


REPUBLIC OF KENYA



Enhancing Accountability



 THE NATIONAL ASSEMBLY PAPERS LAID	
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	DAY: FRIDAY
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OF	(CHON OWEN BAYA, MP)
PRESENT AT THE TABLE:	IRENE NDUKI

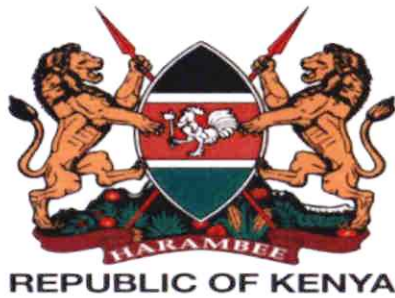
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ON

PHARMACY AND POISONS BOARD

**FOR THE YEAR ENDED
30 JUNE, 2024**



MINISTRY OF HEALTH

PHARMACY AND POISONS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended June 30, 2024.

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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPB	Pharmacy and Poisons Board
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. KEY PHARMACY AND POISONS BOARD INFORMATION AND MANAGEMENT

a) Background information

The Pharmacy and Poisons Board (PPB) was established by the Pharmacy and Poisons Act, Cap 244 Laws of Kenya in 1957. The PPB is domiciled in Kenya with its headquarters in Nairobi and regional offices.

b) Principal Activities

The principal activity of the PPB is to regulate health products, health technologies and the profession of pharmacy.

Vision

To be a Global Leader in Promoting and Protecting Public Health.

Mission

To Protect and Promote the Health of the Public by Regulating the Profession of Pharmacy and ensuring access to Quality, Safe, Efficacious and Affordable Health Products and Technologies.

Core Values

Commitment to Public Health, Professionalism, Accountability and Transparency, Integrity and Respect, Quality, Diversity and Inclusion

Functions

The functions as provided for in the Pharmacy and Poisons Act (Cap 244) include:

Part 1: Health Products and Health Technologies Functions

1. Regulate the manufacture, import and export, storage, distribution, sale and use of health products;
2. Regulate, monitor and inspect personnel and premises that are involved in the manufacture, import and export, storage, distribution, sale, use and disposal of health products;

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3. Maintain a register of health products for which marketing authorization has been granted;
4. Regulate clinical trials of health products and health technologies;
5. Test health products regulated under this law;
6. Conduct post-marketing surveillance of safety and quality of health products;
7. Regulate the promotion, advertising and marketing of health products;
8. Regulate the use of unregistered health products for trial purposes or for compassionate use;
9. Disseminate information on the quality and safety of health products to health professionals and the public;
10. Disseminate information on health products to health professionals and to the public in order to promote their responsible use; and
11. Collaborate with other national, regional and international institutions on health products regulation.

Part 2: Pharmacy Practice Functions

1. Regulate the training, continuing professional development (CPD) and practice of pharmacy;
2. Regulate, monitor and inspect personnel and premises that are involved in training, CPD and pharmacy practice;
3. Maintain a register of pharmacy practitioners for which licensure or authorization has been granted;
4. Disseminate information on pharmacy practice to health professionals and to the public in order to promote Good Pharmacy Practice; and
5. Collaborate with other national, regional and international institutions on regulation of the pharmacy profession.

Part 3: Common Functions

1. Advise the Cabinet Secretary of Health on all matters relating to administration and implementation of the Act;

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2. Levy, collect and utilise fees for services rendered; and
3. Perform such functions as may be assigned by the Board of Directors.

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c) Key Management

The Pharmacy and Poisons Board's day-to-day management is under the following key organs:

No.	Designation	Name
1.	CEO	Dr. Fred M. Siyoi
2.	Director, Corporate Services	Dr. Anthony Toroitich
3.	Director, Pharmacy Practice	Dr. Wilfred Ochieng
4.	Director, Medical Products and Health Technologies	Dr. Ahmed Mohamed
5.	Director, Laboratory Services	Dr. Obadiah Naikuni

d) Fiduciary Oversight Arrangement

a. Audit and risk committee

- i. Bernard Kimutai Maiyo
- ii. Richard Mukula Muthoka
- iii. Florence Ngungu

b. HR/Finance Committee

- i. Dr. Isha Anand
- ii. Dr. Beatrice Amugune
- iii. Mr. Michael Muthuri
- iv. Ms. Florence Ngungu

c. Practice Committee

- i. Dr. Richard Muthoka
- ii. Dr. Isha Anand
- iii. Mr. Bernard Maiyo
- iv. Prof. Beatrice Amugune

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e) Pharmacy and Poisons Board Headquarters

P.O. Box 27663 – 00506,
Pharmacy and Poisons Board Building,
Lenana Road, Nairobi, Kenya

f) Pharmacy and Poisons Board Contacts

Telephone: 0709770100
E-mail: registrar@ppb.go.ke
Website: web.pharmacyboardkenya.org

g) Pharmacy and Poisons Board Bankers

1. National Bank of Kenya

Hill Branch
P.O. Box 45219 - 00100
NAIROBI, KENYA

2. The Cooperative Bank of Kenya

Parliament Road
P.O Box 5772-00200, **NAIROBI, KENYA**

3. Absa Bank Kenya Plc

Bunyala Road
P.O Box 72058-00200,
NAIROBI, KENYA

h) Independent Auditors




Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084, GPO 00100,
NAIROBI, KENYA

i) Principal Legal Adviser


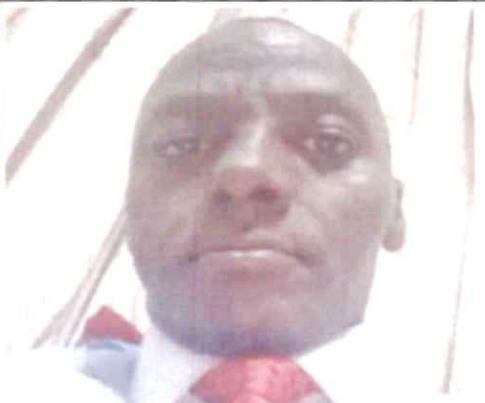

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112 - 00200,
Nairobi, Kenya

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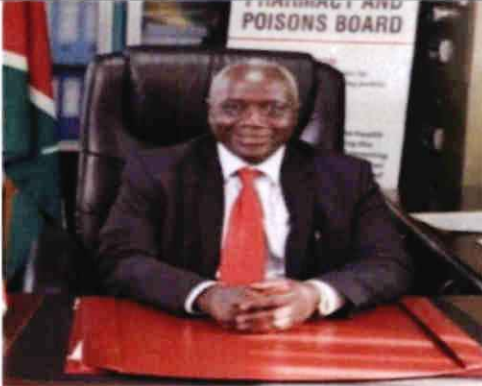
3. THE BOARD OF DIRECTORS

S/ No	Board Member's passport-size photo	Name & Date of Birth	Profession/ Academic Qualification	Designation & Main Responsibility
1	 <p>Dr. Charles Githua Githinji Ph.D – Chairman of the Board</p>	<p>Dr. Charles Githinji, PhD Date of Birth: 08/06/1972</p>	<p>Pharmacist and Public Policy. Holder of a PhD</p>	Board Chairman
2,	 <p>Dr. Beatrice Amugune – Board Member</p>	<p>Prof. Beatrice Amugune, PhD Date of Birth: 18/05/1962</p>	<p>Pharmacist Senior lecturer, University of Nairobi.</p>	Independent Member
		<p>Dr. Isha Anand Date of Birth: 16/08/1986</p>	<p>Clinical Pharmacist & Business Administration</p>	Independent Member

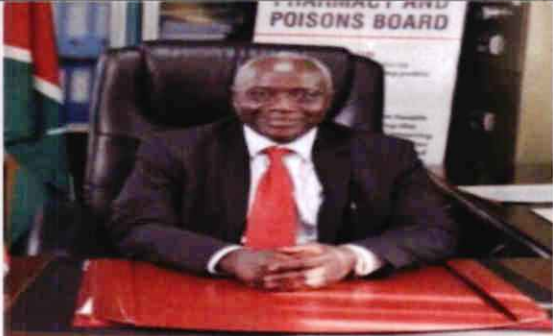


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4	 <p>Dr. Richard Muthoka – Board Member</p>	<p>Dr. Richard Muthoka Date of Birth: 01/01/1974</p>	<p>Clinical Pharmacist</p>	<p>Alternate representative, Ministry of Health</p>
5	 <p>Mr. Benard Maiyo – Board Member</p>	<p>Mr. Bernard Maiyo Date of Birth: 30/07/1984</p>	<p>Chemical Analyst</p>	<p>Independent Member</p>
		<p>Ms. Florence Ngungu Date of Birth: 17/06/1991</p>	<p>Economics</p>	<p>Alternate Representative of the Principal Secretary National Treasury</p>

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	<p>Dr. Fred M. Siyoi Date of Birth: 31/03/1963</p>	<p>Pharmacist and Management</p>	<p>Chief Executive Officer</p>
<p>Dr. Fred Siyoi – CEO</p>			

4. MANAGEMENT TEAM

S/ No	Board Member's Passport-size photo	Profession/ Academic Qualification	Main Responsibility
1.	 <p data-bbox="272 770 657 871">Dr. Fred M. Siyoi Chief Executive Officer</p>	<p data-bbox="778 488 1007 629">Pharmacist B.Pharm (UON), MBA (UON)</p>	<p data-bbox="1050 488 1554 741">Develop and review policy, rules, regulations and corporate strategies under the law governing the activities of the Pharmacy and Poisons Board.</p>
2.	 <p data-bbox="233 1341 699 1397">Dr. Wilfred Ochieng Director, Pharmacy Practice</p>	<p data-bbox="762 936 1007 1021">Pharmacist, B. Pharm (UON)</p>	<p data-bbox="1050 936 1501 1240">Promote a pharmacy practice that provides the highest attainable standards of healthcare. Enhance the competence and capacity of Pharmacy.</p>
3.	 <p data-bbox="225 1845 707 1917">Dr. Obadiah Naikuni Director, Laboratory Services</p>	<p data-bbox="762 1458 991 1543">Pharmacist B. Pharm (UON)</p>	<p data-bbox="1050 1458 1493 1762">Formulate, review and implement policies, rules, regulations and corporate strategies for the testing of medical products and health technologies.</p>

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<p>4.</p>	 <p>Dr. Ahmed Mohamed Director, Medical Products and Health Technologies</p>	<p>Pharmacist B. Pharm (UON)</p>	<p>Regulate the manufacture, import and export, storage, distribution, sale and use of medical products.</p>
<p>5.</p>	 <p>Dr. Anthony Martin Toroitich Director, Corporate Services</p>	<p>Pharmacist B. Pharm (Makerere), MSc (UK)</p>	<p>Regulate corporate strategies for the HRM, Finance, Corporate Communication, Administration & Information Technology</p>

5. Chairman’s Statement

The past FY 2023/2024 has been a dynamic period for the Pharmacy and Poisons Board (PPB), marked by significant achievements, on-going challenges, and a renewed commitment to safeguarding public health. During the year under review, the PPB undertook a range of critical activities aimed at strengthening the regulation of health products, technologies and the profession of Pharmacy in the interest of public health. The PPB successfully consolidated its regulatory frameworks by updating several guidelines in line with international best practices and recommendations of the World Health organization.

