had been made for online applications. In compliance to Regulation 90(3) of the Public Finance Management (National Government) Regulations, 2015 the amount has been recognised as Application fees in the FY 2022/23. There was also an increase in applications for GMO free certificates during the FY 2022/23.
  - b. **Conference Fees-**The Authority received more support towards the 11<sup>th</sup> Annual Biosafety Conference which increased the collection from the initial projections.
  - c. **Repairs and Maintenance-**The underutilization of repairs and maintenance at 89% was a result of motor vehicle repairs which had been budgeted for but had not been undertaken by the end of the financial year.

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<b>Description</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Variance</b>
<b>Component</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>Application Fees</b>	5,420,600	7,352,573	1,931,973
<b>Conference Fees</b>	3,953,000	4,095,000	142,000
<b>Repairs and Maintenance</b>	3,954,655	3,506,390	448,265

## **19. Notes to the Financial Statements**

### **1. General Information**

National Biosafety Authority is established by and derives its authority and accountability from the Biosafety Act No. 2, 2009. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to ensure and assure safe development, transfer, handling and use of genetically modified organisms (GMOs) in Kenya.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act CAP 446, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented. The Authority has prepared the financial statements in accordance with IPSAS Accrual in line with Paragraph 28 of the International Public Sector Accounting Standard (IPSAS 1) on the preparation of financial statements.

**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>The Authority does not deal in financial instruments; therefore, the standard does not apply.</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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</p>



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Standard	Effective date and impact:
	<p>benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>The Authority does not deal in social benefits; therefore, the standard does not apply.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) 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><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023</li> </ul>

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Standard	Effective date and impact:
	IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 <sup>st</sup> January 2023.

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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>

iii. **Early adoption of standards**

The Authority did not adopt any new or amended standards in the financial year 2022/2023.

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Exchequer allocations**

The Authority recognises revenue from exchequer allocation when the monies are received and 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 recognised instead of revenue. Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and fair value of the asset can be measured reliably.

**Fees, taxes and fines**

The Authority recognizes revenues from fees, taxes and fines 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 Entity 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 Authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**Notes to the Financial Statements (Continued)**

**ii) Revenue from exchange transactions**

**Rendering of services**

The Authority 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 recognised 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 Authority.

**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.

**ii. Revenue from exchange transactions-IPSAS 9**

**Sale of tender and Authority revenue**

Revenue from the sale of goods is recognised 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 Authority. There was no tender sales revenue for the year under review.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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 the Financial Year 2022/2023 was approved by the Board of Directors on 26<sup>th</sup> July 2022. 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 Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of Ksh.7,447,573 on the 2022/2023 budget.

The Authority'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 the Statement of Comparison Budget and Actual amounts in the financial statements.

**Notes to the Financial Statements (Continued)**

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Authority operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**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 Authority 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 Authority's accounting policy on property plant and equipment is stated in the approved Financial Policies and Procedures Manual which states that;
- Items of property and equipment will be stated at historical cost less accumulated depreciation and impairment.
- Assets donated to the Authority will be included in the accounts at the value attributed to the asset by the donor and where the value is not readily provided, at a reasonable valuation.
- Depreciation will be charged on a straight-line basis over the estimated useful lives of the assets. The Authority does not charge depreciation in the year of acquisition.
- Where Impairment of assets are concerned, the carrying amounts of the assets will be reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount will be estimated and an impairment loss recognized in the income statement.

**Notes to the Financial Statements (Continued)**

**e) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. During the financial year 2022/2023, the Authority had not leased any item.

**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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**g) Research and development costs**

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

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

- 2) Its intention to complete and its ability to use or sell the asset.
- 3) How the asset will generate future economic benefits or service potential
- 4) The availability of resources to complete the asset.
- 5) 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**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Authority's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### **a) Financial assets**

##### **Classification of financial assets**

The Authority classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and



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selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the Authority classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

The Authority assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Authority recognizes a loss allowance for such losses at each reporting date. The Authority did not make any critical estimates and significant judgments in determining the expected credit loss (ECL).

**b) Financial liabilities**

**Classification**

The Authority classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**i) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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,

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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

**j) Provisions**

Provisions are recognized when the Authority 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 Authority 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.

**k) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**l) Contingent liabilities**

The Authority 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.

**m) Contingent assets**

The Authority 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 Authority 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.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**n) Nature and purpose of reserves**

The Authority does not keep reserves and therefore has not adopted any accounting policies for the same.

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

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

**p) Employee benefits**

**Retirement benefit plans**

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (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 in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

The Authority operates a retirement benefit scheme for all its permanent and pensionable employees. Further, an amount equivalent to 31 per cent of basic salary has been set aside as gratuity for all employees on contract. The Authority's contribution towards employee pension scheme and staff gratuity for employees on contract are charged to the statement of financial performance in the year to which the employees rendered their services to the Authority.

**q) 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.

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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.

**r) 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.

**s) Related parties**

The Authority regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the CEO, Director Corporate Services, Corporation Secretary and Head Legal Services and the Deputy Director Technical Services.