The PPB launched new initiatives to expand its post-market surveillance efforts, streamline the registration and approval process for HPTs, reducing turnaround

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times significantly and thereby improving access to essential HPTs for the population. This was done through leveraging on reliance mechanisms for HPTs manufactured in countries considered to be Stringent Regulatory Authorities (SRAs). In terms of responding swiftly to safety concerns, the Board put in place a more robust Pharmacovigilance system to monitor adverse drug reactions. Additionally, the Board has continued to license premises and qualified personnel to offer pharmaceutical services at community and hospital levels, while also weeding out unqualified persons. Separately, the PPB has put in place initiatives to protect the environment by facilitating proper disposal of hazardous pharmaceutical waste and adopting e-solutions in its operations.

Our efforts in capacity building were also notable. The Board enhanced the training and development of our staff through partnerships with international regulatory bodies and development partners, fostering knowledge exchange and improving technical competencies across the board. This year also saw the PPB engage in active collaboration with local, regional and international stakeholders, including health ministries, manufacturers, and donor agencies. These partnerships were instrumental in advancing our mission to ensure the availability of safe and effective HPTs in spite of a limited fiscal space.

Despite these successes, PPB faced several challenges. Inadequate capacity of human resource continued to impact our operations, presenting logistical challenges in conducting routine inspections and audits of foreign manufacturers. Financial constraints also posed a challenge, as the demand for our services and regulatory oversight increased without a commensurate increase in resources. Additionally, the rapidly evolving pharmaceutical landscape, marked by the emergence of new technologies, diseases and health threats necessitated continuous adaptation and scaling of our regulatory processes.

Going forward, PPB is focused on strengthening its regulatory capacity and enhancing its operational efficiency towards achievement of the WHO categorization of Maturity Level 3 (ML.3). The Board plans to leverage digital

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technologies and data analytics to improve our regulatory processes and ensure better decision-making in line with the government digitization agenda. To address the existing challenges, the Board intends to expand its workforce, fostering greater stakeholder engagement, and advocate for increased funding through resource mobilization and increase in revenue.

In conclusion, while the past year has presented its share of challenges, it has also provided the PPB with opportunities for growth and innovation. The Board remains committed to implementation of its core mandate of protecting public health and ensuring the quality, safety, and efficacy of HPTs.



Dr. Charles G. Githinji, PhD.

CHAIRMAN, PHARMACY AND POISONS BOARD

6. Report of the Chief Executive Officer

I am pleased to present the performance report of the Pharmacy and Poisons Board for the financial year ending June 30, 2024. This year posed unique challenges, but I am proud of how we navigated these hurdles while continuing to deliver on our mandate.

The major challenges we faced were delays in budget approval and fund remittance from the National Treasury, which significantly impacted our ability to meet predetermined objectives. These delays affected operations throughout all four quarters, disrupting planned activities.

Despite these setbacks, the Board maintained a strong financial position, ensuring we met our financial obligations. We recorded minor savings in goods and services, as well as in Board member costs, primarily due to budget approval delays. Prudent financial management policies further reduced our finance costs. However, the introduction of the e-Citizen platform for payment processing, though aimed at improving efficiency, resulted in reduced revenue due to poor system integration and client navigation challenges.

The Pharmacy and Poisons Board remains compliant with all statutory and financial obligations, consistently meeting its responsibilities while upholding rigorous internal controls. Our updated Enterprise Risk Management Framework, implemented in 2018, continues to be a vital tool in risk management. We regularly assess and mitigate risks to remain responsive to emerging challenges. Going forward, we are committed to enhancing our regulatory capacity and improving service delivery. We are actively exploring new technologies and innovations to boost efficiency, particularly in revenue collection and operational management.

I sincerely thank our Board members, management team, staff, and stakeholders for their unwavering support throughout this challenging year. Despite the significant obstacles, our resilience and dedication kept us on course. I am

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confident we are well-prepared to meet future challenges and continue delivering on our mandate to protect public health.

We look forward to a more stable and productive year ahead.



.....
Dr. Fred Siyoi.

CHIEF EXECUTIVE OFFICER

7. Statement of Performance against Predetermined Objectives for FY 2023/2024

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that; at the end of each financial year, the accounting officer, should include a statement of performance against predetermined objectives.

Pharmacy and Poisons Board is committed to Protect and Promote the Health of the Public by Regulating the Profession of Pharmacy and ensuring access to Quality, Safe, Efficacious and Affordable Health Products and Technologies.

For purposes of implementing and cascading the objectives to specific sectors, all the objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Targets	Achieved Targets	Remarks
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**Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended
June 30, 2024.**

<p align="center">Regulatory Science capacity to effectively evaluate Health Products and Technologies in line with UHC increased</p>	<p align="center">Department of Product Evaluation</p>	<p align="center">Competency of staff and stakeholders</p>	<p align="center">Number of staff trained and number of external stakeholders trained</p>	<p align="center">100%</p>	<p align="center">87.5%</p>	<p>The variance was due to; • New dossier applications and locally manufactured Health products applications that were not evaluated for registration due to clearing of backlog and resubmission that service charter timelines had elapsed. • Class C & D medical devices applications not evaluated for registration due to delay in payment for the applications by the client</p>
<p align="center">The integrity of the supply chain of Health Products and Technologies to ensure compliance with Good Distribution Practices fostered.</p>	<p align="center">Department of Market Surveillance</p>	<p align="center">6800 premises to be inspected</p>	<p align="center">Number of Premises Inspected and Comply</p>	<p align="center">100%</p>	<p align="center">60%</p>	<p>The variance of -2672 premises not inspected was due to shifted efforts by regulatory officers towards implementation of Presidential directive on eradication of illicit brews, alcohol, drugs and substance abuse in the country</p>
<p align="center">Detection and Surveillance of risks to the quality, safety, and efficacy of Health Products and Technologies strengthened.</p>	<p align="center">Post Market surveillance</p>	<p align="center">Undertake at least two (2) risk based post market quality surveillance of health products and technologies in Kenyan Market</p>	<p align="center">Number of sites inspected</p>	<p align="center">100%</p>	<p align="center">100%</p>	<p align="center">The Board conducted two (2) risk based post-market quality surveys of HPTs in the period under review</p>

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<p>Enhance cost effectiveness in access to health products and technologies</p>	<p>Department of Trade Affairs</p>	<p>Evaluate all import and export applications in line with the importation and exportation requirements</p>	<p>% level of all applications evaluated</p>	<p>100%</p>	<p>97%</p>	<p>The Board cumulatively evaluated and processed 28,260 import and export permit application against 29,152 applications received in the period under review. • The variance of -892 was due to permits queried, permits in the approval process and permits submitted without payment</p>
<p>Promote local production of health products & technologies in line with UHC</p>	<p>Department of Product Evaluation</p>	<p>Implement guidelines for complementary and alternative medicines registration of locally derived natural health products</p>	<p>Approved regulatory framework for Locally driven natural products</p>	<p>100%</p>	<p>50%</p>	<p>Many local manufacturers may lack the advanced infrastructure required to produce high-quality health products that meet global standards. Health products, especially pharmaceuticals and medical devices, often need to be manufactured under stringent conditions, including good manufacturing practices (GMP), and local manufacturers may not have the facilities to meet these standards</p>

8. Corporate Governance Statement

1. Introduction

The Pharmacy and Poisons Board (PPB) is committed to upholding the highest standards of corporate governance. The Board of Directors ensures that the PPB operates with integrity, transparency, and accountability, thereby fostering public trust in our regulatory decisions and safeguarding public health.

The Board is composed of a diverse group of professionals with expertise in pharmacy, public policy, finance and business administration that are key in ensuring adequate oversight over the functioning of the PPB. This statement outlines our approach to corporate governance, including key aspects such as Board structure, processes, and policies.

2. Roles and Functions of the Board

The Board is responsible for the overall governance of the PPB including providing strategic direction and oversight to the PPB. approving the strategic plan, monitoring financial performance, overseeing risk management, Appointing and evaluating the performance of the Chief Executive and ensuring compliance with legal and regulatory requirements. The Board delegates the day-to-day operations to the management team while retaining oversight responsibilities in line with the provisions of the *Mwongozo*, Code of Governance for State Corporations.

3. Board Meetings and Attendance

During the FY 2023/2024, the Board held six (6) full board meetings in accordance with the approved board almanac. The Board is pleased to report a high level of commitment from its members with an overall attendance rate of 99%.