The following transactions were carried out with related parties:

<b>Description</b>	<b>June 2023 ( Ksh)</b>	<b>June 2022 (Ksh)</b>
<b>Key Management Compensation</b>		
Salaries and other short-term employment benefits	18,938,149	10,577,220
<b>Board Remuneration</b>		
Allowances paid to members of the Board of Directors	13,979,455	9,424,219
<b>Grants from related parties</b>		
Grants from GOK	144,900,000	144,900,000

**t) Service concession arrangements**

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

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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 Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**u) 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.

**v) Comparative figures**

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

**w) 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 Authority'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. Significant judgments include: Leave provision, useful lives and depreciation methods and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements.

**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 Entity based its assumptions and estimates on parameters available when the consolidated 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

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

Each component of an asset held in the asset register, excluding land, shall be depreciated separately to reflect the differing useful lives relating to each component of a depreciable asset. Any residual parts not comprising a specific component of a depreciable asset shall also be depreciated.

The Authority shall use straight line basis to write down the cost of each asset or the revalued amounts over the useful estimated lives as it is expected that the service (economic benefit) provided by the asset shall be consumed in a uniform manner throughout its useful life. The various classes of assets, their useful lives and depreciation rate is indicated below: The method of depreciation and amortization used is reducing balance. The following rates are used in computing depreciation:

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<b>Asset Class</b>	<b>Useful Life(Years)</b>	<b>Depreciation Rate(%)</b>
<b>Buildings</b>	40	2.5
<b>Computer Equipments</b>	3	33.3
<b>Motor Vehicles</b>	4	25.0
<b>Furniture and Fittings</b>	8	12.5
<b>Plant, Machinery &amp; Equipments</b>	8	12.5
<b>Intangible Assets</b>	3	33.3

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
Audit Fees	580,000	1,160,000
Gratuity Provision	4,640,890	2,102,063
<b>Total</b>	<b>5,220,890</b>	<b>3,262,063</b>

Provisions are recognised when;

- a. A reliable estimate can be made of the obligation.
- b. It is probable that an outflow of resources embodying economic benefits of service.
- c. Potential that the Authority will be required to settle the obligation.
- d. The Authority has a present obligation resulting from a past event.

The provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate or reversed if it is no longer probable and that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation. Employees' entitlement to annual leave is recognised when it accrues. A provision is made on the estimated liability for annual leave as a result of services rendered by the employees up to the amount of obligation.



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**Notes to the Financial Statements (Continued)**

**6. Transfers from Other Government entities**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Unconditional Grants</b>		
Operational Grant	144,900,000	144,900,000
Unconditional development grants	0	0
Other Grants	0	0
<b>Total Unconditional Grants</b>	<b>144,900,000</b>	<b>144,900,000</b>
<b>Conditional Grants amortised/ transferred to revenue</b>		
Other Organizational Grants	0	0
<b>Total Government Grants And Subsidies</b>	<b>144,900,000</b>	<b>144,900,000</b>

The Authority's budgeted exchequer amount in the Financial Year 2022/23 was equal to the FY 2021/2022 exchequer budget. The Authority received exchequer amounting to Kshs.144,900,000 in the FY 2022/2023 which was disbursed through the Ministry of Education for the first, second and third quarter and from the Ministry of Agriculture during the fourth quarter.

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

Name of the Entity Sending The Grant	Amount recognized in Statement of Financial performance, KShs	Amount deferred under deferred income, KShs	Amount recognized in capital expenditure, KShs	Total transfers 2022-2023, KShs	Insert Comparative 2021-2022, KShs
Ministry of Education, State Department of University Education & Research AND Ministry of Agriculture and Livestock Development, State Department for Crop Development	143,646,487	0	1,253,513	144,900,000	144,900,000
<b>Total</b>	<b>143,646,487</b>	<b>0</b>	<b>1,253,513</b>	<b>144,900,000</b>	<b>144,900,000</b>

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During the FY 2022/2023, Ksh. 1,253,513 received from the exchequer was used in the acquisition of capital assets. The assets have been accounted for under Plant Property and Equipment.

**7. Donors/Partners Support**

Description	2022-2023	2021-2022
	Kshs	Kshs
Program for Biosafety Systems (PBS)	7,411,064	5,949,462
UNEP GEF	1,084,500	2,171,400
Donations transferred to revenue on conditions being met.	1,292,642	2,229,314
Other Public Donations	0	0
<b>Total Transfers and Donations</b>	<b>9,788,206</b>	<b>10,350,176*</b>
<b>Reconciliation Of Public Contributions and Donations</b>		
Balance Unspent at Beginning of The Year	1,292,642	936,672
Current Year Receipts	8,495,564	8,120,862
Conditions Met - Transferred to Revenue	9,788,206	10,350,176
Conditions To Be Met - Remain Liabilities	<b>0</b>	<b>1,292,642</b>

\*Restated.

The Authority received Ksh. 7,411,064 from IFPRI as a grant towards the support of PBS project, the project is still ongoing. The Authority also received Ksh. 1,084,500 from UNEP in support of the UNEP GEF project which has since been completed.

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**Notes to the Financial Statements (Continued)**

**8. Application Fees**

Description	2022-2023	2021-2022
	KShs	KShs
Application Fees	7,352,573	2,591,503*
<b>Total Application Fees</b>	<b>7,352,573</b>	<b>2,591,503*</b>

\*Restated.

**8(a) Application Fees**

Description	2022-2023
	KShs
Application Fees	7,352,573
Application Fees Recognized in FY 2021/22	(1,006,973)
<b>Total Application Fees charged to cashflow</b>	<b>6,345,600</b>

This revenue relates to payments for consideration and determination of applications for activities involving GMOs. During the FY 2022/23 there were increased applications for GMO free certificates as compared to FY 2021/22, representing a 65% increase in the two consecutive periods.

**9. Conference Fees**

Description	2022-2023	2021-2022
	KShs	KShs
Conference Fees	4,095,000	2,354,506
<b>Total</b>	<b>4,095,000</b>	<b>2,354,506</b>

This revenue relates to payments towards the Annual Biosafety Conference. During the FY 2022/23, there was considerable interest and participation in the Annual Conference as compared to FY 2021/22, representing a 42% increase in the two consecutive periods.

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**10. Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Electricity & Water	0	1,950
Security & Cleaning Services	1,286,080	1,260,328
Professional Services	142,000	459,000
Advertising & Branding	2,168,364	1,421,868
Audit Fees	580,000	1,740,000
Catering Services	2,850,972	1,504,529
Conferences and Seminars	10,037,767	7,795,175
Computer Accessories	1,190,260	634,219
Consulting Fees	2,496,320	1,162,400
Cleaning Materials	86,726	190,636
Club Membership	475,000	0
CSR	150,000	300,800
Fuel and Oil	2,239,271	1,998,567
General Office	25,852	39,620
Insurance	11,688,383	8,756,942
Internet	1,327,332	700,851
Legal Expenses	92,751	0
Postage	32,864	52,005
Printing, Publishing & Newspapers	473,575	941,206
Rent expenses	8,204,526	9,133,655
Reagents & Market Surveillance	6,921,520	2,505,106
Stationery	769,160	473,726
Telecommunication	1,783,696	1,848,000
Training	5,661,938	7,611,807
Travel, Subsistence & Other Allowances	10,982,824	14,538,444
Bank charges	227,744	213,645
Uniform & Other Clothing	0	30,000
<b>Total</b>	<b>71,894,925</b>	<b>65,314,479</b>

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**Notes to the Financial Statements (Continued)**

**10(a) Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Total Use of Goods and Services	71,894,925	65,314,479
Accrued Trade Payables FY 21/22 Paid	792,506	0
Accrued Trade Payables FY 22/23	(4,222,335)	0
Accrued Audit fees FY 20/21, 21/22 Paid	1,160,000	580,000
Audit Fee Provision FY 22/23	(580,000)	0
<b>Total Use of Goods &amp; Services Charged to Cashflow</b>	<b>69,045,096</b>	<b>64,734,479</b>

The total payment for use of goods and services for the FY 2022/23 stood at 71,894,925 representing a 9% increase compared to Ksh. 65,314,479 recorded in the FY 2021/22. The increase is due to conference expenses incurred at the Annual Conference and increase in premiums charged for staff medical cover during the FY 2022/23.

**11. Employee Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and Wages	38,401,497	34,143,599
Employer Contribution to Pension Schemes	3,162,878	2,657,942
Transport Allowance	7,111,452	6,501,914
House Allowance	22,655,507	20,819,918
Responsibility, Acting, Entertainment, Leave, Extraneous, Special duty & Non Practicing Allowances	3,303,064	2,373,525
CEOs Salary	4,463,339	5,834,666
Gratuity	3,535,403	4,186,828*
Welfare	30,000	2,084,970
<b>Employee costs</b>	<b>82,663,140</b>	<b>78,603,362*</b>

\*Restated

**11(a) Employee Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Total Employee Costs	82,663,140	78,603,362
Accrued Gratuity FY 21/22	2,102,063	1,767,934
Accrued Gratuity FY 22/23	(4,640,890)	-
<b>Employee costs Charged to Cashflow</b>	<b>80,124,313</b>	<b>80,371,296</b>

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The total expenditure for the compensation of employees for FY 2022/2023 stood at Kshs.82,633,199 as compared to Kshs.82,473,359 recorded in FY 2021/2022. There was minimal increase to expenditures related to compensation of employees during the financial year.

**12. Board Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Sitting Allowances	6,504,000	3,620,000
Medical Insurance	345,785	166,301
Induction and Training	660,000	1,929,502
Accommodation Allowances	3,476,200	1,565,200
Local Travel Allowances	852,690	611,281
Mileage Allowances	811,280	311,935
Lunch Allowances	285,500	176,000
Airtime for Board Chair	84,000	84,000
<b>Total</b>	<b>13,979,455</b>	<b>9,424,219</b>

The total payment for Board Expenses for the FY 2022/23 stood at 13,979,455 representing a 32% increase compared to Ksh. 9,424,219 recorded in the FY 2021/22. This increase is due to Board expenses in the FY 2022/23 during the recruitment process of the CEO, Director Biosafety Research & Compliance and Deputy Director Human Resource.