4. Board Charter

The Board operates under a formal Board Charter, which outlines its roles, responsibilities, and governance framework. The Charter provides clear guidance on the structure, duties, and functions of the Board and its Committees. This

charter is reviewed regularly to ensure it remains relevant and aligns with best practices in corporate governance.

5. Appointment and Removal of Directors

The appointment and removal of directors is governed by the Pharmacy and Poisons Act (Cap. 244), the State Corporations Act and the PPBs Board Charter. Directors are appointed based on their expertise, experience, and diversity.

6. Induction, Training, and Development

The PPB is committed to the continuous development of its Board members. Newly appointed board members undergo a comprehensive induction program designed to familiarize them with the PPB's operations, regulatory framework and governance framework. On-going training and development opportunities are provided to ensure that members remain abreast of regulatory trends and governance best practices.

7. Board and Member Performance

The performance of the Board and its members is evaluated annually through a self-evaluation process to assess its effectiveness and that of individual directors, the Chief Executive Officer, Corporation Secretary and the Head of Internal Audit. This evaluation is facilitated by the State Corporations Advisory Committee (SCAC) using standard templates. . The results of the evaluation are used to identify areas for improvement and to inform future development programs and performance improvement plans.

8. Conflict of Interest

The PPB has a clear conflict of interest policy that requires board members to declare any personal or financial interests that may conflict with their duties. Board members are required to declare any conflicts of interest at the beginning of each meeting or as soon as they arise. The CEO maintains a register of conflicts of interest, and any member with a conflict is required to recuse themselves from discussions and decisions where the conflict exists.

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9. Board Remuneration

Board members are remunerated in accordance with the prescribed government circulars.

10. Ethics and Conduct

The Board is committed to upholding the highest standards of ethics and conduct. All Board members are required to adhere to the PPB's Code of Conduct which is aligned with the Public Officers Ethics Act. This code outlines the ethical standards and behaviours expected of directors in their interactions with stakeholders, employees, and the public. The Code makes provision for whistle blowing in the event of founded suspicion of proven fraud, corruption, misuse of funds and assets or any other irregularities.

11. Communication Policy

The Board recognizes the importance of effective communication with its stakeholders. The Board has established a Communication Policy to ensure transparency and timely dissemination of information. The policy outlines the channels and methods for communicating with stakeholders, including regulatory updates, public consultations, and media engagements.

The Board remains committed to maintaining the highest standards and continuously enhancing its governance practices to ensure the effective fulfilment of its mandate and to uphold the trust placed in us by the public towards protection of the health of the public.

9. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Workings and Financial Performance

The Pharmacy and Poisons Board is mandated to establish and enforce regulations, in consultation with the Cabinet Secretary for Health, aimed at ensuring higher standards of safety in the manufacture, distribution and sale of drugs.

This mandate has continued to be fulfilled during the financial year ending on June 30, 2024. The Board maintains a sound liquidity position and is capable of meeting its obligations as they fall due. The current performance is indicative of future activities. It is significant to note that changes in the economic, social and political environment can have a substantial impact on the Pharmacy and Poisons Board.

SECTION B

Compliance with Statutory Requirements

The Board is in compliance with all statutory obligations, including but not limited to remittances of Pay As You Earn (PAYE), National Hospital Insurance Fund (NHIF) and Higher Education Loans Board within the set deadlines.

As the regulator of drugs and pharmacy practices in Kenya, the Board is subject to legal actions in the normal course of business. While it is not possible to project or resolve the final results of all pending legal proceedings, the Board regularly assesses the adequacy of its provisions against case developments and related legal costs, based on advice from legal advisers handling specific cases.

SECTION C

Major Risks Identified in the ERM

The Board updated its Enterprise Risk Management Framework in 2018, upon which Risk Management has been integrated within the Board to facilitate structured risk assessments on a continuous basis. The Board oversees the organization's risk management and at least once every quarter, it receives reports to enable the review, monitoring and evaluation of the implementation and effectiveness of the Enterprise Risk Management (ERM) framework.

SECTION D

Material Arrears in Statutory/Financial Obligations

Pharmacy and Poisons Board is fully compliant with all statutory and financial obligations. There are no outstanding or overdue balances in relation to statutory remittances. PPB has consistently met all its financial responsibilities, including the timely remittance of pension deductions. These deductions are transferred to the appointed pension fund administrator as designated by the Trustees, ensuring that all contributions are up to date and in full compliance with the applicable regulations.

Furthermore, Pharmacy and Poisons Board maintains rigorous internal controls to guarantee that all statutory and financial obligations are accurately tracked and paid within the required timelines, thereby avoiding any accrual of penalties or arrears.

SECTION E

Financial Integrity and Governance Issues

There are no reports of financial impropriety from any board committee or external auditors. Additionally, there are no governance issues or undisclosed conflicts of interest within the Board.

10. Environmental and Sustainability Reporting

Environmental and sustainability reporting is crucial for the Pharmacy and Poisons Board to demonstrate its commitment to environmental stewardship and sustainable practices. This reporting highlights the Board's efforts to minimize its environmental impact, comply with regulations and contribute positively to societal well-being.

Environmental Impact and Management

a. Resource Management: Pharmacy and Poisons Board actively monitors and manages its consumption of resources, including energy, water and materials. Efforts are made to reduce waste and optimize resource use through efficient practices and technological advancements. Initiatives may include energy-saving measures, water conservation programs and waste reduction strategies.

b. Pollution Control: The Board implements measures to minimize pollution resulting from its operations. This includes managing emissions, handling hazardous materials safely and ensuring proper disposal of waste products. Regular environmental audits and compliance with regulatory standards are part of the Board's approach to pollution control.

c. Green Procurement: The Pharmacy and Poisons Board prioritizes sustainable procurement practices by selecting suppliers and products that adhere to environmental standards. This includes choosing eco-friendly materials, reducing packaging waste, and supporting suppliers with strong sustainability credentials.

3. Sustainability Initiatives

a. Climate Action: The Pharmacy and Poisons Board engages in climate action initiatives aimed at reducing its carbon footprint. This may involve adopting renewable energy sources, improving energy efficiency and supporting programs that mitigate climate change.

b. Community Engagement: The Board participates in community outreach and environmental education programs. By promoting awareness of environmental issues and sustainability practices, the Pharmacy and Poisons Board helps foster a culture of environmental responsibility within the community.

c. Sustainable Development Goals (SDGs): Pharmacy and Poisons Board aligns its activities with the United Nations Sustainable Development Goals (SDGs). This involves integrating sustainability principles into its strategic objectives and operational practices, contributing to broader global sustainability efforts.

4. Reporting and Transparency

a. Reporting Framework: Pharmacy and Poisons Board utilizes recognized reporting frameworks to document its environmental and sustainability performance. This may include adherence to standards such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) guidelines.

b. Performance Metrics: Key performance indicators (KPIs) are established to measure and report on the Board's environmental and sustainability achievements. These metrics may cover areas such as energy consumption, waste generation, emissions reduction and resource efficiency.

c. Disclosure and Accountability: Pharmacy and Poisons Board ensures transparency by disclosing its environmental and sustainability performance in annual reports or dedicated sustainability reports. This disclosure includes progress towards goals, challenges faced and future commitments.

5. Challenges and Future Directions

The PPB acknowledges that achieving sustainability goals involves ongoing challenges, including regulatory changes, resource constraints, and the need for continuous improvement. Future directions may involve enhancing current practices, investing in new technologies, and setting more ambitious sustainability targets.

Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended June 30, 2024.

11. Report of the Directors

The Directors submit their report together with the financial statements for the year ended 30th June 2024, which show the state of the PPB's affairs.

i) Principal activities

The principal activities of the PPB continue to be as set out on Page 3

ii) Results

The results of the PPB for the year ended June 30, 2024, are set out on page 28.

iii) Directors

The members of the Board of Directors who served during the year are shown on page 7-

iv) Surplus remission

Pharmacy and Poisons Board did not make any surplus during the FY 2023/2024 and hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of the PPB in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the PPB for the year/period ended June 30, 2024.

By Order of the Board


.....

Dr. Fred. M. Siyoi

Chief Executive Officer/Secretary to the Board

12. Statement of Directors Responsibilities

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial period ending 30th June 2024.

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 Pharmacy and Poisons Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the 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 Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Public Finance Management Act and the State Corporations Act. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ending 30th June 2024, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

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

Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended June 30, 2024.

Approval of the financial statements

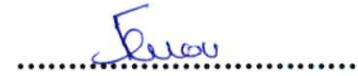
The Board's financial statements were approved by the Board on 22-11-
2024 and signed on its behalf by:

Dr. Charles Githinji

Dr. Fred Siyoi



Chairperson of the Board



Chief Executive Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON PHARMACY AND POISONS BOARD FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Pharmacy and Poisons Board set out on pages 1 to 56, which comprise of the statement of financial position as at

30 June, 2024 and the statement of financial performance, statement of cash flows, statement of net changes in assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Pharmacy and Poisons Board as at 30 June, 2024 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 Pharmacy and Poisons Act, Cap 244 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Trade and Other Receivables

The statement of financial position and as disclosed in Note 12 to the financial statements reflects trade and other receivables balance of Ksh.65,331,985. Included in the balance is Kshs.38,314,618 which has been outstanding for more than ninety (90) days without explanations. Further, the Management has not formulated a credit policy to establish guidelines and procedures on credit period, discounts and collection policy to customers. In addition, a provision for bad and doubtful debts of Kshs.1,505,065 was provided for but not expensed in the statement of receipts and payments.

In the circumstances, the accuracy, completeness and recoverability of trade and other receivables of Kshs.65,331,985 could not be confirmed.

2. Lack of Land Ownership Documents

The statement of financial position and as disclosed in Note 13 to the financial statements reflects a balance of Kshs.1,168,041,063 in respect to net book value for property, plant and equipment. The balance includes Kshs.75,000,000 in respect to a parcel of land whose title deed was not provided for audit review.