**13. Depreciation and Amortization Expense**

Description	FY 2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	7,280,256	6,807,118
<b>Total depreciation and amortization</b>	<b>7,280,256</b>	<b>6,807,118</b>

**14. Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs	Kshs
Buildings	0	89,058
Vehicles	2,461,624	1,699,371
Computers and Accessories	951,856	709,919
General Repairs	92,910	79,150
<b>Total Repairs and Maintenance</b>	<b>3,506,390</b>	<b>2,577,498</b>

The total expenditure for the repairs and maintenance for FY 2022/23 stood at Ksh. 3,506,390 representing a 26% increase compared to Ksh. 2,577,498 recorded in the FY 2021/22. The

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increase is attributed to high maintenance costs for motor vehicles. Most of the vehicles are more than 10 years old.

**15. Project Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
Program for Biosafety Systems (PBS)	9,474,206	4,918,776
ERAfrica	0	580,000
National Research Fund (NRF)	0	96,000
CORTEVA	0	1,816,200
UNEP GEF	314,000	2,939,200
<b>Total Project Expenses</b>	<b>9,788,206</b>	<b>10,350,176</b>

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**Notes to the Financial Statements (Continued)**

**16. Cash and Cash Equivalents**

Description	2022-2023 KShs	2021-2022 KShs
Current Account	1,558,817	34,748,138
Savings Account	0	0
On - Call Deposits	0	0
Fixed Deposits Account	0	0
Staff Car Loan/ Mortgage	6,000,000	0
<b>Total Cash And Cash Equivalents</b>	<b>7,558,817</b>	<b>34,748,138</b>

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2022-2023 KShs	2021-2022 KShs
<b>a) Current Account</b>			
Kenya Commercial Bank	1119845858	1,558,817	34,748,138
<b>Sub- Total</b>		<b>1,558,817</b>	<b>34,748,138</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>c) Fixed Deposits Account</b>			
Kenya Commercial Bank		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>d) Staff Car Loan/ Mortgage</b>			
Co-Operative Bank	01141588766100	6,000,000	0
<b>Sub- Total</b>		<b>6,000,000</b>	<b>0</b>
<b>e) Others</b>			
Cash In Transit		0	0
Cash In Hand		0	0
Mobile Money Accounts		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>7,558,817</b>	<b>34,748,138</b>



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**Notes to the Financial Statements (Continued)**

**Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**

**17. Receivables from Non-Exchange Transactions**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Government Grants	12,075,000		0	
Less: impairment allowance	(0)		(0)	
<b>Total receivables from non- exchange transactions</b>	<b>12,075,000</b>		<b>0</b>	
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	<b>2022-2023</b>	<b>% of the total</b>	<b>2021-2022</b>	<b>% of the total</b>
Less than 1 year	12,075,000	100%	0	%
Between 1-2 years	0	0%	0	%
Over 3 years	0	0%	0	%
<b>Total</b>	<b>12,075,000</b>	<b>100%</b>	<b>0</b>	<b>%</b>

Description	2022-2023		2021-2022	
	Kshs		Kshs	
At the beginning of the year	0		0	
Additional provisions during the year	12,075,000		0	
Recovered during the year	(0)		(0)	
Written off during the year	(0)		(0)	
<b>At the end of the year</b>	<b>12,075,000</b>		<b>0</b>	

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**Notes to the Financial Statements (Continued)**

**18. Property, Plant and Equipment**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Lab Equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As At 1 July 2021</b>	-	-	<b>28,549,773</b>	<b>33,199,291</b>	<b>13,147,197</b>	<b>11,175,899</b>	-	<b>86,072,160</b>
Additions	-	-	-	6,982,417	1,940,451	2,242,192	-	11,165,060
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2022</b>	-	-	<b>28,549,773</b>	<b>40,181,708</b>	<b>15,087,648</b>	<b>13,418,091</b>	-	<b>97,237,220</b>
Additions	-	-	-	-	1,253,513	-	-	1,253,513
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	-	-	<b>28,549,773</b>	<b>40,181,708</b>	<b>16,341,161</b>	<b>13,418,091</b>	-	<b>98,490,733</b>
<b>Depreciation And Impairment</b>								
<b>At 1 July 2021</b>	-	-	<b>(20,271,015)</b>	<b>(20,104,489)</b>	<b>(8,292,687)</b>	<b>(12,018)</b>	-	<b>(48,680,209)</b>
Depreciation	-	-	(2,069,690)	(2,167,580)	(1,575,912)	(993,936)	-	(6,807,118)
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2022</b>	-	-	<b>(22,340,705)</b>	<b>(22,272,069)</b>	<b>(9,868,599)</b>	<b>(1,005,954)</b>	-	<b>(55,487,327)</b>
Depreciation	-	-	(2,069,689)	(1,919,297)	(2,232,117)	(1,059,153)	-	(7,280,256)
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	-	-	<b>(24,410,394)</b>	<b>(24,191,366)</b>	<b>(12,100,716)</b>	<b>(2,065,107)</b>	-	<b>(62,767,583)</b>
<b>Net Book Values</b>								
<b>As at 30<sup>th</sup> June 2022</b>	-	-	<b>6,209,068</b>	<b>17,909,639</b>	<b>5,219,049</b>	<b>12,412,137</b>	-	<b>41,749,893</b>
<b>As at 30<sup>th</sup> June 2023</b>	-	-	<b>4,139,379</b>	<b>15,990,342</b>	<b>4,240,445</b>	<b>11,352,984</b>	-	<b>35,723,150</b>

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**Notes to the Financial Statements (Continued)**

**Valuation**

Land and buildings/ Equipment were not valued during the financial year.

**18 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost Kshs	Accumulated Depreciation Kshs	NBV Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	13,418,091	(2,065,107)	11,352,984
Motor Vehicles, Including Motorcycles	28,549,773	(24,410,394)	4,139,379
Computers And Related Equipment	16,341,161	(12,100,716)	4,240,445
Office Equipment, Furniture, And Fittings	40,181,708	(24,191,366)	15,990,342
<b>Total</b>	<b>98,490,733</b>	<b>(62,767,583)</b>	<b>35,723,150</b>

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Carrying amount	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	18,201,325	4,550,331
Computers and Related Equipment	-	-
Office Equipment, Furniture and Fittings	-	-
<b>Total</b>	<b>18,201,325</b>	<b>4,550,331</b>

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**Notes to the Financial Statements (Continued)**

**19. Trade and Other Payables**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade payables	4,222,335		792,506	
Payments received in advance	0		0	
Employee payables	0		0	
Third-party payments	0		0	
Other payables	0		0	
<b>Total trade and other payables</b>	<b>4,222,335</b>		<b>792,506</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>2022-2023</b>	<b>% of the Total</b>	<b>2021-2022</b>	<b>% of the Total</b>
Under one year	4,222,335	100%	792,506	100%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (tie to above total)</b>	<b>4,222,335</b>		<b>792,506</b>	

Trade payables are normal trade payables incurred in the course of the year.

**20. Contract Retention Money**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Contract Retention Money	2,395,651		2,395,651	
Prepayments	0		0	
Other deposits	0		0	
<b>Total deposits</b>	<b>2,395,651</b>		<b>2,395,651</b>	
<b>Ageing analysis: (Refundable deposits)</b>	<b>2022-2023</b>	<b>% of the Total</b>	<b>2021-2022</b>	<b>% of the Total</b>
<b>Under one year</b>	<b>0</b>	<b>0%</b>	<b>359,562</b>	<b>15%</b>
1-2 years	359,562	15%	1,047,414	44%
2-3 years	1,047,414	44%	0	0%
Over 3 years	988,675	41%	988,675	41%
<b>Total</b>	<b>2,395,651</b>		<b>2,395,651</b>	

The amount of Ksh. 988,675 was retained being 10% of the office-partitioning project at the Commission for University Education (CUE) complex in the FY 2010/11. At the expiry of the defect period, the contractor was not paid the amount due to defects that had to be addressed but the repairs were never done. Neither has the contractor made any claim for the amount. The Authority is in the process to have the liability waived. Ksh. 1,406,976 relates to office partitioning project at NACOSTI building. The defect liability period has not lapsed.

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**21. Current Provisions**

Description	Adult Fees	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance b/f</b>	<b>1,160,000</b>	-	<b>2,102,063</b>	-	<b>3,262,063</b>
Additional provisions	580,000	-	3,691,647	-	4,271,647
Provision utilised	(1,160,000)	-	(1,152,820)	-	(2,312,820)
Change due to discount and time value for money	(0)	-	(0)	-	(0)
Provisions from prior year single entry adjustments	0	-	0	(2,260,485)	0
<b>Total provisions year end</b>	<b>580,000</b>	-	<b>4,640,890</b>	<b>(2,260,485)</b>	<b>2,960,405</b>

The deferred income movement is as follows:

**22. Deferred Income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Program for Biosafety Systems (PBS)	0	1,292,642
<b>Total Deferred Income</b>	<b>0</b>	<b>1,292,642</b>

Description	National government	International donor	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	-	<b>1,292,642</b>	-	<b>1,292,642</b>
Additions	-	8,495,564	-	8,495,564
Transfers To Capital Fund	-	(0)	-	(0)
Transfers To Income Statement	-	(9,788,206)	-	(9,788,206)
Other Transfers	-	(0)	-	(0)
Balance Carried Forward	-	<b>0</b>	-	<b>0</b>

**23. Employee Benefit Obligations**

**Retirement benefit Asset/ Liability**

The Authority operates a defined benefit scheme for all full-time employees from July 1, 2022. The scheme is administered by ICEA Lion Pension Fund who are the custodians of the scheme. The scheme is based on 5 percentage of salary of an employee at the time of retirement while the employer contributes 10% of basic salary of each employee every month. Employer contributions

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are recognised as expenses in the statement of financial performance within the period they are incurred.

The Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 12% per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by ICEA Pension Fund. Employees contribute 5% while employers contribute 10% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

**24. Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority did not make any surplus during the financial year 2022/2023 and hence no remittance to the Consolidated Fund.