In the circumstances, the ownership of land indicated at a value of Kshs.75,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Pharmacy and Poisons Board Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects the final revenue budget of Kshs.1,609,700,000 and actual on comparable basis of Kshs.1,418,344,933 resulting to underfunding of Kshs.191,355,007 or 12% of the budget. Similarly, the Board spent an amount of Kshs.1,455,933,517 out of the actual income of Kshs.1,418,344,933 resulting in an over expenditure of Kshs.37,588,524.

The underfunding affected planned activities which may have impacted negatively on service delivery to the residents.

2. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Ksh.6,969,149 as disclosed in Note 14 to the financial statements. The amount includes Kshs.4,375,650 which has been outstanding for over ninety (90) days but no explanation was provided for not settling the bills.

Failure to settle bills during the year to which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for matters described in the basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, the Management had not resolved the issues as at 30 June, 2024.

Other Information

The Management is responsible for the Other Information set out on pages iv to xxxi which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's statements, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the board's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

Missed Performance Targets

Review of the Board's performance revealed that five (5) programs missed the targets as indicated below.

Programmes	Key Outputs	Key Performance Indicators	Missed Targets
Regulatory Science capacity to effectively evaluate Health Products and Technologies in line with UHC increased	Competency of staff and stakeholders	Number of staff trained and number of external stakeholders trained	12.5%
The integrity of the supply chain of Health Products and Technologies to ensure compliance with Good Distribution Practices fostered	6800 premises to be inspected	Number of premises inspected and comply	40.0%
Enhance cost effectiveness in access to health products and technologies	Evaluate all import and export applications in line with the importation and exportation requirements	% Level of all applications evaluated	3.0%
Promote local production of health products & technologies in line with UHC	Implement guidelines for complementary	Approved regulatory framework for	50.0%

	and alternative medicines registration of locally derived natural health products	Locally driven natural products	
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In the circumstances, the non-achievement of the set targets for the year may have impacted on the service delivery to the members of the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Climate Regulations

The National Climate Change Action Plan (NCCAP) III 2023-2024 and the Climate Change Act, 2016 on delivery action plan requires that the Board and National Public entities to work through their climate change units to integrate NCCAP 2023–2027 into strategies and implementation plans, and to report to the National Climate Change Council on an annual basis on performance and implementation. There was no evidence of the Board having reported annually to the Council on the status and progress of performance and implementation on climate change.

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

2. Irregularities in Composition of the Board

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects Kshs.16,163,233 in respect to board expenses. Review of records revealed that the Pharmacy and Poisons Board operated without a substantive board in the first quarter of the financial year. This was contrary to Section 3(1) of the Pharmacy and Poisons Act Chapter 244 on the establishment of the Pharmacy and Poisons Board.

In the circumstances, the Board was not constituted as per the law.

3. Staff Earning Less Than a Third Basic Salary

The statement of financial performance and as disclosed in Note 4 to the financial statements reflects employee costs of Kshs.104,734,257. The amount includes basic pay of Kshs.281,285 paid to five (5) employees who earned less than on-third of their basic salary. This is Contrary to the Employment Act, 2007 Cap 226 and Revised in 2012 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of 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 governance were not effective.

Basis for Conclusion

1. Understaffing of the Board

During the year under audit, the Board had an approved staff establishment of three hundred and fifty-two (352). However, only one hundred and sixty-six (166) were in post resulting to an understaffing of one hundred and eighty-six (186) positions.

In the circumstances, the effectiveness of the Board with the existing staff deficits could not be confirmed.

2. Poor Information Technology (IT) and Internal Control Environment

An analysis of the documents provided for audit and through examination of the Information Technology (IT) systems and structures, it was noted that there was no strategic and recovery plan and no formal and documented emergency procedures and IT continuity plans. In addition, the management has not implemented ICT asset management policies despite the continuous use of ICT equipment.

In the circumstances, the effectiveness of internal controls on the management of ICT equipment could not be confirmed.

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

Responsibilities of the Management and 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

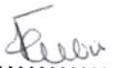
16 December, 2024

Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended June 30, 2024.


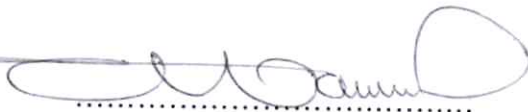
14. Statement of Financial Performance for the year ended June 30, 2024

		2023-2024	2022-2023
Rendering of Services	Note	Kshs	Kshs
Rendering of services	1	1,328,189,424	1,692,492,832
Other incomes	2	90,155,569	65,955,962
Total revenue		1,418,344,993	1,758,448,794
Expenses			
Use of goods and services	3	55,677,133	59,941,537
Employee costs	4	104,734,257	94,949,329
Board expenses	5	16,163,233	11,226,169
Depreciation	6	142,637,769	151,699,100
Repairs and maintenance	7	71,686,963	109,597,539
General expenses	8	807,068,512	1,031,552,142
Finance costs	9	436,299	811,177
Operating /Collection cost	10	257,529,351	333,581,132
Total expenses		1,455,933,517	1,793,358,125
Deficit for the year		(37,588,524)	(34,909,331)

The notes set out on pages 7 to 56 form an integral part of these Financial Statements. The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


 Name: DR. FRED SIYOI
 Chief Executive Officer

Date...22-11-2024...

 
 Name: PETER SIGEI Name: DR. CHARLES GITHINJI
 Head of Finance Chairman of the Board

ICPAK M/No: 29517


Date...22-11-2024... Date...22-11-2024...


Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended June 30, 2024.


15. Statement of Financial Position as at June 30, 2024

		2023-2024	2022-2023
		Kshs	Kshs
Assets	Note		
Current assets			
Cash and cash equivalent	11	193,794,386	179,679,365
Trade and Other Receivables	12	65,331,985	80,951,411
Total Current Assets		259,126,371	260,630,776
Non-current Assets			
Property, plant and equipment	13	1,168,041,063	1,222,098,510
Total Non-current Assets		1,168,041,063	1,222,098,510
Total Assets		1,427,167,434	1,482,729,286
Liabilities			
Current Liabilities			
Trade and other payables	14	6,969,149	24,942,477
Total Current Liabilities		6,969,149	24,942,477
Total Liabilities		6,969,149	24,942,477
Net Assets		1,420,198,285	1,457,786,809
Reserves	15	6,479,649	6,479,649
Accumulated Reserves	16	1,413,718,636	1,451,307,160
Total Net Assets and Liabilities		1,420,198,285	1,457,786,809

The financial statements set out on page 1 to 6 were signed on behalf of the Board of Directors by:


 Name: DR. FRED SIYOI
 Chief Executive Officer
 Date... 22-11-2024


 Name: PETER SIGEI
 Head of Finance
 ICPAK M/No: 29517
 Date... 22-11-2024


 Name: DR. CHARLES GITHINJI
 Chairman of the Board
 Date... 22-11-2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/	Total
					Development Grants/Fund	
At July 1 , 2022	6,479,649	-	1,486,216,491	-	-	1,492,696,140
Revaluation gain	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-
Deficit for the period	-	-	(34,909,331)	-	-	(34,909,331)
Capital/Development grants received during the year	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-
As at June 30, 2023	6,479,649	-	1,451,307,160	-	-	1,457,786,809
As at July 1, 2024	6,479,649	-	1,451,307,160	-	-	1,457,786,809
Revaluation gain	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-
Deficit for the period	-	-	(37,588,524)	-	-	(37,588,524)
Capital/Development grants received during the year	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-
As at June 30, 2024	6,479,649	-	1,413,718,636	-	-	1,420,198,285

Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended June 30, 2024.

17. Statement of Cashflow for the year ended June 30, 2024

Cash flows from operating activities		2023-2024	2022-2023
Receipts		Kshs	Kshs
Rendering of Services	1	1,328,189,424	1,692,492,832
Other Incomes	2	90,155,569	65,955,962
Total Receipts		1,418,344,993	1,758,448,794
Payments			
Use of goods and Services	3	55,677,133	59,941,537
Compensation to Employees	4	104,734,257	94,949,329
Board Member Expenses	5	16,163,233	11,226,169
Repairs and Maintenance	7	71,686,963	109,597,539
General Expenses	8	807,068,512	1,031,552,142
Finance costs	9	436,299	811,177
Operating/Collection costs	10	257,529,351	333,581,132
Total Payments		1,313,295,748	1,641,659,025
Net Casflow from Operating Activities		105,049,245	116,789,769
Purchase of Property, Plant and Equipment	13	(88,580,322)	(87,457,069)
(Increase)/decrease in receivables	12	15,619,426	(15,976,238)
Increase/(decrease) in payables	14	(17,973,328)	(27,753,173)
Net cashflow used in Operating activities		(90,934,224)	(131,186,480)
NET CASHFLOW FROM FINANCING ACTIVITIES			
Net increase/(decrease) in cash and cash Equivalent		14,115,021	(14,396,711)
Cash and Cash Equivalent as at 1 st July	11	179,679,365	194,076,079
Cash and Cash equivalent as at 30 th June 2024	11	193,794,386	179,679,365

Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended June 30, 2024.

18. Statement of Comparison of Budget and Actual Amounts as at June 30, 2024

Description	Original Budget	Adjustments/ Reallocations	Final Annual Budget	Actual	Performance Difference	% performance	
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024		
	KShs	KShs	KShs	KShs	Kshs		
Revenue	(a)	(b)	(c)=(a)+(b)	(d)	(e)	e=d/c%	
Rendering of services & Other Incomes	1,609,700,000	-	1,609,700,000	1,418,344,993	(191,355,007)		
Total income	1,609,700,000	-	1,609,700,000	1,418,344,993	(191,355,007)	88.11%	(a)
Expenditure							
Use of goods and services	60,000,000	-	60,000,000	55,677,133	4,322,867	92.80%	(b)
Employee Costs	110,000,000	-	110,000,000	104,734,257	5,265,743	95.21%	(c)
Board Member Expenses	18,000,000	-	18,000,000	16,163,233	1,836,767	89.80%	(d)
Depreciation	145,000,000	-	145,000,000	142,637,769	2,362,231	98.37%	(e)
Repairs and Maintenance	75,000,000	-	75,000,000	71,686,963	3,313,037	95.58%	(f)
General Expenses	830,000,000	-	830,000,000	807,068,512	22,931,488	97.24%	(g)
Finance Costs	1,000,000	-	1,000,000	436,299	563,701	43.63%	(h)
Operating/Collection Costs	259,500,000	-	259,500,000	257,529,351	1,970,649	99.24%	(i)
Total Expenditure	1,498,500,000	-	1,498,500,000	1,455,933,517	42,566,483	97.16%	(j)
Surplus/(Deficit) for the year	111,200,000	-	111,200,000	(37,588,524)	(233,921,490)		

Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended June 30, 2024.

Notes to variance analysis

- a) The reduction in revenue during the period was primarily due to the introduction of the payment gateway, which mandated that all government services be paid through the e-Citizen platform. However, the system is characterized by poor integration, making it challenging for clients to navigate and use efficiently.
- b) There were minor savings recorded under the use of goods and services during the period.
- c) Minor savings were recorded under salaries and wages during the period.
- d) Board member costs were partially reduced due to decreased board activities during the first quarter of the period, resulting from the delayed budget approval by the Treasury.
- e) Slight savings under depreciation was due to a reduced acquisition of property, plant and equipment during the period.
- f) There were slight savings in repairs and maintenance of PPB properties during the period, though the expenses remained within the budgetary allocations.
- g) The reduction in general expenses was due to the delayed budget approval for FY 2023/2024, which hampered activities scheduled for the first quarter. However, slight savings were still realized during the period.
- h) The reduced finance costs during the period were a result of prudent financial policies, which ensured that bank charges and levies on the Pharmacy and Poisons Board remained at a lower level.
- i) The reduction in collection costs was due to the delayed budget approval, which affected activities planned for the first quarter.

The general view is that actual expenses were well within the budgeted amounts for nearly all expense categories. This favorable outcome was largely due to lower collections throughout the year. It is important to note that the government mandates all collections be processed through the e-Citizen platform. This system is often associated with delays in remitting funds to the organization, which, in turn, hampers operations and introduces uncertainties.

19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Pharmacy and Poisons Board is established by and derives its authority and accountability from Pharmacy and Poisons Act Cap 244 Laws of Kenya. The Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Board's principal activity is to regulate the profession of pharmacy and the trade in drugs and poisons.

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 judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Board.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>This standard has no effect on PPB</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>This standard has no effect on PPB</i></p>

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Standard	Effective date and impact:
<p>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard.</p> <p>IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>This standard has no effect on PPB</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>This standard has no effect on PPB</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings</p>

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Standard	Effective date and impact
	<p>all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>This standard has no effect on PPB</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>This standard has no effect on PPB</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>This standard has no effect on PPB</i></p>

iii. Early adoption of standards

The Pharmacy and Poisons board did not early – adopt any new or amended standards in year 2023/2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from Exchange transactions

ii) non-exchange transactions

Fees, taxes and fines

The Board recognizes revenues from fees 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 Board and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

Rendering of services

The Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated

reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Board's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2023-2024 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Board upon receiving the respective approvals in

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order to conclude the final budget. Accordingly, the Board recorded additional appropriations of Kshs. 0 on the 2023-2024 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under note 10 of these financial statements.

c) Taxes

Current income tax

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

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with

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respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

c) Taxes (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is

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settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Board and the same taxation authority.

Sales tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Board recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in 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.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Board. 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 Board 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

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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 Board 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 Board. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) 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.

h) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

h) Research and development costs (Continued)

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.

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

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

Impairment of financial assets

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

- h) Research and development costs (Continued)
- i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. Board determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

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Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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:

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

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Board creates and maintains reserves in terms of specific requirements. Board to state the reserves maintained and appropriate policies adopted.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

Board provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Board pays fixed contributions into a separate Board (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.

n) Foreign currency transactions

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

o) Borrowing costs

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

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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.

p) Related parties

The Board regards a related party as a person or Board with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) Service concession arrangements

The Board analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Board recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Board also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) 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 authorized public officers

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and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Budget information

The original budget for FY 2023-2024 was approved by the National Assembly. There were no revisions or additional appropriations made to the approved budget without specific approvals from the appropriate authorities.

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

t) Comparative figures

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

u) 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, 2024.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Board's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. 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. State all judgments, estimates and assumptions made: for example,

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 Board 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 Board. Such changes are reflected in the assumptions when they occur.

IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. RENDERING OF SERVICES

	2023-2024	2022-2023
	Kshs	Kshs
Professional Licences	62,037,500	81,550,000
Registration of Premises	86,993,000	99,139,500
Wholesale Dealer Licences	22,469,000	27,801,000
Registration of Drug Fees	598,227,047	725,252,557
Pharmaceutical Representative Permit Licences	29,130,000	30,399,000
Registration of Pharmacist Fees	2,760,000	1,800,000
Manufacturing Licences	15,850,000	14,452,834
GMP Inspection Fees	96,329,707	228,844,080
Trade Affairs Income	414,393,170	483,253,861
Total Revenue from Rendering of Services	1,328,189,424	1,692,492,832

Pharmacy and Poisons Board derives its authority from the Pharmacy and Poisons Act, Cap 244, enacted in 1957 under the Laws of Kenya. The principal activity of the PPB is to regulate health products, health technologies and the pharmacy profession. Revenue from the rendering of services comprises the collections that enable the Pharmacy and Poisons Board to fulfil its mandate.

It was noted that there was a significant drop in revenue collection during the 2023/2024 financial year, attributed to the introduction of the e-Citizen platform as the primary gateway for government services. This transition encountered integration challenges, leading to delays and disruptions in the revenue collection process

Professional Licences: These revenues are derived from fees associated with professional licenses, particularly the annual practice licenses for pharmacists and pharmaceutical technologists. Pharmacy and Poisons Board generates this income by charging a legally mandated fee of Ksh. 5,000 per license, per annum.

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Registration of Premises: These revenues are generated from legally established fees associated with the inspection, approval, and issuance of licenses for retail pharmacy premises registered by the Board. The fee for this service is set at Kshs. 11,000 per license, per annum.

Wholesale Dealer Licences: These are revenues derived from the legally established fees associated with the inspection, approval and issuance of licenses for wholesale pharmacy premises.

Wholesale Dealer Licenses: These revenues are derived from legally established fees related to the inspection, approval and issuance of licenses for wholesale pharmacy premises.

Registration of Drug Fees: These revenues are derived from the fees charged for the evaluation, approval and registration of pharmaceutical products, including medicines, medical devices and other related products. PPB assesses new drugs to ensure they meet safety, efficacy and quality standards before they can be legally sold or distributed in the market.

Pharmaceutical Representative Permit Licences: These revenues were derived from fees charged for the assessment of applications and the granting of pharmaceutical representative permits or medical representative permits. The established cost for this service is Ksh.5,000 per annum, supporting the evaluation and approval of applications for pharmaceutical representative permits, allowing professionals to practice in the pharmaceutical field.

Pharmaceutical Representative Permit Licenses: These revenues are derived from fees charged for the assessment and approval of applications for pharmaceutical or medical representative permits. The established fee for this service is Ksh. 5,000 per annum. This fee supports the evaluation and approval process, allowing qualified professionals to practice as pharmaceutical representatives in the pharmaceutical industry.

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Registration of Pharmacist Fees: These collections were derived from fees charged for the review of applications and the registration of individuals as Pharmacists and enrolment of Pharmaceutical Technologists. The established cost for this service is Kshs. 5,000. The funds generated from pharmacist registration fees will be allocated to support the regulatory oversight of pharmacists and pharmaceutical technologists, including the enhancement of review processes, monitoring and enforcement of professional standards.

Manufacturing Licences: These revenues are generated from fees associated with the inspection, approval and issuance of licenses for pharmaceutical manufacturing facilities. The fee structure is legally established to ensure that all manufacturers comply with the necessary safety, quality and regulatory standards required to produce pharmaceutical products.

GMP Inspection Fees: These revenues are derived from fees charged for conducting Good Manufacturing Practices (GMP) inspections of pharmaceutical manufacturing facilities. The inspections are conducted to ensure that the facilities meet regulatory standards for the production of safe, high-quality pharmaceutical products.

Trade Affairs Income: This revenue is derived from fees charged for issuing import and export permits for pharmaceutical products. These fees ensure that trade complies with both national and international regulations, allowing for the legal and regulated movement of pharmaceutical products across borders.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. OTHER INCOMES

	2023-2024	2022-2023
	Kshs	Kshs
Advertising Fees	7,322,307	14,836,677
Exam Assessment and Training	24,200,221	20,992,015
Miscellaneous Income	889,119	556,520
Donations	57,743,922	29,413,407
Other Incomes	-	157,343
Total	90,155,569	65,955,962

Other Incomes for the Pharmacy and Poisons Board include several categories:

1. **Advertising Fees:** These are revenues generated from charging fees for advertising services. Organizations or individuals may pay the Board to advertise their products, services or events in the Board's publications, website or other communication channels. The purpose of advertising fees is to help the Board generate additional revenue while providing a platform for businesses and organizations to reach their target audience.
2. **Examinations & Assessments:** This income comes from fees charged for conducting professional examinations and assessments. These may include licensing exams for pharmacists, and pharmaceutical technologists or other assessments related to the Board's regulatory functions. The purpose of these is to support the Board's activities related to maintaining professional standards and ensuring compliance with regulatory requirements.
3. **Miscellaneous Income:** This category includes various small or irregular sources of revenue that do not fall into other specific categories. It may

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encompass interest earned on bank deposits or funds recovered from staff surrenders of unutilized imprests.

4. Donations refer to contributions received from individuals, organizations, or other entities, both local and international. These funds are usually given voluntarily to support the Board’s mission and activities. Donations can be used for specific projects, initiatives, or general support, thereby enhancing the Board’s ability to fulfil its regulatory and public health responsibilities.