The Surplus Remission has been computed as follows:

Description	2022-2023 Kshs	2021-2022 Kshs
Surplus for the period	0	0
Less: Allowable deductions by NT	0	0
90% Computation (Included in Statement of Financial Performance)	0	0

**Surplus Remission Payable**

Description	2022-2023 Kshs	2021-2022 Kshs
Payable at the beginning of the year	0	0
Paid during the year	0	0
<b>Payable at end of the year</b>	<b>0</b>	<b>0</b>

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**Notes to the Financial Statements (Continued)**

**25. Cash Generated from Operations**

Description	2022-2023 KSh	2021-2022 KSh
<b>Deficit for the year before tax</b>	<b>(24,200,164)</b>	<b>(19,974,094)</b>
<b>Adjusted for:</b>		
Depreciation	7,280,256	6,807,118
Contribution to provisions	1,928,886	(2,682,063)
<b>Working capital adjustments</b>		
Increase in receivables	(12,075,000)	0
Increase in deferred income	(1,292,642)	1,316,068
Increase in payables	3,429,829	1,954,910
<b>Net cash flow from operating activities</b>	<b>(24,928,835)</b>	<b>(12,937,623)</b>

**26. Financial Risk Management**

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority'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 Authority 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 Authority's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

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**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	KShs	KShs	KShs	KShs
<b>As at 30<sup>th</sup> June 2023</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	12,075,000	12,075,000	0	0
Bank balances	7,558,817	7,558,817	0	0
<b>Total</b>	<b>19,633,817</b>	<b>19,633,817</b>	<b>0</b>	<b>0</b>
<b>As at 30 June 2022</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	34,748,138	34,748,138	0	0
<b>Total</b>	<b>34,748,138</b>	<b>34,748,138</b>	<b>0</b>	<b>0</b>

**Financial Risk Management**

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 Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Authority has significant concentration of credit risk on amounts due from parent ministry. The board of directors sets the Authority'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 Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Authority under non-derivative financial liabilities by



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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.

Description	Less than 1 month	Between 1-3 months	Over 3 months	Total
	KSh	KSh	KSh	KSh
<b>As at 30<sup>th</sup> June 2023</b>				
Trade payables	4,222,335	-	-	4,222,335
Current portion of borrowings	-	-	-	-
Provisions	5,220,890	-	-	5,220,890
Deferred income	0	-	-	0
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>9,443,225</b>	<b>-</b>	<b>-</b>	<b>9,443,225</b>
<b>As at 30<sup>th</sup> June 2022</b>				
Trade payables	462,506	300,000	-	792,506
Current portion of borrowings	-	-	-	-
Provisions	3,262,063	-	-	3,262,063
Deferred income	1,292,642	-	-	1,292,642
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>5,017,211</b>	<b>300,000</b>	<b>-</b>	<b>5,317,211</b>

**Financial Risk Management**

**iii) Market risk**

The Authority has put in place an internal audit function to assist it in assessing the risk faced by the Authority 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 Authority'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 Authority's Strategy and Planning 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 Authority's exposure to market risks or the way it manages and measures the risk.

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**a) Foreign currency risk**

The Authority 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 Authority 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.

**Financial Risk Management**

**Financial Risk Management**

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

**2022-2023**

Description	In Kshs Kshs	Other currencies Kshs	Total Kshs
<b>As at 30<sup>th</sup> June 2023</b>			
<b>Financial Assets</b>			
Investments	-	-	-
Cash	7,558,817	-	7,558,817
Debtors	-	-	-
<b>Total Financial Assets</b>	<b>7,558,817</b>	<b>-</b>	<b>7,558,817</b>
<b>Financial Liabilities</b>			
Trade And Other Payables	4,222,335	-	4,222,335
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	<b>4,222,335</b>	<b>-</b>	<b>4,222,335</b>
<b>Net Foreign Currency Asset/(Liability)</b>	<b>3,336,482</b>	<b>-</b>	<b>3,336,482</b>

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**Financial Risk Management**

**Capital Risk Management**

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

Description	2022-2023	2021-2022
	Ksh	Kshs
Reserves	30,282,003	30,282,003
Retained Earnings	13,266,029	37,446,193
Capital Reserve	-	-
<b>Total Funds</b>	<b>43,548,032</b>	<b>67,728,196</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	(7,558,817)	(34,748,138)
Net Debt/(Excess Cash And Cash Equivalents)	(7,558,817)	(34,748,138)
<b>Gearing</b>	17%	51%

**27. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the Authority 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.

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**Government of Kenya**

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's 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) Ministry of Agriculture
- ii) Key management.
- iii) Board of directors.

Description	2022-2023 Kshs	2021-2022 Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	-	-
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies (NACOSTI & Kenya Ports Authority)	8,204,526	9,133,655
Training and conference fees paid to govt. Agencies	-	-
Others	-	-
<b>Total</b>	<b>8,204,526</b>	<b>9,133,655</b>
<b>b) Grants /transfers from the government</b>		
Grants from national govt	144,900,000	144,900,000
Grants from county government	-	-
Donations in kind	-	-
<b>Total</b>	<b>144,900,000</b>	<b>144,900,000</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments	13,979,455	9,424,219
Compensation to key management	18,938,149	10,577,220
<b>Total</b>	<b>32,917,604</b>	<b>20,001,439</b>

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**28. Reserves**

The Reserves of Ksh 30,282,003 relates to the capital injection in relation to assets that were transferred to the Authority from the Parent Ministry at inception.

**29. Events after the Reporting Period**

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

**30. Ultimate And Holding Entity**

The Authority is a Semi- Autonomous Government Agency under the Ministry of Agriculture. Its ultimate parent is the Government of Kenya.