During the year ending 30th June 2024, the Pharmacy and Poisons Board received KES 52,960,090 from USAID for the purpose of employing regulatory officers on a contract basis. These funds were specifically allocated to cover the monthly salaries and wages of the contracted staff for a period of one year. The associated expenses are recorded under donation expenses within the general expenses category

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2023-2024	2022-2023
	Kshs	Kshs
Electricity	7,200,080	6,140,536
Water	442,551	471,193
Security	10,680,386	16,440,941
Consultancy	37,354,116	36,888,867
Total	55,677,133	59,941,537

Use of Goods and Services refers to the expenses incurred by PPB for the purchase and consumption of goods and services necessary for its operations.

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These expenses typically include a broad range of operational costs required for the day-to-day functioning of the organization.

For the Pharmacy and Poisons Board, examples might include:

1. **Utilities:** Costs for electricity and water and other utilities required to operate offices and facilities.
2. **Security Expense** refers to the costs incurred by the Pharmacy and Poisons Board (PPB) to ensure the safety and protection of its assets, premises, staff and information. This includes payments to security companies and security officers for providing personnel to guard office buildings, laboratories and other facilities both at the PPB headquarters and its regional offices.
3. **Consultancy** refers to the expenses incurred when PPB engages external experts or firms to provide specialized knowledge, advice or services. These consultants are typically hired to support various functions that require expertise not available internally.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. EMPLOYEE COST

1. Employee costs			
		2023-2024	2022-2023
		Kshs	Kshs
Basic Salary		63,989,533	57,794,147
House allowance		23,032,889	18,813,200
Extraneous allowance		2,543,514	2,377,892
Commuter allowance		5,856,935	5,712,000
Leave allowance		532,000	538,000
Non-Practice Allowance		972,000	957,000
Employer Contribution to Staff Pension		5,241,444	5,001,660
Employer Contribution to National Social Security Fund		1,533,260	3,755,430
Employer Contribution to Housing Levy		1,032,682	-
Total		104,734,257	94,949,329

The staffing structure at the Pharmacy and Poisons Board (PPB) consists of two main categories: technical staff and other cadres. Technical staff refers to individuals with specialized knowledge and expertise in areas such as pharmacy, medicine, regulatory affairs and related fields. Other cadres include administrative, clerical and support personnel who contribute to the organization's operations but do not require specialized pharmaceutical expertise.

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Technical staffs, including pharmacists and other healthcare professionals, are deployed to the PPB by the Ministry of Health. These individuals bring specialized expertise in critical areas such as drug evaluation, quality control and regulatory compliance, which are essential to the PPB's regulatory functions.

While technically employed by the Ministry of Health, these deployed staff members work under the direction and supervision of PPB, carrying out tasks and responsibilities related to pharmaceutical regulation and oversight.

Other cadres employed by PPB: such as administrative assistants, finance officers, and human resources personnel, are directly employed by PPB. These individuals support the organization's day-to-day administrative and operational functions, ensuring smooth and efficient operation.

Unlike deployed technical staff, other cadres are permanent employees of PPB, subject to its employment policies, procedures and regulations.

Chief Executive Officer (CEO) Categorized as Technical Staff:

The Chief Executive Officer, who holds a leadership role at PPB, is also categorized as technical staff. This designation reflects the CEO's significant expertise and experience in pharmaceutical regulation, policy formulation and leadership within the healthcare sector.

As a key member of the organization's leadership team, the CEO plays a critical role in shaping PPB's strategic direction, managing its operations, and ensuring compliance with regulatory requirements.

Collective Categorization as PPB Staff:

While technical and non-technical staff members may have different roles and responsibilities within PPB, they are collectively categorized as PPB staff. This classification underscores the cohesive and collaborative effort of all employees in

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fulfilling the organization's mandate of safeguarding public health through effective pharmaceutical regulation.

Regardless of their specific roles, all PPB staff members contribute to the organization's mission and objectives, working together to uphold the highest standards of pharmaceutical safety, efficacy, and quality for the benefit of the public.

5. BOARD MEMBER EXPENSES

	2023-2024	2022-2023
Sitting	9,118,000	10,382,298
Lunches	148,000	-
Travelling	4,898,778	-
Training	1,038,455	-
Honoraria	960,000	843,871
Total	16,163,233	11,226,169

Board Member Expenses refer to the costs incurred in relation to the activities and responsibilities of the members of Pharmacy and Poisons Board who served during the financial year 2023/2024. These expenses typically include several components necessary for the effective governance of the board as following:

1. **Sitting Allowances:** Board members often receive a sitting allowance for attending official board meetings, committee sessions and other PPB engagements. These allowances compensate members for their time, effort and contribution to strategic decision-making.
2. **Lunch Allowance:** This expense covers lunch allowances for Board members during various meetings throughout the year, ensuring they are adequately sustained during deliberations.
3. **Travel and Accommodation:** Board members may need to travel for meetings, conferences, inspections or other official duties. These travel-related expenses typically include transportation and accommodation costs, especially if members are required to travel to different regions or internationally. This category may

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daily subsistence allowances (DSA) and other incidental expenses during official trips.

4. Training and Development: To ensure board members are well-versed in the latest industry trends, regulations and best practices, they may attend workshops, seminars, training sessions or conferences. Expenses under this category include registration fees, training materials and associated travel and accommodation costs.

5. Honoraria: This is the payment made to the Chairman of the Pharmacy and Poisons Board. The expense includes the Chairman's monthly honorarium, which serves as a token of appreciation and recognition for the dedication, time and expertise devoted to overseeing the Board's regulatory functions. It acknowledges the Chairman's significant role in providing leadership, guidance and strategic direction to ensure effective governance and decision-making within the Board.

6. DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2023-2024	2022-2023
Property, Plant and Equipment	142,637,769	151,699,100
Total Property, Plant and Equipment	142,637,769	151,699,100

Depreciation of Property, Plant, and Equipment is a fundamental accounting concept that allows Pharmacy and Poisons Board to accurately reflect the decrease in value of their long-term assets over time. It's crucial for matching expenses with revenues, providing a more accurate picture of PPBs financial performance and asset utilization.

PPB has been consistent in the use of reducing balance method over the years. Depreciation of Property, Plant, and Equipment is a fundamental accounting concept that allows the Pharmacy and Poisons Board (PPB) to systematically allocate the cost of its long-term assets over their useful life.

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This process reflects the gradual decrease in the value of assets such as buildings, equipment, vehicles, and machinery due to wear and tear, age, and obsolescence. Depreciation is crucial for matching expenses with the revenues they help generate, thereby providing a more accurate picture of PPB's financial performance and asset utilization over time.

The PPB consistently employs the reducing balance method for calculating depreciation. This method involves applying a fixed percentage to the asset's book value each year, resulting in higher depreciation expenses in the earlier years of the asset's life. This approach aligns with the fact that many assets, such as equipment and machinery, typically lose value more rapidly in their initial years of use. By using the reducing balance method, PPB ensures a realistic representation of the asset's declining value and its impact on the organization's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. REPAIRS AND MAINTENANCE

	2023-2024	2022-2023
Building	6,633,517	21,170,571
Office Furniture & Fittings	38,332,519	55,093,589
Maintenance of Laboratory Equipment	26,720,927	33,333,379
Total Repairs and Maintenance	71,686,963	109,597,539

Repairs and Maintenance of Buildings refer to costs incurred by the Pharmacy and Poisons Board for the upkeep and repairs of buildings, both at its headquarters and regional offices.

Repairs and Office furniture & Fittings: This refers to the costs incurred for the repairs and maintenance of office equipment, furniture, and fittings at both the PPB headquarters and its regional offices.

Maintenance of Laboratory Equipment refers to the costs incurred during the financial year ended 2023/2024 for maintaining the laboratory equipment at the Pharmacy and Poisons Board Quality Control Laboratory. This ensures that all equipment remains in compliance with regulatory standards and requirements.

8. GENERAL EXPENSES

The following are included in the general expenses

	2023-2024	2022-2023
	Kshs	Kshs
Travelling and accommodation	235,057,643	266,298,424
Printing and stationery	150,565,986	197,889,729
Motor vehicle expenses	32,940,036	57,669,943
Telephone and postage	19,630,974	33,582,167
Training, seminars and conference	78,214,027	53,901,840

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Medical Insurance	44,749,916	43,176,970
Insurance	2,884,224	2,547,089
Advertisement and publicity	3,367,208	17,414,182
Audit fees	1,160,000	1,160,000
Legal fees	8,566,947	39,460,820
Official entertainment	11,633,122	20,070,764
Donations	92,153,780	27,337,084
IT Expenses	65,910,246	85,856,665
Rent and rates	4,109,476	15,559,537
Office cleaning	13,810,963	30,813,067
Uniform	1,967,285	8,481,845
Reference materials	1,045,920	11,605,292
Laboratory Reagents	39,300,759	118,726,723
Total General Expenses	807,068,512	1,031,552,142

General Expenses encompass a range of costs necessary for the day-to-day operations and activities of the Pharmacy and Poisons Board. These expenses include:

Donations: These costs relate to donor-funded activities during the financial year 2023/2024, including the utilization of funds received from Auda-Nepad and USAID.

AUDA-NEPAD utilized available funds amounting to Kshs. 30,914,645 for Pharmcovigilance and research activities focused on neglected diseases and in support of research on neglected diseases, which are conditions that predominantly affect poor and marginalized communities and often receive less attention and funding globally.

USAID utilized the entire allocated funds, amounting to KES 55,737,484, for salaries and wages of regulatory staff employed on a contractual basis.

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Printing and Stationery Costs The specific justifications for this expense include the development and printing of administrative policies, Information, Education and Communication (IEC) materials and training materials for various regulatory activities.

IT Expenses

IT expenses are crucial for enhancing the Pharmacy and Poisons Board's regulatory functions. The specific justifications for these expenses include:

Acquisition and Maintenance of Essential Systems: Costs related to acquiring and maintaining core IT systems necessary for regulatory operations.

Data Centre Maintenance and Network Upgrading: Expenses for maintaining the data centre and upgrading network infrastructure to ensure reliability and security.

Software Licenses and Development: Costs for acquiring software licenses and developing regulatory analysis and management tools.

Implementation of Product Tracing and Recall Management System: Funding for implementing a system to trace and manage product recalls efficiently.

Integration of Statistical Analytical Packages: Budget provision for statistical analytical packages to enable effective data analysis and interpretation.

Data Warehouse Enhancement: Allocation for the Extract, Transform, and Load (ETL) processes, including ontology and dictionaries, to enhance the storage, retrieval, and management of regulatory data, thereby improving data integrity and accessibility.

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Premium Rate Service SMS Subscriptions: Provision for premium rate SMS subscriptions to facilitate effective communication and dissemination of regulatory information to stakeholders.

Internet, Disaster Recovery Services, and Backups: Costs for internet services, disaster recovery solutions, and data backups to ensure continuous operation and data protection.

Developer Tools and Templates Licenses: Expenses for licenses related to developer tools, including those for Artificial Intelligence (AI) and Machine Learning.

Training, Seminars and Workshops These expenses cover the implementation of the annual regulatory training plan, which addresses various essential regulatory functions. This plan is vital for the Pharmacy and Poisons Board to achieve WHO Maturity Level 3 and align with WHO requirements. The commitment includes strengthening the regulatory system, marketing authorization, vigilance, market control, licensing of establishments, regulatory inspections, laboratory testing, clinical trials oversight, and regulatory lot release.

The costs cover specifically conference facilities, seminars and professional and technical training for all staff.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. FINANCE COSTS

	2023-2024	2022-2023
	Kshs	Kshs
Bank charges	436,299	811,177
Total finance costs	436,299	811,177

Bank charges encompass a range of fees and commissions levied by financial institutions for providing various banking services. These charges include:

Account Maintenance Fees: Regular fees for maintaining a bank account, which may cover administrative costs and account management.

Transaction Fees: Fees incurred for conducting transactions such as withdrawals, deposits, transfers and payments.

Service Fees: Charges for additional banking services such as issuing bank statements, handling overdrafts, or processing special requests.

Charges for Using Banking Facilities: Fees for utilizing specific banking facilities or services, such as safety deposit boxes or foreign exchange services.

During the financial year 2023/2024, these charges saw a significant decrease. This reduction is attributed to the Pharmacy and Poisons Board (PPB) prudently managing its banking resources. Effective management strategies, such as optimizing account operations, minimizing transactions, and leveraging bank services efficiently, contributed to the reduction in bank charges. This careful management helped reduce overall banking costs, thereby improving financial efficiency.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OPERATING/COLLECTION COSTS

	2023-2024	2022-2023
	Kshs	Kshs
Drug analysis	16,798,840	9,894,062
Drug Crime & Investigation	19,057,866	32,870,723
Exam Assessment & Training	58,511,003	83,743,434
Good Manufacturing Practices (GMP)	27,476,921	78,333,699
Market Surveillance	135,684,721	128,739,214
Total Operating/Collection Costs	257,529,351	333,581,132

Operating / Collection costs for the Pharmacy and Poisons Board (PPB) refer to costs in relation to regulatory functions for example Market surveillance (Post Market), Good Manufacturing Practices (GMP) which is PPB core mandate.

As a regulatory body overseeing pharmaceuticals and poisons the PPB may need to collect various fees and penalties to fund its operations and enforce compliance with regulations.

Drug analysis: This involves tests that cannot be conducted within the internal Pharmacy and Poisons Board laboratory. The specific justification for this expense includes: Outsourced Drug Analysis: Engaging external laboratories for specialized drug testing and collaboration with External Laboratories: Partnering with specialized external labs to perform complex analyses beyond the capabilities of our internal facilities.

Drug Crime & Investigation: These costs relate to drug crime investigation activities conducted by the Pharmacy and Poisons Board's Inspectorate during the financial period ended 30th June 2024. They include Inspectorate Activities for Crime Investigation, efforts to investigate crimes associated with illicit activities in regulated products, such as diversion, counterfeiting, substandard products and unregistered medical products and technologies.

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Exam Assessment & Training: These costs relate to the professional examinations administered by the Pharmacy and Poisons Board (PPB) during the financial period ending 30th June 2024. They include:

Pre-Registration/Pre-Enrolment Examinations: Professional examinations for Pharmacists and Pharmaceutical Technologists held bi-annually.

Inspections of Training Institutions: Evaluations of institutions providing pharmaceutical education.

Development of Guidelines and Regulations: Creating and updating guidelines and regulations for the profession.

These costs are supported by fees collected from exams and assessments. It should be noted that these expenses exceeded the related fees collected during the period.

Good Manufacturing Practices (GMP): These costs relate to GMP inspection activities conducted by the Pharmacy and Poisons Board (PPB) during the financial year ending 30th June 2024. The PPB ensures that compliance with GMP standards is crucial for safeguarding public health by ensuring the production of high-quality, safe, and effective medicines, medical devices, biological products, and vaccines. The inspections performed during the year aimed to identify and rectify deviations or non-compliance issues, thereby preventing substandard and unsafe products from reaching patients.

Market Surveillance: These expenses relate to market surveillance activities conducted by the Pharmacy and Poisons Board (PPB) during the financial year ending 30th June 2024. They cover costs associated with the surveillance of medicines, medical devices, biological products and vaccines in the Kenyan market. The primary goal is to ensure the safety and efficacy of these products. During this period, PPB aimed to identify and address potential risks promptly, thereby protecting patient well-being and enhancing public trust in healthcare products.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. CASH AND CASH EQUIVALENT

	2023-2024	2022-2023
	Kshs	Kshs
Current Account	193,794,386	179,679,365
Total cash and cash equivalent	193,794,386	179,679,365

11(a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

The bulk of the cash at bank for Pharmacy and Poisons Board was held at Absa Bank Kenya Plc and National bank of Kenya.

		2023-2024	2022-2023
	Account Number	Kshs	Kshs
Co-operative Bank - Kshs	0112003758900	161,362,008	102,688,985
Absa Bank Kenya Plc – Kshs	0708017701	8,607,457	12,137,88
National Bank of Kenya – Kshs	01001031846400	350,353	9,511,72
Absa Bank Kenya Plc – USD	2023469262	23,474,568	28,790,773
MPESA Account	826826	-	26,549,99
Total		193,794,386	179,679,36

Pharmacy and Poisons Board cash and cash equivalent

These details outline the bank accounts held by the Pharmacy and Poisons Board (PPB) and their respective balances as of the financial year ending 30th June 2024. This information includes:

Account Information: A summary of all bank accounts maintained by PPB, including account numbers, names of the banks and types of accounts (for example current).

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Account Balances: The balances for each account at the end of the financial year. This includes the opening balance at the beginning of the year.

12. TRADE AND OTHER RECEIVABLES

	2023-2024	2022-2023
	Kshs	Kshs
Rent deposit	393,319	393,319
Prepayments	4,187,490	4,187,490
Prepaid Medical Insurance	22,374,958	-
Trade debtors	35,273,663	77,875,667
AUDA-NEPAD	4,607,619	-
Provision for bad and doubtful debts	(1,505,065)	(1,505,065)
Total	65,331,985	80,951,411

Ageing analysis for Receivables from exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY 2023-2024	% of the total	Comparative FY 2022-2023	% of the total
Less than 1 year	29,208,060	44	33,043,124	40
Between 1- 2 years	22,546,605	34	5,344,874	6
Between 2-3 years	4,709,236	7	6,845,186	8
Over 3 years	10,373,149	15	37,223,292	45
Total	66,837,050	100	82,456,476	100

Rent Deposits refer to prepaid rent made by the Pharmacy and Poisons Board while occupying offices at Josem Trust in the early years, before relocating to its current premises. Efforts to recover these deposits have been unsuccessful due to

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the fact that the owner of Josem Trust went out of business. The management of the Pharmacy and Poisons Board requests that the Board facilitate the writing off of these unrecoverable deposits from the books of account.

Prepayments relate to amounts paid in advance for motor vehicle fuel, maintenance and services at CFAO Mobility Kenya Limited. These prepayments are intended to cover future costs associated with these services.

Prepaid Medical Insurance represents the advance payment for medical coverage for PPB staff for the financial year 2024/2025. This amount covers half of the projected medical costs for the financial year 2024/2025. The prepaid amount will be expensed against the income statement for the financial year 2024/2025.

Trade Debtors represent receivables from PPB clients whose cheques have bounced. Efforts to recover these debts are on-going. During the year ended June 30, 2024 partial recoveries were achieved. It is expected that management will continue to actively pursue these debtors to replace the previously bounced cheques.

AUDA-NEPAD (African Union Development Agency - New Partnership for Africa's Development) is a donor organization that plays a significant role in promoting sustainable development and addressing various health challenges across Africa. In Kenya, AUDA-NEPAD supports research on neglected diseases, which are conditions that predominantly affect poor and marginalized communities and often receive less attention and funding globally. These diseases include, but are not limited to, malaria, tuberculosis and various parasitic infections.

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Receivables from AUDA-NEPAD includes an overutilization of Phase 1 budget allocations amounting to Kshs. 4,607,619. This overpayment is anticipated to be offset by funds for Phase 2, which are expected to be received starting in July 2024.

The provision for bad and doubtful debts is an accounting practice used to estimate and set aside a portion of receivables that may not be collectible. This provision helps the Pharmacy and Poisons Board anticipate potential losses from clients who may be unable or unwilling to pay their outstanding debts, or in cases where the client's company has gone under.

Bad debts are receivables that are confirmed to be uncollectible. For instance, if a debtor declares bankruptcy, the amount owed is classified as a bad debt and the provision accounts for this loss.

Doubtful Debts are receivables where there is uncertainty about collection. Pharmacy and Poisons Board may not be certain whether these debts will be recovered or when they might be paid. The provision for doubtful debts accounts for this uncertainty.

The Pharmacy and Poisons Board's policy for bad and doubtful debts is to allocate 2% of the receivables for the period

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13. PROPERTY, PLANT AND EQUIPMENT

			Office	Motor	Computer	Office		Furniture and	Lab for Post	Regional	Car	
	Land	Building	Partitioning	Vehicles	Equipment	Equipment	Container	Fittings	Market Surveillance	Offices	Park	TOTAL
COST	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)
Rate (%)	Nil	2.5%	12.5%	25%	30%	12.5%	12.5%	12.5%	12.5%	2.5%	12.5%	
As at 01.07.2022	75,000,000	332,806,430	197,902,393	169,589,121	529,197,925	346,665,616	490,000	136,268,023	393,582,647	197,279,850	15,781,361	2,393,563,366
Additions	-	-	4,970,001	-	39,976,635	5,044,274	-	37,466,159	-	-	-	87,457,069
As at 30.06.2023	75,000,000	332,806,430	202,872,394	169,589,121	569,174,560	351,709,890	490,000	173,734,182	393,582,647	196,279,850	15,781,361	2,481,020,435
Depreciation												
As at 01.07.2022	-	59,952,722	89,185,831	142,142,030	392,674,642	146,351,394	403,643	65,727,627	183,654,156	19,443,822	7,686,959	1,107,222,825
Charge for the year	-	6,821,343	14,210,820	6,861,773	52,949,975	25,669,812	10,795,	13,500,819	26,241,061	4,420,901	1,011,800	151,699,100
Acc dep as at 30.06.2023	-	66,774,065	103,396,651	149,003,802	445,624,618	172,021,206	414,437	79,228,446	209,895,218	23,864,723	8,698,759	1,258,921,925
NBV as at 30.06.2023	75,000,000	266,032,365	99,475,743	20,585,319	123,549,942	179,688,684	75,563	94,505,736	183,687,430	172,415,127	7,082,602	1,222,098,510
As at 30.06.2022	75,000,000	272,853,708	108,716,562	27,447,091	136,523,282	200,314,222	86,357	70,541,396	209,928,490	176,836,028	8,094,402	1,286,340,539
COST												
As at 01.07.2023	75,000,000	332,806,430	202,872,394	169,589,121	569,174,560	351,709,890	490,000	173,734,182	393,582,647	196,279,850	15,781,361	2,481,020,435
Additions	-	-	32,398,648	16,038,864	33,276,582	2,980,006	-	3,886,222	-	-	-	88,580,322
As at 30.06.2024	75,000,000	332,806,430	235,271,042	185,627,985	602,451,142	354,689,896	490,000	177,620,404	393,582,647	196,279,850	15,781,361	2,569,600,757
DEPRECIATION												
As at 01.07.2023	-	66,774,065	103,396,651	149,003,803	445,624,617	172,021,206	414,438	79,228,446	209,895,217	23,864,723	8,698,759	1,258,921,925
Charge for the year	-	6,650,809	16,484,299	9,156,046	47,047,957	22,833,586	9,445	12,298,995	22,960,929	4,310,378	885,325	142,637,769
Acc dep as at 30.06.2024	-	73,424,874	119,880,950	158,159,848	492,672,575	194,854,792	423,883	91,527,441	232,856,146	28,175,101	9,584,084	1,401,559,694
NBV as at 30.06.2024	75,000,000	259,381,556	115,390,092	27,468,137	109,778,567	159,835,104	66,117	86,092,963	160,726,501	168,104,749	6,197,277	1,168,041,063
NBV as at 30.06.2023	75,000,000	266,032,365	99,475,743	20,585,319	123,549,942	179,688,684	75,563	94,505,736	183,687,430	173,415,127	7,082,602	1,222,098,510

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13(b) Property, Plant & Equipment as per Fy 2023/2024 schedule

	Balance	Additions		Accumulated			NET BOOK
	Brought forward	during the year	Total	Depreciation	year charge	Total	VALUE
Land	75,000,000	-	75,000,000	-	-	-	75,000,000
Building	332,806,430	-	332,806,430	66,774,065	6,650,809	73,424,874	259,381,556
Office Partitioning	202,872,394	32,398,648	235,271,042	103,396,651	16,484,298.88	119,880,950	115,390,092
Motor Vehicles	169,589,121	16,038,864	185,627,985	149,003,803	9,156,045.50	158,159,849	27,468,137
Computer Equipment	569,174,560	33,276,582	602,451,142	445,624,617	47,047,957.50	492,672,575	109,778,568
Office Equipment	351,709,890	2,980,006	354,689,896	172,021,206	22,833,586.25	194,854,792	159,835,104
Container	490,000	-	490,000	414,438	9,445.25	423,883	66,117
Furniture & Fittings	173,734,182	3,886,222	177,620,404	79,228,446	12,298,994.75	91,527,441	86,092,963
Lab for Postmarket Surveillance	393,582,647	-	393,582,647	209,895,217	22,960,928.75	232,856,146	160,726,501
Regional Offices	196,279,850	-	196,279,850	23,864,723	4,310,378	28,175,101	168,104,749
Car Park	15,781,361	-	15,781,361	8,698,759	885,325.25	9,584,084	6,197,277
Total	2,481,020,435	88,580,322	2,569,600,757	1,258,921,925	142,637,769	1,401,559,694	1,168,041,063

The schedule for Property, Plant and Equipment for the fiscal year 2023/2024 outlines the assets owned by the organization, including their values, depreciation and any acquisitions or disposals. This schedule provides a comprehensive overview of PPB investments in physical assets and their status for the specified fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. TRADE AND OTHER PAYABLES

	2023-2024	2022-2023
	Kshs	Kshs
Trade Payables	4,375,650	4,375,650
AUDA-NEPAD	-	19,406,827
Accrued PAYE	28,000	-
Accrued Withholding Taxes	1,405,499	-
Accrued Audit Fees	1,160,000	1,160,000
Total	6,969,149	24,942,477

Ageing analysis: (Trade and other payables)	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	2,593,499	37	20,566,827	82
1-2 years	-	-	-	-
2-3 years	-	-	4,375,650	18
Over 3 years	4,375,650	63	-	-
Total (tie to above total)	6,969,149	100	24,942,477	100

Trade payables represent credits from clients in our account. Pharmacy and Poisons Board allows clients to utilize their reserve funds from time to time. However, it should be noted that no clients were permitted to use their credit during this period, as the government mandates that all payments be made through the e-Citizen gateway.

Accrued Payments: These are expenses incurred but not yet paid by Pharmacy and Poisons Board as of 30th June 2024. They represent liabilities for services or goods received, such as salaries, utilities or vendor payments, which will be settled at a future date. Accrued payments are recorded in the financial statements to accurately reflect the PPB's

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obligations within the reporting period. In this context, accrued Pay-As-You-Earn (PAYE), accrued withholding taxes and accrued audit fees are disclosed as expenses for the financial year ended June 30, 2024, although their actual payments were made after the year-end.

15. REVALUATION RESERVES

	2023-2024	2022-2023
	Kshs	Kshs
Revaluation of Assets	6,479,649	6,479,649
Total	6,479,649	6,479,649

15 (a) REVALUATION RESERVE

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

(b) FAIR VALUE ADJUSTMENT RESERVE

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognized in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. ACCUMULATED RESERVES

	2023-2024	2022-2023
	Kshs	Kshs
As at 1 st July 2023	1,451,307,160	1,486,216,491
Deficit for the year	(37,588,524)	(34,909,331)
As at 30th June 2024	1,413,718,636	1,451,307,160

Accumulated Reserves: These are the retained earnings that the Pharmacy and Poisons Board has accumulated over time. They represent surplus funds retained after covering all expenses and liabilities, which can be used to support future operations, investments, or to cushion the Pharmacy and Poisons Board against unforeseen financial challenges. Accumulated reserves are a key indicator of the organization's financial health and stability, reflecting its ability to sustain operations and fund strategic initiatives. However, during the year under review, Pharmacy and Poisons Board incurred losses, thereby reducing the previously accumulated reserves

RELATED PARTY DISCLOSURES

(a) Government of Kenya

The Government of Kenya is the principal governor of Pharmacy and Poisons Board, holding 100% of the Pharmacy and Poisons Board's equity interest. The Government of Kenya has provided full guarantees if any to all long-term lenders of the Pharmacy and Poisons Board, both domestic and external.

Other related parties include:

- i) The Parent Ministry;
- ii) Key management;
- iii) Board of directors;

(b) INCORPORATION

The Pharmacy and Poisons Board was established under Cap. 244 of the Pharmacy and Poisons Act 1957, an act of parliament to make better provision for the control of the profession of pharmacy and the trade in drugs and poisons.

(c) EVENTS AFTER THE REPORTING PERIOD

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

(d) CURRENCY

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

Pharmacy and Poisons Board Annual Report and Financial Statements For the year ended June 30, 2024.

I. APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status
1.0	Property, plant and equipment. Lack of title deeds for LR No. 209/365/5	Follow up is being made with the Ministry of Land so as to secure the title	Partially Resolved
2.0	Trade and other receivables- Long outstanding debts	Efforts were made to improve debt recovery processes, resulting in partial recoveries being achieved.	Partially Resolved
3.0	Failure to Appoint Board Members	Board members were appointed during the year	Resolved
4.0	Under Staffing	To address and rectify the issue of understaffing, efforts were undertaken to secure appropriate budgetary allocations for hiring new staff.	Resolved

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status
		However, it was observed that regulatory officers previously employed under a donor were absorbed by the Pharmacy and Poisons Board	

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 Pharmacy and Poisons Board responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Chief Executive Officer

Chairman of the Board




Date..... 22-11-2024

Date..... 22-11-2024



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