**31. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p><b>Inaccuracies in the Statement of Comparison of Budget and Actual Amounts</b></p> <p>The statements of comparison of budget and actual amounts revealed the following misstatements: -</p> <p>i. The statement of comparison of budget and actual amounts includes an amount of Kshs.54,068,818 disclosed as cash carried forward.</p> <p>ii. The reconciliation statement of actual amounts on a comparable basis and actual amounts in the financial statements was not prepared as required by Paragraph 47 (b) of the International Public Sector Accounting Standards (IPSAS 24); and,</p> <p>iii. The statement of comparison of budget and actual amounts when compared with the statement of cash flows had unreconciled items on operating activities as detailed below;</p>	<p>The Management provided an explanation of the amount of Kshs.54,068,818 which was cash carried forward at the end of the financial year 2020/2021 to cater for the trade payables which had not been paid by the end of the financial year.</p> <p>The differences in the cashflow statement and the statement of comparison of budget and actuals was due to the items which were accrued at the end of the financial year which had to be reported in the budget comparison statement but the same could not be reflected in the statement of cashflows since they did not involve movement of cash during the year.</p> <p>The Authority is committed to make payments when they fall due and make</p>	Not Resolved awaiting concurrence with the Office of Auditor General	F/Y 2023/24 During the Audit exercise for FY 2022/23

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																
	<table border="1"> <thead> <tr> <th>Payments</th> <th>Cashflow Statement (Ksh)</th> <th>Statement of Comparison of Budget and Actuals (Ksh)</th> <th>Unreconciled Amount (Ksh)</th> </tr> </thead> <tbody> <tr> <td>Use of Goods and Services</td> <td>64,734,479</td> <td>65,314,479</td> <td>580,000</td> </tr> <tr> <td>Employee Costs</td> <td>80,371,296</td> <td>82,473,359</td> <td>2,102,063</td> </tr> <tr> <td>Project Expenses</td> <td>12,802,889</td> <td>10,350,176</td> <td>2,452,713</td> </tr> </tbody> </table> <p>In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.</p>	Payments	Cashflow Statement (Ksh)	Statement of Comparison of Budget and Actuals (Ksh)	Unreconciled Amount (Ksh)	Use of Goods and Services	64,734,479	65,314,479	580,000	Employee Costs	80,371,296	82,473,359	2,102,063	Project Expenses	12,802,889	10,350,176	2,452,713	disclosures of any pending bills at the end of the financial year. Disclosure notes between the differences between the cashflow statement and the statement of comparison of budget and actuals will has also been enhanced in the current financial year financial statements.		
Payments	Cashflow Statement (Ksh)	Statement of Comparison of Budget and Actuals (Ksh)	Unreconciled Amount (Ksh)																	
Use of Goods and Services	64,734,479	65,314,479	580,000																	
Employee Costs	80,371,296	82,473,359	2,102,063																	
Project Expenses	12,802,889	10,350,176	2,452,713																	
2.0	<p><b>Unconfirmed Cash and Cash Equivalents Balances</b></p> <p>The statement of financial position reflects cash and cash equivalents balance of Kshs.33,741,165 as disclosed in Note 17 to the financial statements. This balance</p>	All the inward swift transfers for the GMO services through the KENTRADE platform are currently been recorded in the cashbook.	Resolved	FY 2022/23																

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>excludes an unreconciled amount of Kshs.1,006,973 comprising of receipts in form of inward swift transfers that were credited to the Authority's bank account but had not been recorded in the cashbook. Out of the balance of Kshs.1,006,973, an amount of Kshs.123,500 was banked during the year leaving a balance of Kshs.883,473. Management has explained that the matter is being pursued with the bank to ensure the long outstanding cash entries are resolved.</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.33,741,165 could not be confirmed.</p>	<p>The Authority was able to resolve the matter in totality by having the NBA team monitoring all the applications through the platform.</p>		
3.0	<p><b>Lack of Revaluation and Policy on Property, Plant and Equipment</b></p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.41,749,893 as disclosed in Note 18 to the financial statements. However, the Authority did not review the residual values and useful lives of property, plant and equipment at the reporting date in accordance with Paragraph 67 of the International Public Sector Accounting Standards</p>	<p>Due to the budgetary constraints, the Authority has not managed to revalue its property, plant and equipment especially the vehicles which are still in use but fully depreciated.</p> <p>The Authority during the financial year revised its Financial Policies and Procedures Manual to align the policies to the guidelines on revaluation of assets. With the Manual in place, the</p>	Not Resolved due to budgetary constraints	FY 2023/2024



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	(IPSAS) 17 as property, plant and equipment with a gross carrying amount of Kshs.18,201,325 had a zero-net carrying amount while still being in use. In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.41,749,893 could not be confirmed.	Management will revise the useful lives (ULs) and the residual value (RVs) of the assets as required. Management noted the recommendation and will ensure the same is implemented.		
4.0	<b>Unsupported Additional Charge to Retained Earnings</b> The statement of changes in net assets reflects additional charge to retained earnings of Kshs.6,086,452 which was not supported by relevant documentation and explanatory Notes to the financial statements. In the circumstances, the accuracy and completeness of the additional charge to retained earnings amount of Kshs.6,086,452 could not be confirmed.	The additional charge was necessitated by funds that were received from a partner towards the end of the financial year 2019/2020 for the construction of the laboratory. The funds were not fully absorbed within the financial year resulting in an abnormal surplus during the year. The same was moved to the statement of changes in the net assets to adjust the surplus. The Authority will restate the financial statements for the FY 2019/2020 after discussions with the Office of the Auditor General during the audit exercise for FY 2022/2023.	Not Resolved awaiting concurrence with the Office of Auditor General	F/Y 2023/24 During the Audit exercise for FY 2022/23
5.0	<b>Unconfirmed Deferred Income Movement</b>	Management provided an explanation of the movement of the deferred income in	Not Resolved	F/Y 2023/24 During the

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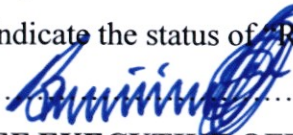
Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>The statement of financial position reflects deferred income of Kshs.1,292,642 as disclosed in Note 22 to the financial statements. Included in this balance are additions of Kshs.8,120,862 and transfers to the income statement of Kshs.9,436,927. However, their movement were not reflected in the statement of financial performance.</p> <p>In the circumstances, the accuracy and completeness of deferred income balance of Kshs.1,292,642 could not be confirmed.</p>	<p>the draft audit report indicating that The deferred income was computed by taking into account the opening balance from the previous financial year, income received from the development partners less expenses incurred in relation to the funded projects. The charge of Kshs.9,436,927 was included in the statement of financial performance under the sub item project expenses.</p> <p>Management will follow up with the Office of the Auditor General to ensure the matter is resolved during the current financial year audit exercise.</p>	awaiting concurrence with the Office of Auditor General	Audit exercise for FY 2022/23
6.0	<p><b>Unsupported Reserves</b></p> <p>The statement of financial position reflects a reserves balance of Kshs.30,282,003 which was not supported by a disclosure note to the financial statements. Further, the reserve balance was not supported by relevant documentation, schedules and explanatory notes to the financial statements. In addition, the accounting policy</p>	<p>The amount has since been carried forward over time in the books of accounts of the Authority since inception. The management sought guidance on how to resolve the reserves balance of Ksh. 30,282,003.</p>	Not Resolved awaiting concurrence with the Office of	F/Y 2023/24 During the Audit exercise for FY 2022/23

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Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>disclosed in Note 4(i) does not specify the reserves maintained and the accounting policies adopted as required by Paragraph 95 (c) of the International Public Sector Accounting Standard (IPSAS 1) on the presentation of financial statements.</p> <p>In the circumstances, the accuracy and completeness of the reserves balance of Kshs.30,282,003 could not be confirmed.</p>		Auditor General	

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....  
  
**CHIEF EXECUTIVE OFFICER**  
**NATIONAL BIOSAFETY AUTHORITY**

Date.....*12/02/2024*.....

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**Appendix II: Projects implemented by National Biosafety Authority**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/D development/ Others	Total Amount KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Expenditure	Deferred Income	Receivables	Others must be specific	
IFPRI	01.08.2022	Donor Support	1,551,509	1,551,509	-	-	-	-	1,551,509
IFPRI	08.08.2022	Donor Support	1,351,756	1,351,756	-	-	-	-	1,351,756
Ministry of Education	31.08.2022	Recurrent	12,075,000	10,821,487	1,253,513	-	-	-	12,075,000
Ministry of Education	02.09.2022	Recurrent	12,075,000	12,075,000	-	-	-	-	12,075,000
Ministry of Education	05.09.2022	Recurrent	12,075,000	12,075,000	-	-	-	-	12,075,000
UNEP GEF	11.10.2022	Donor Support	1,084,500	1,084,500	-	-	-	-	1,084,500
Ministry of Education	13.12.2022	Recurrent	36,225,000	36,225,000	-	-	-	-	36,225,000

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IFPRI	16.01.2023	Donor Support	1,448,172	1,448,172	-	-	-	-	1,448,172
IFPRI	07.02.2023	Donor Support	1,453,897	1,453,897	-	-	-	-	1,453,897
Ministry of Education	14.04.2023	Recurrent	36,225,000	36,225,000	-	-	-	-	36,225,000
IFPRI	22.05.2023	Donor Support	1,605,728	1,605,728	-	-	-	-	1,605,728
Ministry of Agriculture	06.06.2023	Recurrent	12,075,000	12,075,000	-	-	-	-	12,075,000
Ministry of Agriculture	09.06.2023	Recurrent	12,075,000	12,075,000	-	-	-	-	12,075,000
<b>Total</b>			<b>141,320,562</b>	<b>140,067,049</b>	<b>1,253,513</b>	-	-	-	<b>141,320,562</b>

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**Appendix V- Inter-Entity Confirmation Letter**

*National Biosafety Authority*  
*Box 28251-00100 Nairobi*

The National Biosafety Authority wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June (Current FY)				Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June (Previous FY) (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
N/A							
<b>Total</b>							

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Entity:**

**Name .....** **Sign .....** **Date .....**

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**Appendix VI: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



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**Appendix VII: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments