

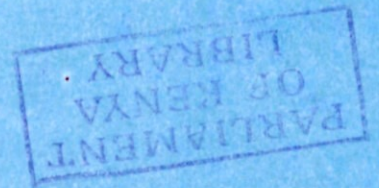
REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

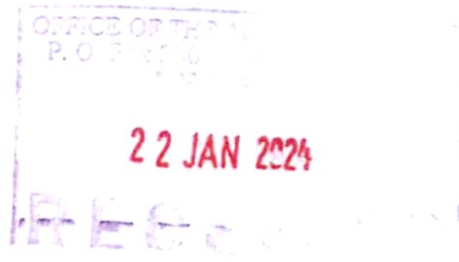
**PEST CONTROL PRODUCTS BOARD**

**FOR THE YEAR ENDED**

**30 JUNE, 2023**

THE NATIONAL ASSEMBLY PARLIAMENT OF KENYA	
DATE: 12 SEP 2024	GAY
TABLED BY:	LOM
CURR AT THE TABLE:	CHEBET KESKEL





*Revised 30<sup>th</sup> June 2023*



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**PEST CONTROL PRODUCTS BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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

*PEST CONTROL PRODUCTS BOARD*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

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## **1. Acronyms, Abbreviations and Glossary of Terms**

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

PCPB	Pest Control Products Board
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
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

### **B: Glossary of Terms**

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

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

**2. Key Entity Information and Management**

**(a) Background information**

The Pest Control Products Board was established under the parliament Act on 1982, the Pest Control Products Act, Cap 346, Laws of Kenya of 1982 to regulate the importation and exportation, manufacture, distribution and use of pest control products. The Entity is domiciled in Kenya and has branches in Western Region-Kisumu, South Rift Region-Nakuru, Mt. Kenya Region-Embu and Coastal Region-Mtwapa.

**(b) Principal Activities**

The principal activities of Pest Control Products Board are:

- ❖ Assessment of the safety, efficacy, quality and economic value of pest control products for purpose of registration.
- ❖ Assessment of suitability of premises used for manufacture, formulation, storage and distribution of pest control products for purpose of licensing.
- ❖ Processing and issuance of import and export permits of pest control products
- ❖ Advising the Cabinet Secretary on all matters relating to the provisions of the Act and regulations made there under.
- ❖ Post registration surveillance for purpose of quality assurance of pest control products.
- ❖ Awareness creation and training of stakeholders on responsible use of pest control products.
- ❖ Investigation and facilitation of prosecution on offences under Pest Control Products Act and regulations made their under
- ❖ Supervision of disposal of obsolete and illegal pest control products.

**(c) Key Management**

The Pest Control Products Board day-to-day management is under the following key organs:

No.	Designation	Name
1.	Board of Management	Various chaired by Njoroge Kagwe
2.	The Chief Executive	Dr. Esther Kimani
3.	Corporate services department	CPA, Bernard Mang'ara
4.	Compliance and Enforcement Department	Lawrence Kalawa
5.	Registration and Analysis Department	Fredrick Muchiri
6.	Laboratory Analytical Services Department	Grace Nyawira
7.	Research, Strategy, Performance Management and Planning	Dr. Paul Ngaruiya

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	CEO	Dr. Esther Kimani
2.	Ag. Head, Finance & Administration	CPA Bernard M. Mang'ara
3.	Ag. GM. Registration	Mr Fredrick N. Muchiri
4.	Ag. GM. Compliance & Enforcement	Mr Lawrence I. Kalawa
5.	Ag. GM. Analytical Services	Mrs Grace N. Muchemi
6.	Ag. GM. Research, Strategy, Performance Management & Planning	Dr. Paul N Ngaruiya

**(e) Fiduciary Oversight Arrangements**

**1. Finance and Administration Committee**

Terms of Reference

- i. Deal with all financial and administration matters
- ii. Disburse payments
- iii. Maintain fully audited account record
- iv. Give service to client's effectively i.e. correspondence, requests etc.

**2. Audit Committee**

Terms of Reference

- i. Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- ii. Reviewing audit issues raised by both internal and external auditors.
- iii. Resolving unsettled and unimplemented Public Accounts and
- iv. Public Investment Committees' (PAC/PIC) recommendations.
- v. Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

**(f) Pest Control Products Board Headquarters**

P.O. Box 13794-00800

PCPB Building

Loresho

Nairobi, KENYA

**(g) Pest Control Products Board Contacts**

Telephone: (254) 020-8021846/7/8

E-mail: md@pcpb.go.ke; info@pcpb.go.ke; pcpb016@gmail.com;

Website: www.pcpb.go.ke

**(h) Pest Control Products Board Bankers**

1. Kenya Commercial Bank Ltd

Sarit Centre

P.O. Box 14959-00800

Nairobi, Kenya

2. Absa Bank of Kenya Ltd

Westlands

P.O. Box 14403-00300

Nairobi, Kenya

**(i) Independent Auditor**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice




Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**3. The Board of Directors**

Ref	Directors	Details
1.	 <p><b>Njoroge Kagwe</b>  <b>Chairperson</b></p>	<p>Born 1959</p> <ul style="list-style-type: none"> <li>• Graduate in Economics (Honours) and Political Science, University of Nairobi</li> <li>• Certified World Bank Business Edge Advisor</li> <li>• Diploma in Theology</li> <li>• 2002 to date: First Africa Consulting – CEO and Chief Consultant</li> <li>• 1994-2002: World Ahead Consultancy Services, Uganda-Tanzania-Kenya, Managing Consultant</li> <li>• 1987-1994: Price Waterhouse Coopers, Kenya, Ghana and Uganda – Senior Consultant, Organization Development Services</li> <li>• 1985-1987: Britam, Manager, Branch Business Development and Training</li> <li>• 1983-1985: Insurance Company of East Africa, Superintendent</li> </ul>
2.	 <p><b>Andrew Mware Kinyua</b>  <b>Member</b>  <b>State Department of National Water Services</b></p>	<p>Born 1966</p> <ul style="list-style-type: none"> <li>• BSc Chemistry</li> <li>• Jan 2015 to date: Head (Deputy Director) of Water Quality and Pollution Control Division, Water Resources dept, Ministry of Water and Irrigation</li> <li>• 2010 - 2014: Senior Principal chemist II</li> <li>• 2008 - June 2010: Principal Chemist</li> <li>• -2006- June 2008 Chief Chemist (NB// All above under Ministry of Water &amp; Irrigation)</li> <li>• 2002-2005: Senior Chemist in charge of Assay Laboratory</li> </ul>
3.	 <p><b>Dr. Elijah K. Gichuru</b>  <b>Member KALRO –CRF</b>  <b>Chair: Audit Committee</b></p>	<p>Born 1967</p> <ul style="list-style-type: none"> <li>• PhD, Msc</li> <li>• Aug 2014 to date: Director at Coffee Research Institute</li> <li>• Feb 2013 to Aug 2014: Acting Director of Research/CEO at Coffee Research Foundation.</li> <li>• July 2010 to 2013: Deputy Director of Research CRF</li> </ul>




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<p>4.</p>	 <p>Mr. Collins Marangu Member State Department of Agriculture</p>	<p>Born 1965</p> <ul style="list-style-type: none"> <li>• 2011 - Master of Science in Agriculture &amp; Rural Development from Kenya Methodist University</li> <li>• 2016 – Masters of science in crop protection from Egerton University</li> <li>• 1990 – Bachelor of science in Horticulture from Egerton university</li> <li>• Director of Agriculture</li> <li>• Crop Protection Department</li> <li>• State Department for Crop Development and Agricultural Research</li> </ul>
<p>5.</p>	 <p>Dr. Ayub Macharia Ndaruga Member Ministry of Environment &amp; Forestry Chair. Finance &amp; Admin Committee</p>	<p>Born 1969</p> <ul style="list-style-type: none"> <li>• 2017 – Present – Director Environmental Education and Awareness, Ministry of Environment and Forestry</li> <li>• 2010 – 2012 – Acting Director General NEMA</li> <li>• PhD in Environmental Education from Rhodes University, South Africa (2004);</li> <li>• Master of Science (Strategic Leadership) from California Miramar University (2014);</li> <li>• Masters of Environmental Science (Wetland Ecology) Kenyatta University (1998);</li> <li>• Bachelor of Education (Botany and Zoology) from Kenyatta University (1994).</li> </ul>
<p>6.</p>	 <p>Esther Ngari Member</p>	<p>Born 1973</p> <ul style="list-style-type: none"> <li>• Bachelors of Dairy Science and Food Technology from Egerton university</li> <li>• Masters of Business Administration from Jomo Kenyatta University of Agriculture and Technology</li> <li>• Currently the Director Standards Development and International Trade at Kenya Bureau of Standards.</li> <li>• She is a certified Lead Auditor for Food Safety Management Systems, Quality Management Systems and Environmental Management Systems.</li> <li>• Esther has over 20 years' experience gained from</li> </ul>



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	Kenya Bureau of Standard Chair; Technical Committee	the Food manufacturing sector
7.	 Ali Gakweli Member The Government Chemist	Born 1958 <ul style="list-style-type: none"> <li>• 2019 - MSc degree in Environmental Planning and Management SEKU</li> <li>• 1987 - BSc degree in Chemistry, University of Nairobi</li> </ul> Current Inclination: <ul style="list-style-type: none"> <li>• Head Of National Authority On Implementation Of The Chemical Weapon Convention</li> <li>• Project Manager - Development Of A National Response Plan To Respond To Unauthorized Events Involving Cbrn Materials In Ghana And Kenya</li> </ul>
8.	 Geoffrey Mwikamba Member The National Treasury	Born 1972 <ul style="list-style-type: none"> <li>• 1997 – Bachelor of Science</li> <li>• 2002 – Diploma in information systems management</li> <li>• Jan 2012 to date: Chief Information Communication Technology Officer at The National Treasury</li> <li>• Apr 2008 to Jan 2012: Senior Information Communication Technology Officer at Ministry of Finance</li> <li>• Dec 2003 to Apr 2008 ICT Officer I</li> <li>• Dec 1999 to Dec 2003: Systems Analyst/Programmer at City Council of Nairobi</li> </ul>
9.	 Eric Kimungunyi Member Agrochemical Association of	Born 1976 <ul style="list-style-type: none"> <li>• 2016 to date PHD – Innovations and Technology Management -JKUAT</li> <li>• 2013: MBA – Strategic Management</li> <li>• 2008: Diploma in Marketing Management</li> <li>• 2008: Basis Certificate in Crop Protection (UK)</li> <li>• 2000: Bachelor of science in Horticulture</li> </ul>




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Kenya		
10.	 Sahara S. Ali Member, Ministry of Health	Born 1974 <ul style="list-style-type: none"> <li>• Principal Public Health Officer of the department of Public Health Division of Food Safety, Ministry of Health</li> <li>• Master's in Public health and Epidemiology – Student</li> <li>• Bachelor of Science and Environmental Health Sciences</li> <li>• Higher Diploma in Environmental Health – food science and inspection</li> <li>• Diploma, Environmental Sciences</li> </ul>
11.	 Prof. Ezekiel Kiprop Independent Member	Born 1965 <ul style="list-style-type: none"> <li>• PhD in Crop Protection</li> <li>• MSc in Plant Pathology</li> <li>• BSc in Agriculture</li> <li>• Professor of Plant Pathology, University of Eldoret – Current</li> <li>• Deputy Vice-Chancellor (Administration &amp; Finance), University of Eldoret – Immediate</li> </ul>
12.	 Dr. Zachary Kinyua Member, Kenya Agricultural & Livestock Research Organisation	Born 1967 <ul style="list-style-type: none"> <li>• Ph.D. in Molecular Plant Pathology; University of London, United Kingdom</li> <li>• MSc. in Plant Pathology; University of Nairobi, Kenya</li> <li>• BSc. in Agriculture, University of Nairobi, Kenya</li> </ul> Assistant Director, Crop Health Research, Kenya Agricultural and Livestock Research Organization (KALRO)




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<p>13.</p>	 <p>Mr. Mohammed Muktar Independent Member</p>	<p>Born 1960</p> <ul style="list-style-type: none"> <li>• Account Clerk National Certificate</li> <li>• East Africa Certificate Education</li> <li>• Certificate of Primary Education</li> <li>• Board Member, Adef (K) NGO</li> <li>• Member of District Anticorruption Civilian Oversight Committee, Wajir County</li> </ul>
<p>14.</p>	 <p>Esther Kimani PhD Chief Executive Officer</p>	<p>Born 1963</p> <ul style="list-style-type: none"> <li>• PhD in Crop Protection</li> <li>• Msc in Plant Pathology</li> <li>• MBA strategic planning – student</li> <li>• Chief Executive Officer, PCPB – Current</li> <li>• Chief Executive Officer, KEPHIS - Immediate</li> </ul>

**4. Key Management Team**

1.	 Esther Kimani PhD  PhD in Crop Protection, Msc. in Plant Pathology, BSC. Agriculture and Student of MBA strategic planning.	Chief Executive Officer
2.	 CPA, Bernard M Mang'ara  BBM (Finance and Banking), CPA-K, MBA-Finance – Student	Head Finance and Administration.
3.	 Dr. Paul N. Ngaruiya  PhD in Tropical Plant Sciences, Msc: Plant Pathology Bsc: Agriculture	Head, Research, Strategy & Planning

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4.	 <p>Fredrick N. Muchiri Msc: Plant Pathology Bsc: Agriculture</p>	Head, Registration
5.	 <p>Grace N. Muchemi Msc: Analytical Chemistry Bsc: Botany and Chemistry</p>	Head, Analytical Services
6.	 <p>Lawrence K. Ikiba Msc: Agronomy, Bsc: Agriculture</p>	Head, Compliance and Enforcement.

## **5. Chairman's Statement**

It is my pleasure to present the Annual Report and the Financial Statement for the financial year 2022/2023 on the Pest Control Products Board operations.

The operations were derived and based on the provisions of the Pest Control Products Act, Cap 346 Laws of Kenya under which the Board is established, the strategic plan 2018-2022.

The Board has continued to make tremendous achievement in undertaking its mandate of regulation of pesticides and service delivery to the public in general. The activities undertaken included registration of pesticides, quality assurance of pesticides through premises inspection and certification of products therein training and awareness creation, surveys on levels of non-complying pest control products, among other enforcement activities. The registration department undertakes rigorous risk assessment of pesticides prior to registration. The thorough evaluation to ensure quality standards before introduction in the market. The pesticides registered in Kenya are of the required quality and upon appropriate usage the resultant farm produce will be of the desired quality and quantity.

The compliance and enforcement and Analytical departments' conducts post registration surveillance and quality assurance. This function ensures only duly registered and effective pesticides are in circulation. There are limitations in this function due to porous borders and existence of establishments difficult to locate for purposes of inspection. The department has greatly expanded its training and awareness programme to reach majority of stakeholders. This approach of capacity building to stakeholders has effectively decreased the sale and distribution of substandard pesticides. Several offenders have successively been prosecuted in our courts of law.

To achieve the objectives set, adequate resources and cooperation's of various stakeholders was required and in this regard, I wish to recognize the Government funding to the Board which has enhanced its capacity to expand its operations including the on-going construction of a laboratory block.

The Board continued to engage with key stakeholders in consultative forums in order to identify partnerships required for improved service delivery. The Board sustained and enhanced collaboration with both private and public institutions and other stakeholders in areas of strategic planning, research, public health, environment, agriculture, institutions of higher learning and national and international standards setting bodies. Public consultations were also carried out on the development of Institutions Bill and Regulations, PCP Bill 2022.

On behalf of the Board, management and staff, I wish to reaffirm our commitment to the effective and efficient service delivery in pesticide regulation and trade facilitation for improved agricultural productivity, safe guarding of human health and environment and the promotion of sustainable development.

**Chairperson.**

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

The Board is pleased to present the financial results for the year 2022/2023. During this period, the Board continued with the project of the construction of a laboratory which will go a long way in facilitating achievement of the desired levels of compliance to the law on pesticides. The overall project is at 87 % completion and the construction phase is a now at 98% completion. With sufficient funding, the project is expected to be complete and operational by year 2024.

On operations, the Board has been instrumental in carrying out its mandate with the Compliance and Enforcement Department inspecting and licensing approximately 6665 premises against a target of 6400, representing 104% achievement of the set target. The target was over achieved due to the concerted effort of the compliance team from all the regions who went beyond the call of duty to cover areas that were not covered previously. The department encountered challenges that include but not limited to infiltration of smuggled pesticides due to the porous borders, establishments dealing in illegal pesticides, inadequate staff, among others. The department successively investigated and facilitated prosecution of 9 cases spread around the country.

The department was also able to undertake a total of 102 trainings and awareness creation activities against a target of 98. This was made possible through increased collaboration with other government institutions and other collaborators in training of farmers and other stakeholders. The capacity building of stakeholders dealing farm inputs has ensured procurement of quality and genuine pesticides. Farmer training has empowered the farmers with skills and knowledge in both procurement and responsible use of pesticides. In the ended year spray service providers have been training to assist the small scale farmers in purchase and pesticides application. Cumulatively there is a pool of over 2,000 spray service providers trained.

The Registration Department undertook 227 risk evaluation on applications presenting 100% achievement the target: the applications involved 99 technical dossiers, for full registration, 95 parallel registrations and 18 technical grade materials. A total of 31 trial sites were monitored to ensure the pesticides in our markets are efficacious and offer value to the farmers. 9 new institutions were visited and accredited for conducting trials. 71 label extensions were evaluated for already registered products to increase on usages. On supporting the fight against emerging pest and diseases, 26 products were considered for Golden Apple snails and *Drosophila Suzuki*, 18 Technical grade materials were considered to facilitate local formulation. Towards strengthening, 8 active ingredient of health, environmental and trade concerns and there related end use products were considered.

PCPB continues to be part of the global community on matters pesticide regulations and during the year, PCPB officers attending and participating in over 17 Multilateral Environmental Agreements MEAs/Conventions, EAC and CODEX & Pesticide Management Meetings.

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The Analytical department collected and analyzed 420 pesticides samples for quality assurance, against a target of 400 surpassing the set target. The analysis of samples also helps in supporting court process on counterfeit products cases.

A recent a survey led by the Research, Strategy and Planning department on levels of non-conforming Pest control products (PCPs) in 10 counties in Kenya showed that expired products had the highest quantities of the non-complying products at 484.16 kgs representing, (73.6%), smuggled/unregistered at 146.88 kg (22.3%), counterfeits were 26.76 kg representing (4.1%). It was observed that majority of the shops (708) out of the 712 assessed were estimated to have <1% counterfeit level of pest control products.

During the financial year 2022/2023, PCPB was able to collect slightly above 108 million in A.I.A. The target for the A.I.A for the year was Kshs 140 million, the shortfall was due to delay in gazettelement of proposed revision of fees and charges which PCPB expected to raise more revenue for its operation. PCPB received Kshs 104 million and Kshs 50 Million in recurrent and development grants respectively.

PCPB has a staff force of 64 on permanent and pensionable terms and 35 interns against an approved staff establishment of 265. Thus, PCPB has been operating with 24% of its staff capacity, leaving a deficit of 76%. This has been a major challenge for the organization. However, efforts to have a corporate status by review of the Act is continuing to enable PCPB recruits more staff. During the period we also offered 64 attachments opportunities to tertiary education institutions students.

The institution is also at an advanced stage of reviewing the current regulations to comply with the dynamics of the industry and also comply with new local and international requirements on the standards of pest control products. In the FY 2022/2023, the Bill was forwarded to Parent Ministry for onward submission to Attorney General Office and later to the National Assembly.

In conclusion, the management is committed to continuous improvement of the institution to effectively carry out its mandate in a prudent and professional manner.



Fredrick N Muchiri  
**CEO/Secretary PCPB**

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

Pest Control Products Board has two strategic pillars/ themes/issues and six strategic objectives within the current Strategic Plan for the FY 2018- FY2023. These strategic pillars/ themes/ issues are as follows:

Pillar 1: Ensure access to quality pest control products; promote agricultural productivity, safeguard human health animal health and environment.

Pillar 2: Enhance institutional sustainability

PCPB develops its annual work plans based on the above two pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. PCPB achieved its performance targets set for the FY 2022/2023 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Ensure access to quality pest control products, promote agricultural productivity, and safeguard human health animal health and environment.	Enhance compliance of pest control products to set standards and facilitate trade	Maintain compliance through inspection of pesticide premises for licensing	Inspected premises stocking pesticides	6,665
		Compliance to quality of pesticides enhanced	Sampled and analysed pesticide samples	402
	Ensure safe, quality and efficacious pest control products are availed to users	Risk Assessment Technical Meetings	Held registration meetings and evaluated pest control products for registration purposes and prepared reports	100%
		Institutions Researching on Pesticide Performance	Monitored accredited institutions conducting preregistration trials	31

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		Monitored		
		Develop crop grouping guidelines	Developed crop grouping guidelines in collaboration with the Agrochemical industry; 1) Efficacy guidelines for fruits and tree nuts; 2) residues guidelines for fruits and tree nuts; 3) Efficacy guidelines for flowers.	100%
		Pesticides for emerging pests and diseases registered	Considered products for False codling moth and Desert Locusts for registration/label extension.	100%
		Pesticides for manufacturing to boost trade	Active ingredients of health, environment and trade concern reviewed	8
	Enhance responsible use of pest control products and food safety	Stakeholder Trainings and Awareness created	Organized trainings and participated in awareness creation activities (e.g farmers' field days, shows, exhibitions etc) to disseminate information on the responsible use of pesticides to farmers and other users	102
		Regulatory environment improved	Participate in Multilateral Environmental Agreements MEAs/Conventions, EAC and CODEX & pesticide management	13

**PEST CONTROL PRODUCTS BOARD**  
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			meetings	
	Improve management of pest control products lifecycle	Safe disposal of obsolete, illegal pesticides and wastes encountered	All Obsolete, expired and illegal pesticides encountered were seized and safely disposed	100%
Enhance institutional sustainability	Improve resource mobilization and Accountability	Project Completion Rate	Construction of PCPB residue laboratory-- Complete plastering and initiated fittings	100%
	Improve quality and efficiency of service delivery	Science, Technology and Innovation Mainstreaming:	Survey on level of counterfeit pesticides initiated	100%
		Corporate Social responsibility	Coffee seedlings (Variety SL34) were maintained in the nursery,  Avocado seedlings maintained, During the same year 9931 Coffee seedlings, variety Batian and 260 Avocado seedlings (Hass) were issued to Makueni and Tharaka Nithi counties, respectively, through the MOA..	12,800  11,200

## **8. Corporate Governance Statement**

Number of Board meetings held and the attendance to those meetings by members

The Board held meetings as follows:-

Board meetings - Five (5)

Technical and Registration committee meetings – Eight (8)

Finance and Administration committee meetings - Eight (4)

Audit committee meetings - Four (4)

Ad-hoc committee meetings - One (1)

### **Succession Planning**

The institution has ensured that tenures of Board members do not expire at the same time. During the year, Dr Zachary Kinyua, Prof Ezekiel Kiprop and Mr Muktar Mohamed joined as new Board Members while the tenure for Andrew Kinyua, Eric Kimunguyi and Dr. Gichuru expired.

The institution has inadequate staff to enable effective succession planning. This is made worse by the fact that PCPB is not a Body Corporate and therefore cannot distinctly recruit staff on its own as was advised by the Head of the Public Service via letter under ref. no. OP/CAB.9/133A dated June 25, 2020.

### **Board Charter**

The Board charter is in place and aligned to Mwongozo code.

### **Process of appointment and removal of directors**

#### **Appointment:**

The President appoints the Chairman for a period of three years renewable once.

The Cabinet Secretary appoints Directors to serve the Board for a period of three years, renewable once. All the independent members are appointed through a gazette notice.

Alternate directors representing government ministries as provided for in the PCP Act, are nominated by their ministries.

#### **Removal:**

The Board may recommend the removal of a member based on non-performance, no-attendance of meetings, unethical conduct or as set out in any constitutive documents and applicable laws.

### **Roles and functions of the Board**

#### **Board of Directors**

The Board consists of 12 directors. The Directors possess qualification and a wide range of expertise and experience to enable them to contribute effectively in their capacities as Directors to the Pest Control Products Board.

### **Duties**

The Board gives direction on the organization's strategy, objectives and values and ensures procedures and practices are in place to oversee proper governance and the effective control over the organization's assets and operations.

The Board of Management meets at least quarterly or as required to continually review and monitor the organizations progress with respect to strategic direction and operational effectiveness.

### **Board Committees**

There are three Board committees, with written terms of reference to facilitate effective assistance to the Board to enable efficient decision making in executing their duties and responsibilities. Delegation of the authority to the Board committees does not discharge the Board of its duties and responsibilities.

### **Technical and Registration Committee**

#### **Duties**

- i. To maintain a register of all registered/approved pest control products being used in Kenya
- ii. To maintain a register of all testing organizations
- iii. To maintain a register of all licenses of premises
- iv. To maintain a register of all licenses for import/export of pesticides
- v. To clarify the pesticides on the basis of toxicology, flash points and Corrosiveness to spray gadgets as set out on the Third Schedule of the Act
- vi. To index all pesticides
- vii. Design model labels in accordance with the Act and Regulations
- viii. To establish a data storage system on all pesticides

### **Finance and Administration Committee**

#### **Duties**

- i. Deal with all financial and administration matters
- ii. Disburse payments
- iii. Maintain fully audited account record
- iv. Give service to client's effectively i.e. correspondence, requests etc.

### **Audit Committee**

#### **Duties**

- i. Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- ii. Reviewing audit issues raised by both internal and external auditors.
- iii. Resolving unsettled and unimplemented Public Accounts and
- iv. Public Investment Committees' (PAC/PIC) recommendations.
- v. Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

**Induction and training**

Induction and training is conducted by the State Corporations Advisory Committee for all new members.

**Board and member performance**

During the financial year, the State Corporation Advisory Committee facilitated the Board members evaluation.

**Conflict of interest**

A conflict of interest register is maintained. Members sign to declare No conflict of interest during all committee and board meetings.

**Board remuneration**

During the financial year, Board members were remunerated for their services in accordance with the prevailing relevant legislative provisions and guidance by government circulars issued from time to time.

Members are currently entitled to the following allowances:-

Sitting allowance of Kshs.20,000/=

Lunch allowance of Kshs.2,000/=

Transport allowance – Provided /mileage allowance paid

Daily Substituent Allowance - Kshs.17,500/=

Chairman’s honoraria Ksh.80,000/= per month

Chairman’s Airtime of Kshs.7,000/= per month

**Ethics and conduct**

A code of conduct is in place. During the financial year, all members of the organisation adhered to the code of conduct and ethics.

**Governance audit**

The Board has not had a Governance audit yet. However, the exercise will be budgeted for in the next financial year to procure the services of a Certified Governance Auditor.

## 9. Management Discussion and Analysis

### Operational & Financial Performance

PCPB is an organization of the Government of Kenya mandate with the regulations of pesticide industry from manufacture, distribution and use. The mandate ensures that the pesticides being used in Kenya are efficacious to improve agricultural productivity or control other diseases causing pest without harming the humanity, animal and the environment.

PCPB, to undertake its mandate has various departments and sections charged with various activities for smooth operations; the various departments performed as follows:

- A) Corporate services
- B) Registration
- C) Compliance & Enforcement
- D) Analytical Services
- E) Research, Strategy & Planning

The Finance and Accounts section in PCPB is mandated with Revenue Collection, Accounting, Budget making supervision, Expenditure Control & Budget implementation monitoring among others. The section is an important cog that ensures all other departments operates smoothly through prompt facilitation and guidance.

Over the last three years, PCPB financial performance has continued to improve year after year. This is as a result of continuous efforts put in place to ensure all stakeholders are brought into the net and pay the relevant levies or other services fees as well as prudent and effective resource applications to ensure the mandate is achieved and revenue due is collected.

The illustrations below clearly indicate a steady growth for the last four years from total revenue of Kshs 225 million in FY 2019/20 to Kshs 264 million in FY 2022/23 a 17% growth while the expenditure has also increased from Ksh 227 Million in FY 2019/20 to Ksh 283 million In FY 2022/23 that represents a 24% growth in the same period. The two major expenditure drivers are personnel emoluments Costs in recurrent expenditure and the on-going construction of the pesticide residual laboratory in the capital expenditure section.

The tables below and the graphical presentation highlight the revenue and expenditure performance for the last four years.

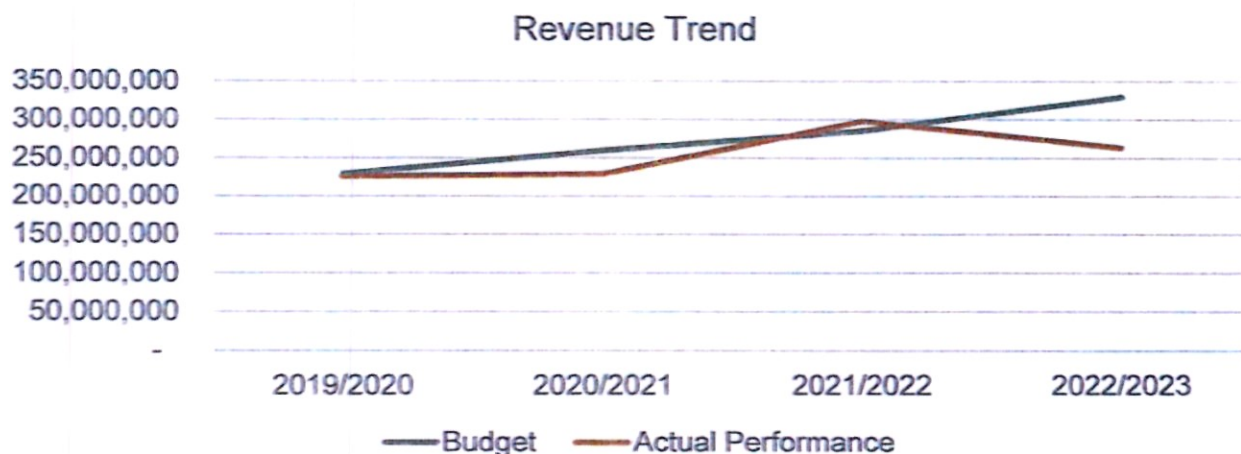
#### Revenue Trend

Revenues	2019/2020	2020/2021	2021/2022	2022/2023
Budget	229,400,000	259,941,436	285,400,000	330,000,000
Actual Performance	225,759,884	229,052,079	298,148,415	263,681,231
Expenditure				

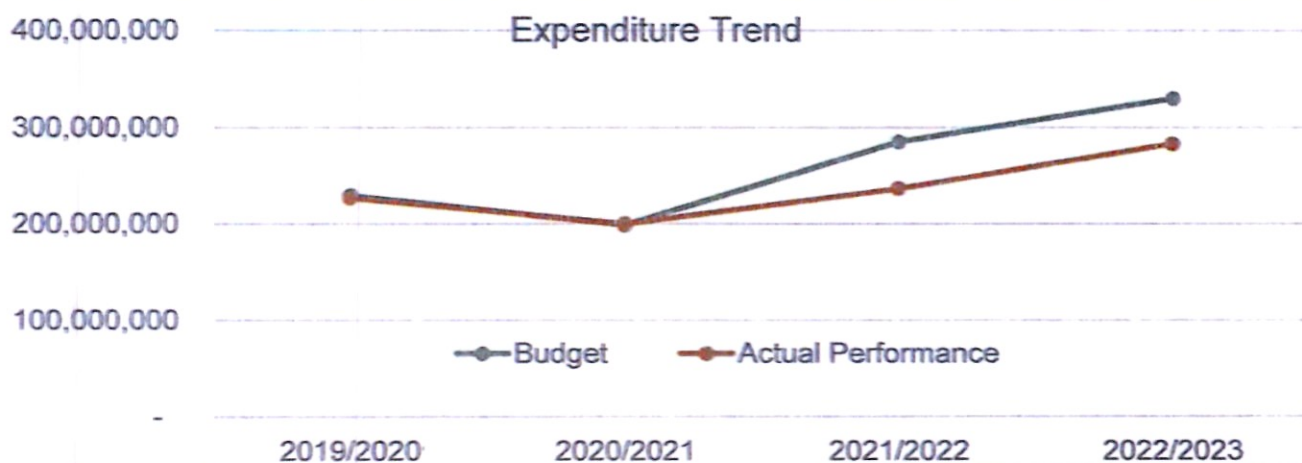
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Budget	229,349,999	198,804,436	285,400,000	330,000,000
Actual Performance	227,006,846	200,140,108	236,521,948	283,046,698

**Graphical illustration of revenue trend**



**Graphical illustration of Expenditure trends**



**Compliance & Enforcement**

Compliance and Enforcement department is mandated to safeguard the environment by working towards reducing environmental impact associated with production, use and disposal of pesticides. The departmental activities geared towards environmental performance are:

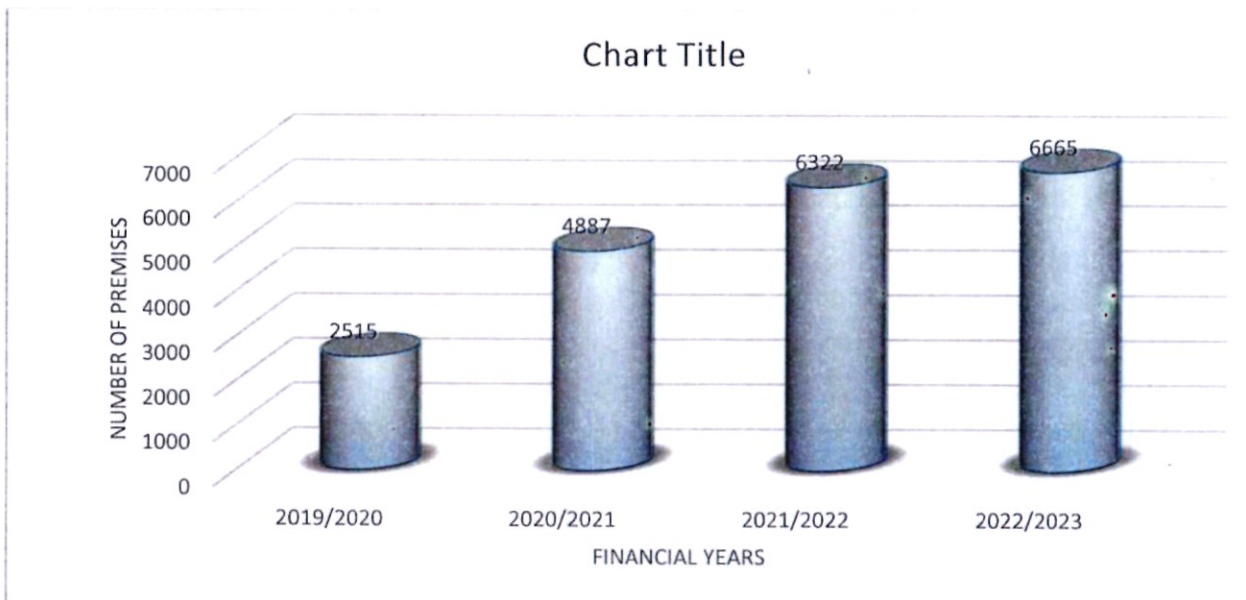
- Assessment of suitability of premises used for manufacture, formulation, storage and distribution of pest control products for purpose of licensing.
- Processing and issuance of import and export permits of pest control products

- Advising the Cabinet Secretary on all matters relating to the provisions of the Act and regulations made there under.
- Post registration surveillance for purpose of quality assurance of pest control products.
- Awareness creation and training of stakeholders on responsible use of pest control products.
- Investigation and facilitation of prosecution on offences under Pest Control Products Act and regulations made their under
- Supervision of disposal of obsolete and illegal pest control products.

**Premises inspection**

Pest control products premises inspection is conducted to ensure that the premises are suitable for dispensing pest control products. Further the inspectors ensure that the pest control products in the distribution chain are dully registered.

The graph below shows trend of premises inspection during the last four financial years.



**Stakeholder trainings**

Stakeholder training and awareness creation is one of the mandates of compliance and enforcement department. The trainings and awareness creation are intended to guide the stakeholders on responsible use of pest control products. During the previous four years the department conducted trainings and awareness creation as illustrated by the graph below.



**Analytical services department**

PCPB analytical laboratory undertakes quality analysis of pesticide formulations in the distribution chain to ensure compliance with set standards. Counterfeiting and adulteration of pesticides can reduce agricultural production affecting food security and is a risk to humans and contribute to loss of export markets due to noncompliance. Good quality Public health products are required for effective control and management of vectors/insects such as mosquitoes, fleas etc.

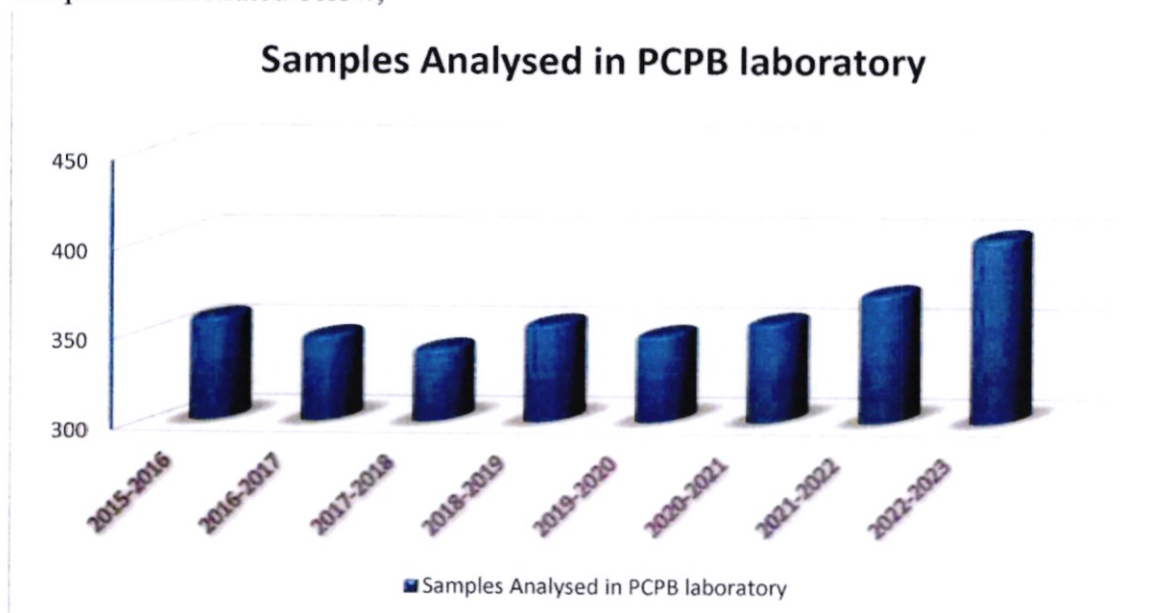
The purpose of analysing these samples is to check on quality compliance to set standards thus ensuring that pesticides applied as per label instructions coupled with observance of Good Agricultural Practice (GAP), would lead to sustainable pest management and should not result in Maximum Residue Limit (MRL) exceedances. The laboratory also forms an important tool in facilitating trade in pesticides as the country curbs the activities of counterfeiters by enhancing compliance to set standards.



*PCPB staff carrying out laboratory analysis*

In the last 4 years the laboratory has encountered an estimated 75 samples of counterfeited pest control products from a sample size of 1476 samples translating to about 5.1%. Most of the samples are impounded by the PCPB inspectors during inspection. In the year under review the laboratory analysed 402 samples against a target of 360 samples.

For the last eight financial years the laboratory has cumulatively sampled and analysed 2874 samples as illustrated below;



Through Government of Kenya support, PCPB laboratory complex consisting of pesticide residue laboratory, formulation laboratory, inorganic laboratory and biopesticide laboratory, research

laboratory, conference facilities, library and offices has been completed. The laboratory will undertake monitoring and surveillance of pesticide residues in food commodities and environmental samples while also carrying out tests on formulated products to assess their level of compliance to quality. Given the fundamental role research plays in the pesticide industry, the laboratory will play a crucial role in performing vital research, particularly in the field of bio-pesticides and pesticide residue trials. This research will generate data necessary for product registration among other regulatory decisions while simultaneously offering safer and more sustainable alternatives. Currently, PCPB laboratory has been analyzing pyrethrin products for companies promoting natural products by sourcing and paying pyrethrum from Kenyan farmers on a quality basis (% pyrethrin) hence encouraging use of non-conventional pesticides. The East African Community has also been harmonizing pesticide regulation within the region and PCPB has been taking lead and therefore the laboratory will contribute to data required as well as trainings in the pesticide industry.



*New upcoming PCPB Laboratory Block*

The pesticide lab will identify and quantify the pesticides and data will be used for registration process to provide safer alternatives for the conventional pesticides.

### **Registration Department**

In the year under review the Registration Department presented to the Board for approval a total of 91 new products for full registration out of which 18 products were technical grade materials for local formulation purposes while 27 products were for emerging pests such as Fall Armyworm and emerging crops such as avocado. Ninety five products were considered for parallel/daughter registration. Eighty-four products were considered for label extension for various use situations, 109 products were for parallel registration while three products were considered for temporary

registration. A total of 14 products were presented for change of trade names for various reasons and 14 products were approved for abeyance not exceeding five years

A total of 23 products were de-registered from the market through voluntary withdrawal by applicants, 12 institutions were accredited to conduct trials on products while 31 accredited institutions that are actively involved in pre-registration trials were monitored.

A review of four active ingredients registered in Kenya namely Diuron, Pymetrozine, Chlorothalonil and Thiachloprid was done based on the information from other regulatory authorities in the world which had shown that the molecules had negative effects on human health and the environment. The review was also done pursuant to recommendation by the Parliamentary Departmental Committee on Health following Public petition No. 70 of 2019 requesting for withdrawal of certain molecules from the Kenyan market. Four further molecules namely Propineb (restricted for use in non-edible crops only), 2,4 D (restrict on use on coffee), Chlorpyrifos & Chlorpyrifos methyl (restrict on use on coffee) were reviewed based on information on exceedances of maximum residues levels in export market. Draft Guidelines for Approving Emergency Uses of Pest Control Products for Managing Agricultural and Public Health Pests in Kenya & Application Form were developed and adopted. In addition, procedures for starting a Pre-registration trial centre for efficacy were documented and posted on the PCPB Website for ease of doing business.

#### **Research, Strategy and Planning activities**

PCPB in collaboration with Michigan State University conducted a survey on levels of illegal Pest control products (PCPs) in 10 counties in Kenya in 2022/2023. The goal of the survey was to assess levels illegal (counterfeits, smuggled, unregistered and expired) pest control products. Ten (10) agriculturally active counties selected for the survey. Sampled pesticides were also collected and analyzed to assess their quality.

The results showed that expired products had the highest quantities of the non-complying products at 484.16 kgs representing, (73.6%), smuggled/unregistered at 146.88 kg (22.3%), counterfeits were 26.76 kg representing (4.1%). It was observed that majority of the shops (708) out of the 712 assessed were estimated to have <1% counterfeit level of pest control products.

The study established that although the majority of agro-dealers could identify expired products, knowledge on identification of unregistered, smuggled and counterfeit PCPs was limited and they relied on licensed distributors to provide genuine products. Most complaints received on PCPs were related to knowledge gaps on good agricultural practices, safe handling and responsible use of pesticides.

#### **Performance Contract**

The Performance Contract is part of the broader public sector reforms aimed at improving efficiency and effectiveness in the management of the public service. The Government has used Performance Contracting since 2003, (20 years) as a key accountability framework in its endeavor to improve service delivery and PCPB has been participating since then.

PCPB worked on and submitted PC reports for 2022/2023 and submitted and are awaiting evaluation by PC contracting office, scheduled to take place in September 2023. The Performance Contract for 2023/24 has also been prepared, submitted to MOA and negotiated. Vetting with the Performance Contracting office was also completed and final copies of the PC submitted to the Ministry of Agriculture and Livestock Development for signing. The Performance contract, 2023/2024 has the following indicators: financial stewardship, Service delivery, Core mandate, Implementation of presidential directives, and cross cutting.

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

The overall mandate of PCPB is to regulate the pesticides industry in Kenya and one of the critical point in the pesticides regulation is the registration of Pest control Products for use. The registration process entails a rigorous risk assessment by evaluating the quality, safety, efficacy and economic value of the products to ensure protection of human health and environment. The conservation of the ecosystem through the registration of pesticides is essential to ensure sustainable food production, safeguard health and environment for our future generations. Some of the other areas PCPB puts emphasis on for safeguarding the environment are as listed below;

### **i. Sustainability Strategy and profile** **Procurement and Consumption**

PCPB commits to procuring and using products that have gone through good manufacturing practices and that can be recycled to minimize toxins in the supply chain. This helps to keep the environment pollutant free. To ensure this is done, PCPB will be guided by

- i. The Kenyan Green Public Procurement framework that The Ministry of Environment Climate Change and Forestry has developed.
- ii. Sustainable Development Goal (12) on Sustainable Consumption and Production (SCP).

In line with the above, PCPB will in future endeavour to

- i. Develop an environmental policy with a component on green public procurement once the draft framework is finalized for adoption.
- ii. Sensitize all staff on the implementation of the environmental policy implementation

### **ii. Environmental Performance,**

In line with PCPB's regulatory mandate on the import, manufacture, use and disposal of pest control products, PCPB is guided by the provisions of PCP Act, EMCA Act, Extended Producer Responsibility (EPR) Regulations 2020 and the International Multi-lateral Environmental Agreements.

As the Designated National Authority to the Rotterdam Convention PCPB also ensures adherence to

- a) the prior informed consent procedure for all Annex III listed pesticides
- b) Importing country and exporting country information exchange on obsolete, banned and restricted pesticides
- c) Basel, Rotterdam and Stockholm Conference of Party decisions with regards to molecules of concern.

In the year under review PCPB participated in the following pesticide management meeting among others;

- i. 1st Physical Working Session of the EAC Highly Hazardous (HHPs) Technical Working Group (TWG) on Developing the EAC HHPs Strategy;
- ii. The Regional Meeting on vector control registration;
- iii. First meeting Compliance Committee of the Rotterdam Convention;
- iv. African Regulators to the USA Mission;
- v. Capacity Building workshop on Dossier Evaluation and Basic Risk Assessment under the harmonized pesticide registration and management in the EAC;
- vi. Meeting of the EAC TWG to review online pesticide registration application and findings from Season 1 & 2 pilot efficacy trials under globally harmonized guidelines for testing & registration of pesticides;
- vii. Capacity Building Workshop on Dossier Evaluation and Risk Assessment Part II and TWG Meeting on Mutual Recognition Mechanism and Procedures for Registration of Plant Pest Control Products & Online Portal for Submission of Dossiers;
- viii. The Second meeting of the EAC TWG on HHPs to draft the EAC HHPs Strategy;
- ix. The Africa regional preparatory meeting for the 2023 meetings of the Conferences of the Parties to the Basel, Rotterdam and Stockholm Conventions;
- x. Fourth Meeting of the Intersessional process considering the Strategic Approach and Sound Management of Chemicals and Waste beyond 2020;
- xi. 2023 Meeting of the Conference of Parties (COP) to Basel, Rotterdam and Stockholm Convention;
- xii. EAC Capacity building Meeting on Risk Assessment; and
- xiii. 2023 The Codex Committee on Pesticide residues

**iii. Employee Welfare**

PCPB has an approved human resource and guidelines manual that dictates the handling of employee's welfare issues and also the expected norms, rewards and sanctions and behaviours at the work places.

Further, PCPB has career guidelines that clearly guides the employees on the requirements for movement within the job cadres as well as the skills and trainings the employees are to be trained on.

PCPB has also a contributory pension scheme where 20% of the basic salary of an employee is deposited every month with the employee also required to contribute 10% of the same to safeguard their old age.

**iv. Market place practices**

**Pest Control Products Board has made efforts to:**

**a) Responsible Competition practice**

Activities relating to responsible competition practice and supply chain and supplier relations and responsible marketing and advertisement and product stewardship are:

- Monitoring all pest control products adverts being aired to reduce unfair completion as dealers popularize their products.
- Post registration surveillance ensures only registered pest control products are in the market.
- Routinely inspecting and licensing of all complying pesticide dealers so as to weed out rogue pesticide traders.
- Imports are controlled so that only registered pest control products get into and out of the country.
- Capacity building to farmers and other stakeholders is done to ensure products are used responsibly.
- Information sharing with other government agencies helps in reduction of illicit trade and promotes use of registered pest control products.

**b) Responsible Supply Chain and supplier relations**

Pest Control Products Board (PCPB) being a Government institution is guided by the Procurement and disposal Act 2012 and Regulations 2015 for all its procurement processes. Further, PCPB follows the time to time government guidelines to meet the government of the day objectives. Moreover, PCPB has in its charter promised to pay all suppliers within three days upon delivery of goods/services and submission of all the required documentation.

**c) Responsible Marketing and Advertisement**

PCPB being a non-commercial entity does not do marketing advertisements. However, PCPB advertises its tenders and vacancies available through the Government Advertising Agency that harmonize the public sector advertising.

**d) Product Stewardship**

PCPB deals with Pesticides information that is private and confidential. To safeguard the rights and interests of the owners of such information, PCPB has an established secure room for those information that is accessed only by the authorised officers.

**V. Corporate Social Responsibility /Community Engagements**

PCPB has established a fruit and tree nursery in conjunction with the Ministry of Agriculture. In this FY, PCPB was able to successfully graft over 7,000 Hass Avocado seedlings and plant 12,800 Coffee seedlings in the nursery. The trees will be collected by Ministry of Agriculture, state department of Crop and Agricultural Research for distribution to needy farmers and some will be sold at a reasonable fee.

**11. Report of the Directors**

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

**i) Principal activities**

The principal activities of the Pest Control Products Board is to regulate the importation and exportation, manufacture, distribution and use of pest control as laid down under the Pest Control Products Act, Cap 346, Laws of Kenya.

**ii) Results**

The financial results of Pest Control Products Board for the year ended June 30, 2023, are set out on pages 1 to 6.

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page v. During the year 2022/2023, Andrew Kinyua, Eric Kimunguyi and Dr. Elijah Gichuru tenure expired, while Mr Muktar Mohamed and Dr. Zachary Kinyua were appointed new directors with effect from July and December 2022 respectively for three years term each.

**iv) Surplus remission**

Pest Control Products Board operates accrual basis of accounting, surplus accruing are therefore deployed back in the next FY for development/ capital expenditure. During the year Pest Control Products Board surplus for the previous year was used to fund development project that is on-going and which is delayed due to reduced government funding.

**v) Auditors**

The Auditor-General is responsible for the statutory audit of the Pest Control Products Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....  
**Fredrick N Muchiri**

**Chief Executive Officer/Secretary to the Board**

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

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of all government entities and state corporations, which give a true and fair view of the state of affairs of the Pest Control Products Board at the end of the financial year/period and the operating results of the Pest Control Products Board for that year/period. The Directors are also required to ensure that the Pest Control Product Board keeps proper accounting records that disclose with reasonable accuracy the financial position of the Pest Control Product Board. The Directors are also responsible for safeguarding the assets of the Pest Control Products Board.

The Directors are responsible for the preparation and presentation of the Pest Control Products Board's financial statements, which give a true and fair view of the state of affairs of the Pest Control Products Board for and as at the end of the financial year ended on June 30, 2023.

This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Pest Control Products 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 Pest Control Products Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Pest Control Products Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Pest Control Products Board's financial statements give a true and fair view of the state of Pest Control Products Board's transactions during the financial year ended June 30, 2023, and of the Pest Control Products Board's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Pest Control Products Board, which have been relied upon in the preparation of the Pest Control Products Board's financial statements as well as the adequacy of the systems of internal financial control.

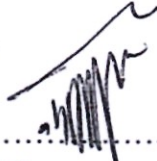
*PEST CONTROL PRODUCTS BOARD*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

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In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern.

**Approval of the Financial Statements**

The Pest Control Products Board financial statements were approved by the Board on 4<sup>th</sup> of August 2023 and signed on its behalf by:



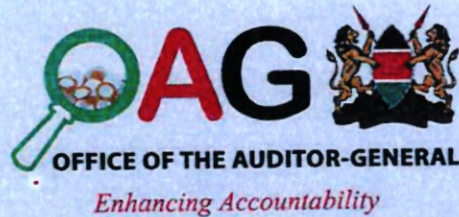
.....  
**Njoroge Kagwe**  
**CHAIRPERSON OF THE BOARD**



.....  
**Fredrick N Muchiri**  
**ACCOUNTING OFFICER**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON PEST CONTROL PRODUCTS BOARD FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of the Pest Control Products Board set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

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*Report of the Auditor-General on Pest Control Products Board for the year ended 30 June, 2023*

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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of Pest Control Products Board as at 30 June, 2023, and of its financial performance and of its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Pest Control Products Act, 1982 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Failure to Revalue Fully Depreciated Assets**

The statement of financial position reflects property, plant and equipment net book value of Kshs.600,127,395 as disclosed in Notes 19 to the financial statements. The balance excludes the fair value of assets that have been fully depreciated, and which are still in use by the board. Further, the board has not disclosed the valuation policy on its fixed asset in the Notes to the financial statement. This was contrary to the International Public Sector Accounting Standard 17(44) which requires sufficient regularity in revaluation of property, plant and equipment to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

In the circumstances, the accuracy and fair value of property plant and equipment balance of Kshs.600,127,395 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Pest Control Products Board Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

#### **Other Matter**

#### **Unresolved Prior Year Issues**

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the guidelines issued by the Public Sector Accounting Standards Board.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the basis for conclusion on Lawfulness and Effectiveness in Use of Public Resources, 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**

#### **Unauthorized Over Expenditure**

Review of the approved budget against actual expenditure on transport operating expenses, purchase of plant, machinery and equipment and construction of buildings on comparable basis reflects total of Kshs.24,919,500 and Kshs.45,377,500 respectively resulting in an over-expenditure of Kshs.20,458,000 or 82% of the budget. No approval of the over expenditure was provided for audit. This was contrary to Regulation 44 (2) of Public Finance Management (National Government) Regulations, 2015 which states that National Government entities shall execute their approved budgets based in the annual appropriations, and the approved annual cash flow plan with exception of unforeseen and unavoidable spending dealt with through the Contingencies Fund, or supplementary estimates.

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

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on 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 public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Understaffing**

The approved establishment of the Board provides for two hundred and sixty-seven (267) staff members. However, only sixty-four (64) or 24% were in-post resulting in a shortfall of two hundred and three (203) staff members across the various staffing cadres as at 30 June, 2023.

In the circumstances, the understaffing may hinder effective delivery of services by the Board.

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

### **Responsibilities of Management and 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 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Board's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

The Board of Directors is responsible for overseeing the 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**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi


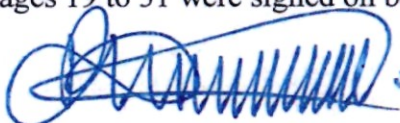

22 February, 2024

**PEST CONTROL PRODUCTS BOARD**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

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

	Notes	2022-2023	2021-2022
		Ksh.	Ksh.
<b>Revenue from non-exchange transactions</b>			
Transfers from other government entities	6	104,208,333	110,000,000
Licenses and permits	7	103,741,050	105,547,304
		<b>207,949,383</b>	<b>215,547,304</b>
<b>Revenue from exchange transactions</b>			
Rental revenue from facilities and equipment	8	4,485,252	2,963,221
Other income	9	736,054	3,163,978
<b>Total revenue</b>		<b>213,170,689</b>	<b>221,674,503</b>
<b>Expenses</b>			
Use of goods and services	10	51,778,565	44,302,972
Employee costs	11	131,903,103	130,612,740
Board Expenses	12	6,705,955	4,393,874
Depreciation and amortization expense	13	13,579,553	9,945,573
Repairs and maintenance	14	6,375,104	3,984,164
Contracted services	15	3,401,782	3,115,924
Grants and subsidies	16	437,846	162,270
<b>Total expenses</b>		<b>214,181,908</b>	<b>196,517,517</b>
<b>Surplus/(deficit) for the period/year</b>		<b>(1,011,219)</b>	<b>25,156,986</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		(1,011,219)	25,156,986
Surplus attributable to owners of the controlling Entity		<b>(1,011,219)</b>	<b>25,156,986</b>

The notes set out on pages 19 to 31 form an integral part of these Financial Statements. The Financial Statements set out on pages 19 to 31 were signed on behalf of the Board of Directors by:

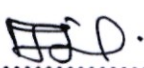
		
<b>Accounting Officer</b>	<b>Head of Finance</b>	<b>Chairman of the Board</b>
<b>Name: Fredrick N Muchiri</b>	<b>Name: CPA Bernard M. Mang'ara</b>	<b>Name: Njoroge Kagwe</b>
	<b>ICPAK Member Number: 12615</b>	
<b>Date: 22/01/2024</b>	<b>Date: 19/1/2024</b>	<b>Date: 22/01/2024</b>

**PEST CONTROL PRODUCTS BOARD**  
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**15 Statement of Financial Position as at 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	17	44,684,463	66,778,173
Receivables from Exchange Transactions	18	28,322,955	11,098,938
<b>Total Current Assets</b>		<b>73,007,418</b>	<b>77,877,111</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	19	600,127,395	544,101,064
<b>Total Non- Current Assets</b>		<b>600,127,395</b>	<b>544,101,064</b>
<b>Total Assets</b>		<b>673,134,813</b>	<b>621,978,175</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	20	13,509,205	13,456,829
Current Provision	22	3,328,347	2,585,223
<b>Total Current Liabilities</b>		<b>16,837,552</b>	<b>16,042,052</b>
<b>Total Liabilities</b>		<b>16,837,552</b>	<b>16,042,052</b>
<b>Net Assets</b>			
Reserves	25	67,354,425	67,354,425
Accumulated Surplus	25	402,061,023	403,072,242
Capital Fund	25	175,051,456	123,679,099
Revaluation Surplus	25	11,830,357	11,830,357
<b>Total Net Assets</b>		<b>656,297,261</b>	<b>605,936,123</b>
<b>Total Net Assets and Liabilities</b>		<b>673,134,813</b>	<b>621,978,175</b>

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

  
 Name: Fredrick N Muchiri

Accounting Officer  
 Date: 22/01/2024

  
 Name: CPA Bernard Mang'ara  
 Head of Finance. ICPAK

Member No.: 12615  
 Date: 19/1/2024

  
 Name: Njoroge Kagwe

Chairman of the Board  
 Date: 22/01/2024

*PEST CONTROL PRODUCTS BOARD*  
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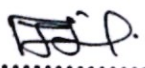
**16. Statement of Changes in Net Assets for the year ended 30 June 2023**


<b>Description</b>	<b>Capital Reserves</b>	<b>Fair value adjustment reserve</b>	<b>Retained earnings</b>	<b>Capital/ Development Grants/Fund</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at July 1, 2021</b> As previously Stated	<b>67,354,425</b>	<b>11,830,357</b>	<b>377,915,257</b>	<b>46,321,436</b>	<b>503,421,475</b>
Prior Year Adjustments Note 21	-	-	-	-	-
Surplus/ deficit for the year	-	-	25,156,985	-	25,156,985
Capital/development grants received during the year	-	-	-	77,357,663	
<b>As at June 30, 2022</b>	<b>67,354,425</b>	<b>11,830,357</b>	<b>403,072,242</b>	<b>123,679,099</b>	<b>605,936,123</b>
<b>As at July 1, 2022</b>	<b>67,354,425</b>	<b>11,830,357</b>	<b>403,072,242</b>	<b>123,679,099</b>	<b>605,936,123</b>
Surplus/ (deficit) for the year	-	-	(1,011,219)	-	(1,011,219)
Capital/development grants received during the year	-	-	-	51,372,357	51,372,357
<b>As at June 30, 2023</b>	<b>67,354,425</b>	<b>11,830,357</b>	<b>402,061,023</b>	<b>175,051,456</b>	<b>656,297,261</b>


**PEST CONTROL PRODUCTS BOARD**  
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**for the year ended June 30, 2023.**

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

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	138,080,690	187,357,663
Licenses and permits	7	103,741,050	105,547,304
Rental revenue from facilities and equipment	8	4,179,798	2,599,396
Other income	9	736,054	3,163,978
<b>Total receipts</b>		<b>246,737,592</b>	<b>298,668,341</b>
<b>Payments</b>			
Use of goods and services	10	51,430,565	44,340,765
Employee costs	11	130,874,166	137,373,267
Board Expenses	12	6,705,955	4,393,874
Repairs and maintenance	14	6,375,104	3,984,164
Contracted services	15	3,401,782	3,115,924
Grants and subsidies	16	437,846	162,270
<b>Total payments</b>		<b>199,225,418</b>	<b>193,370,264</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>47,512,174</b>	<b>105,298,077</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	19	(69,605,885)	(40,972,768)
<b>Net cash flows from/(used in) investing activities</b>		<b>(69,605,885)</b>	<b>(40,972,768)</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(22,093,711)</b>	<b>64,325,309</b>
Cash and cash equivalents at 1 July 2023	17	66,778,174	2,452,865
<b>Cash and cash equivalents at 30 June 2024</b>		<b>44,684,463</b>	<b>66,778,174</b>

  
 .....  
**Name: Fredrick N Muchiri**  
**Accounting Officer**

  
 .....  
**Name: CPA Bernard Mang'ara**  
**Head of Finance**

  
 .....  
**Name: Njoroge Kagwe**  
**Chairman of the Board**

**Date: 22/01/2024**

**ICPAK M/No: 12615**  
**Date: 19/1/2024**

**Date: 22/01/2024**

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

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	B	C = (a+b)	d	E = (c-d)	F = d/c*100					
<b>Revenue</b>	<b>2022/2023</b>		<b>2022/2023</b>	<b>2022/2023</b>							
Transfers from Other Government entities	225,000,000	(70,791,667)	155,000,000	154,208,333	(791,667)	100%					
Licenses and permits	126,000,000	-	126,000,000	103,741,050	(22,258,950)	82%					
Rental Revenue from Facilities and Equipment	8,000,000	-	8,000,000	4,485,252	(4,251,030)	53%					
Other Income	6,000,000	-	6,000,000	736,054	(5,263,954)	12%					
<b>Total Income</b>	<b>365,000,000</b>	<b>(70,791,667)</b>	<b>295,000,000</b>	<b>263,170,689</b>	<b>(32,565,593)</b>	<b>89%</b>					
<b>Expenses</b>											
Use of Goods and Services	64,553,831	-	64,553,831	51,778,565	13,755,248	80%					
Employee costs	143,013,498	-	143,013,498	131,903,103	11,110,395	92%					
Remuneration of Directors	6,266,001	-	6,266,001	6,705,955	439,954	107%					
Depreciation & Amortization	16,293,469	-	16,293,469	13,579,553	2,713,916	83%					
Repairs and Maintenance	8,017,200	-	8,017,200	6,375,104	1,746,396	80%					
Contracted Services	3,801,000	-	3,801,000	3,401,782	399,218	89%					
Grants and Subsidies	830,000	-	830,000	437,846	392,154	53%					
<b>Total Expenditure</b>	<b>242,774,999</b>	<b>-</b>	<b>242,774,999</b>	<b>213,833,908</b>	<b>29,941,091</b>						
<b>Surplus for the period</b>	<b>1,725,001</b>		<b>1,725,001</b>	<b>49,336,781</b>	<b>(47,611,780)</b>						
<b>Capital Expenditure</b>	<b>120,000,000</b>	<b>(70,000,000)</b>	<b>50,000,000</b>	<b>69,605,885</b>	<b>(19,605,885)</b>	<b>139%</b>					
<b>Total Expenditure</b>	<b>363,274,999</b>	<b>(70,000,000)</b>	<b>293,274,999</b>	<b>283,439,793</b>	<b>10,835,206</b>						

Budget notes

1. Revenue target for Licence fee was not met. This is due to delay in gazettelement of the new fees and charges expected during the year. Other receipts target was also not met, PCPB was not able to get new tenants for the vacant space leading to low revenue received.
2. The recurrent expenditure costs were below budget estimates due to low cashflows, the delay in gazettelement of new fees & charges led to low cash inflow as estimated in the budget. Expenditure was as a result low due to low cash inflows.
3. PCPB was allocated Ksh 120 million for the ongoing Lab construction project, however the amount was reduced mid-year to Ksh 70 million during Government budget rationalization exercise.

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

### **1. General Information**

The Pest Control Products Board is established by and derives its authority and accountability from the Pest Control Products Act, Cap 346, Laws of Kenya of 1982. The Pest Control Products Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Pest Control Products Board principal activity is to oversee all matters related to pesticides, including but not limited to regulation of the importation and exportation, manufacture, distribution, sale and use of pest control products while mitigating their harmful effects to human health, animal health and the environment.

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

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

*PEST CONTROL PRODUCTS BOARD*  
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**Notes to the Financial Statements (Continued)**

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

PCPB did not adopt any new or amended standards since non apply to the operations of the organization for the period under review.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rental income**

Rental income from the vacant office space let out is accounted for on a straight line basis and included for in the revenue, rental income.

**b) Budget information**

The original budget for 2022/2023 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 Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded revised appropriations of development grants on the 2022/23 budget following the governing body's approval.

The Pest Control Products 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 section twoof these financial statements.

**c) Taxes**

**Current income tax**

Pest Control Products Board is fully funded by exchequer and is not a body Corporate but a semi-autonomous Government agency and therefore not responsible for payment of corporate tax. However, PCPB pays VAT on rental income.

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

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

**d) Investment property**

PCPB did not have any investment property over the period.

**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, PCPB 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. Depreciation is charged so as to write off the cost of valuation of property, plant and equipment to their residual values over their expected useful lives using the straight line method at the following rates: Equipment 12.5% (8years), Furniture 12.5% (8 years), Motor Vehicles 25% (4 years), Computer Equipment 33.3% (3 years), Laboratory equipment 12.5% (8 years).

**f) Leases**

PCPB did not have any finance lease during the period.

**g) Intangible assets**

PCPB did not have any intangible asset during the period.

**h) Research and development costs**

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

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

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

**i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Pest Control Products Board measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

PCPB classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both The Pest Control Products Board's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model

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

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

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

*PEST CONTROL PRODUCTS BOARD*  
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**Notes to the Financial Statements (Continued)**

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

**Fair value through surplus or deficit**

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

**Impairment**

The Pest Control Products Board assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

**b) Financial liabilities**

**Classification**

The Pest Control Products Board classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**j) Inventories**

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

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

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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 Pest Control Products Board.

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

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

**k) Provisions**

Provisions are recognized when The Pest Control Products 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 PCPB 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.

**l) Social Benefits**

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

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**m) Contingent liabilities**

PCPB 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.

**n) Contingent assets**

PCPB 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 Entity 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.

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

**o) Nature and purpose of reserves**

PCPB have created and maintains a Capital reserve, Revaluation Reserve and Accumulated Surplus/Retained earnings reserves. These reserves are exclusively used in acquiring fixed assets for the organization.

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

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

**q) Employee benefits**

**Retirement benefit plans**

The Pest Control Products Board provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which PCPB pays fixed contributions into a separate entity 20% of the basic salary of every employee (a fund) and will have no

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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.

**r) 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. There was no foreign currency transactions during the period.

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

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

**s) Borrowing costs**

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

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred.

Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**t) Related parties**

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

**u) Service concession arrangements**

The Pest Control Products Board analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, PCPB 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 Pest Control Products Board also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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

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

**v) Cash and cash equivalents**

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

**w) Comparative figures**

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

**x) Subsequent events**

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

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

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of The Pest Control Products 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.

**Estimates and assumptions.**

That the National Treasury shall continue funding the activities of PCPB in the foreseeable future. That there shall be no change in Law or policy that will significantly affect the operations/existence of PCPB

**Useful lives and residual value**

The useful lives and residual values of assets have been assessed using Open Market value methodology

**Provisions**

Provisions have been made for gratuity at 31% of basic salary as provided in government's regulations.

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

**6. Transfers from Other Government entities**

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

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2022-2023	2021-2022
	KShs	KShs	KShs	KShs	KShs
State Department of Agriculture	104,208,333	-	50,000,000	154,208,333	186,000,000
Civilian Research & Development Foundation Global	-	-	1,372,357	1,372,357	1,357,663
<b>Total</b>	<b>104,208,333</b>	<b>-</b>	<b>51,372,357</b>	<b>155,580,690</b>	<b>187,357,663</b>
<b>Cash inflow From Transfers from other Entities – Cash Flow Statement Details</b>					
Governments grant				154,208,333	
Civilian Research & Development Foundation Global				1,372,357	
Total Transfers recognized				<b>155,580,690</b>	
Less: Accrued recurrent grant for May & June 2023				(17,500,000)	
Cash Inflow carried to statement of cash flows				<b>138,080,690</b>	

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

**7. Licences, Fees and Permits**

Description	2022-2023	2021-2022
	Kshs	Kshs
Licenses	103,741,050	105,547,304
<b>Total</b>	<b>103,741,050</b>	<b>105,547,304</b>

This relates to various licence fees and charges for the importation and exportation, manufacture, distribution and use of pest control products.

**8. Rental Revenue from Facilities and Equipment**

Description	2022-2023	2021-2022
	Kshs	Kshs
Operating Lease Revenues	4,485,252	2,963,221
<b>Total Rentals</b>	<b>4,485,252</b>	<b>2,963,221</b>

This relates to rental income on extra space let to tenants at the Head Office building in Loresho.

**9. Other Income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Miscellaneous incomes	736,054	3,163,978
<b>Total Other income</b>	<b>736,054</b>	<b>3,163,978</b>

This relates to miscellaneous incomes like analysis fees, disposal fees on impounded products

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**10. Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Advertising	432,882	401,164
Audit Fees	348,000	348,000
Bank Charges	203,473	189,086
Computer Expenses	381,610	133,113
Exhibitions and Shows	2,327,505	437,004
External Traveling	2,153,458	2,337,129
Electricity and Water	999,835	843,261
Insurance	953,819	969,611
Library Expenses	213,483	211,462
Miscellaneous & Consumable Stores	2,868,555	2,568,334
Laboratory Consumables	245,835	199,753
Official Entertainment	946,407	323,442
Postal and Telegram	1,534,384	1,471,096
Printing & Publication	149,591	155,692
Purchase of Fungicides	184,505	89,045
Purchase of Stationary	917,835	1,694,436
Rent & Rates	4,397,029	4,660,858
Telephone Expenses	37,700	60,828
Training Expenses	2,940,118	1,339,240
Transport Operating Expenses	5,186,015	3,618,032
Traveling & Accommodation	23,576,814	20,389,060
Tax, fines and Penalties	736,282	1,807,900
Purchase of Uniform	5,430	9,026
Disposal	38,000	46,400
<b>Total</b>	<b>51,778,565</b>	<b>44,302,972</b>
<i>For cash flows adjust by deduction the provisions for Audit fees Ksh 348,000</i>	<i>51,430,565</i>	

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**11. Employee Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	68,736,025	68,013,656
Employer contribution to health insurance schemes	10,228,767	10,301,318
Employer contribution to pension schemes	12,398,202	12,402,916
Commuter allowance	6,232,000	6,224,452
Housing benefits and allowances	25,703,000	25,166,774
Passage & leave allowances	676,000	709,548
Telephone allowance	4,203,500	3,681,614
Gratuity	1,091,124	1,058,723
Other Personal allowances	2,634,485	3,053,740
<b>Employee costs</b>	<b>131,903,103</b>	<b>130,612,740</b>
<i>For Cashflow Purposes Deduct provision for Gratuity Ksh 1,028,937</i>	<i>130,874,166</i>	

**12. Board Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman Honoraria	1,090,400	875,800
Sitting Allowances	5,615,555	3,518,074
<b>Total</b>	<b>6,705,955</b>	<b>4,393,874</b>

*Due to growth in costs of various items the cost incurred by the Board increased marginally. There was also more Board and Board committees meeting as compared to the previous year.*

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**13. Depreciation and Amortization Expense**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	13,579,553	9,945,573
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>13,579,553</b>	<b>9,945,573</b>

*PCPB acquired 4 new vehicles, computers and office equipment's, and Depreciation expense were calculated on a straight line on a pro rata basis.*

**14. Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property and equipment	2,436,527	971,281
Equipment and Machinery	1,427,639	1,041,906
Vehicles	2,510,938	1,970,977
<b>Total Repairs and Maintenance</b>	<b>6,375,104</b>	<b>3,984,164</b>

*The repairs and maintenance costs increased due to the aging buildings, Motor vehicles, and other equipment coupled with rising costs of operations.*

**15. Contracted Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Security Services	2,637,840	2,632,891
Property Management Services	763,942	483,033
<b>Total Contracted Services</b>	<b>3,401,782</b>	<b>3,115,924</b>

*The cost of managing the property is pegged on tenancy payments, in the current period, some additional tenants raised the rental income and correspondingly the property management fees. Security Service expense remained relatively the same.*

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

**16. Grants and Subsidies**

Description	2022-2023	2021-2022
	Kshs	Kshs
Corporate Social Responsibility	437,846	162,270
<b>Total Grants and Subsidies</b>	<b>437,846</b>	<b>162,270</b>

*PCPB established a tree nursery to propagate coffee and avocado trees to be donated out to the public to improve the citizens' livelihood as well as improve tree cover for environmental preservation.*

**17. Cash and Cash Equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
731026785 - ABSA	7,434,302	2,654,141
1106876067 - KCB	5,347,188	38,290,280
1106877357 - KCB	31,902,973	25,833,752
<b>Total Cash And Cash Equivalents</b>	<b>44,684,463</b>	<b>66,778,173</b>

*In the previous year, Total cash & Cash Equivalents was higher than the current year due to receipt of development grant which was not immediately absorbed by the ongoing project.*

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**18. Receivables from Exchange Transactions**

**(a) Receivables from Exchange Transactions (Current)**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Receivables</b>		
Medical Insurance	7,812,047	7,922,073
City Council of Nairobi	221,643	215,188
PS Ministry of Lands & Housing	150,000	150,025
Oscar Training Levy	295,068	-
Salary Advance	105,835	-
Paymaster General (excess tax paid on Emily's pay	-	-
Commissioner of VAT	84,916	-
KEBS	200	-
NSSF Faraton	400	-
Other exchange debtors	19,652,847	2,811,652
<b>Total Current Receivables</b>	<b>28,322,955</b>	<b>11,098,938</b>

*Current receivables in the current period included 17.5 million receivable from parent Ministry for Recurrent grant, and Ksh 1.5 million for New Tenants rent Deposit. These two led to the high increase compared to the prior year.*

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**(b) Ageing analysis for Receivables from exchange transactions**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	28,322,955	100%	0	%
<b>Total (a+b)</b>	<b>28,322,955</b>	<b>%</b>	<b>0</b>	<b>%</b>

*PCPB does not have any long term receivables.*

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

**19. Property, Plant and Equipment**

Cost	Land	Buildings 2%	Motor vehicles 25%	Furniture and fittings 12.50%	Computers 33.30%	Office Equipment 12.50%	Lab Equipment 12.50%	Work In Progress 0%	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs
As At 1 July 2021	35,000,000	349,058,705	31,000,000	7,904,916	3,658,883	11,310,722	1,821,500	180,369,361	620,124,087
Additions	-	1,357,663	5,230,000	207,972	1,005,280	-	-	33,171,853	40,972,768
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2022</b>	<b>35,000,000</b>	<b>350,416,368</b>	<b>36,230,000</b>	<b>8,112,888</b>	<b>4,664,163</b>	<b>11,310,722</b>	<b>1,821,500</b>	<b>213,541,214</b>	<b>661,096,855</b>
Additions	-	1,372,049	29,414,400	-	690,200	308,490	-	37,820,746	69,605,885
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	<b>35,000,000</b>	<b>351,788,417</b>	<b>65,644,400</b>	<b>8,112,888</b>	<b>5,354,363</b>	<b>11,619,212</b>	<b>1,821,500</b>	<b>251,361,960</b>	<b>730,702,740</b>
<b>Depreciation And Impairment</b>	-								
At 1 July 2021	-	55,524,752	31,000,000	5,724,212	3,658,883	9,548,557	1,593,815	-	107,076,216

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Cost	Land	Buildings 2%	Motor vehicles 25%	Furniture and fittings 12.50%	Computers 33.30%	Office Equipment 12.50%	Lab Equipment 12.50%	Work In Progress 0%	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs
Depreciation	-	6,981,174	-	988,115	334,758	1,413,840	227,688	-	9,945,575
Impairment	-	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2022</b>	-	<b>62,505,926</b>	<b>31,000,000</b>	<b>6,712,327</b>	<b>3,993,641</b>	<b>10,962,397</b>	<b>1,821,500</b>	-	<b>116,174,291</b>
Depreciation	-	7,035,768	4,984,300	1,014,111	449,676.54	95,696.88	-	-	13,579,553
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	-	<b>69,541,695</b>	<b>35,984,300</b>	<b>7,726,438</b>	<b>4,443,318</b>	<b>11,058,094</b>	<b>1,821,500</b>	-	<b>130,575,345</b>
<b>Net Book Values</b>									
<b>As at 30<sup>th</sup> June 2022</b>	<b>35,000,000</b>	<b>287,910,442</b>	<b>5,230,000</b>	<b>1,400,562</b>	<b>670,522</b>	<b>348,325</b>	-	<b>213,541,214</b>	<b>544,101,065</b>
<b>As at 30<sup>th</sup> June 2023</b>	<b>35,000,000</b>	<b>282,246,722</b>	<b>29,660,100</b>	<b>386,450</b>	<b>911,045</b>	<b>561,118</b>	-	<b>251,361,960</b>	<b>600,127,395</b>

*The Work In Progress (WIP) is an ongoing Residual Laboratory Construction which has been ongoing since January 2017.*

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

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

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	35,000,000	-	35,000,000
Buildings	351,788,417	69,541,695	282,246,722
Motor Vehicles, Including Motorcycles	65,644,400	35,984,300	29,660,100
Furniture & Fittings	8,112,888	7,726,438	386,450
Computers And Related Equipment	5,354,363	4,443,318	911,045
Office Equipment	11,619,212	11,058,094	561,118
Laboratory Equipment	1,821,500	1,821,500	-
Capital Work in Progress	251,361,960	-	251,361,960
<b>Total</b>	<b>730,702,740</b>	<b>130,575,345</b>	<b>600,127,395</b>

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

**20. Trade and Other Payables**

Description	2022-2023	2021-2022
	Kshs	Kshs
PAYE	1,990,201	1,564,983
Retention NK Brothers	10,808,159	10,808,159
Prime Rigs & Drillers	117,430	117,430
Commissioner of VAT	-	49,096
Training Levy from Oscar	-	17,870
NHIF	-	450
NITA	-	40,100
Transnational	-	200
Rent Deposit, Horticultural Council	210,540	210,540
Audit fees	-	348,000
KARLO – Mtwapa rental	-	300,000
Frankfurt Security – Rent Deposit	156,831	-
Purple Digital Ltd – Rent Deposit	62,441	-
Yeyuka Africa Tours & Travels – Rent Deposit	163,603	-
<b>Total trade and other payables</b>	<b>13,509,205</b>	<b>13,456,829</b>

**21. Refundable Deposits and Prepayments from Customers**

Description	2022-2023	2021-2022
	Kshs	Kshs

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<b>Total deposits</b>				
<b>Ageing analysis: (Refundable deposits)</b>	<b>2022-2023</b>	<b>% of the Total</b>	<b>2021-2022</b>	<b>% of the Total</b>
<b>Total</b>				

**22. Current Provisions**

Description	Gratuity Provision	Audit Fees provision	Total
	Kshs	Kshs	Kshs
<b>Balance b/f</b>	<b>1,889,223</b>	<b>696,000</b>	<b>2,585,223</b>
Additional provisions	1,091,124	-	1,091,124
Provision utilized	-	(348,000)	(348,000)
Change due to discount and time value for money	-	-	-
Transfers from non-current provisions	-	-	-
<b>Total provisions year end</b>	<b>2,980,347</b>	<b>348,000</b>	<b>3,328,347</b>

**23. Employee Benefit Obligations**

**a) Amounts recognised in the Statement of Financial Performance**

Pest Control Products Board contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Pest Control Products Board's obligation under the scheme is limited to specific contributions legislated from time to time. Other than NSSF, PCPB also has a defined contribution scheme operated by Britam Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

**24. Cash Generated from Operations**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>(663,219)</b>	<b>25,156,985</b>
<b>Adjusted for:</b>		
Depreciation	13,579,533	9,945,573
Non-cash grants received	-	-
Contributed assets	-	-

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Description	2022-2023	2021-2022
	Kshs	Kshs
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	395,124	1,406,722
Contribution to impairment allowance	-	-
Finance income	51,372,357	77,357,663
Finance cost	-	-
<b>Working capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	(17,224,017)	(4,701,392)
Increase in deferred income	-	-
Increase in payables	52,376	(3,867,474)
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>47,512,174</b>	<b>105,298,077</b>

**25. Financial Risk Management**

The Pest Control Products Board's activities expose it to a variety of financial risks including liquidity risks and effects of changes in foreign currency. The Pest Control Products Board's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. PCPB does not hedge any risks and does not offer credit facility to customers.

**i) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
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	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>				
Trade payables	1,990,201	382,875	11,136,129	13,509,205
Provisions	1,439,124	0	2,237,223	3,676,347
<b>Total</b>	<b>3,429,325</b>	<b>382,875</b>	<b>13,373,352</b>	<b>17,185,552</b>
<b>As at 30<sup>th</sup> June 2022</b>				
Trade payables	13,339,399	-	117,430	13,456,829
Provisions	2,585,223	-	-	2,585,223
<b>Total</b>	<b>15,924,622</b>	<b>-</b>	<b>117,430</b>	<b>16,042,052</b>

**iv) Capital Risk Management**

The objective of the Pest Control Products Board's capital risk management is to safeguard the Pest Control Products Board's ability to continue as a going concern.

The Pest Control Products Board capital structure comprises of the following funds:

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	11,830,357	11,830,357
Retained Earnings	402,061,023	403,072,242
Capital Reserve	242,405,881	191,033,524
<b>Total Funds</b>	<b>656,297,261</b>	<b>605,936,123</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	(44,684,463)	(66,778,178)
Net Debt/(Excess Cash And Cash Equivalents)	611,612,798	539,157,945
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**26. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

The Government of Kenya is the principal shareholder of the Pest Control Products Board, holding 100% of the Pest Control Products Board's equity interest.

**Other related parties include:**

- i) The National Government

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- ii) The Parent Ministry
- iii) Key management.
- iv) Board of directors.

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Rent income from govt. Agencies	4,485,252	2,963,221
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC	999,835	843,261
Rent expenses paid to govt agencies	4,397,029	4,660,858
Training and conference fees paid to govt. Agencies	2,940,118	1,339,240
<b>Total</b>	<b>8,336,982</b>	<b>6,843,359</b>
<b>b) Grants /transfers from the government</b>		
Grants from national govt Parent Ministry	155,580,690	187,357,663
<b>c) Key management compensation</b>		
Directors' emoluments	6,705,955	4,393,874
Compensation to key management	21,734,306	19,133,210
<b>Total</b>	<b>28,440,261</b>	<b>23,527,084</b>

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

**27. Events after the Reporting Period**

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

**28. Ultimate And Holding Entity**

The Pest Control Products Board is a Semi- Autonomous Government Agency under the Ministry of Agriculture and Livestock Development. Its ultimate parent is the Government of Kenya.

**29. Currency**

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

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**20. Appendices**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1	<p>Staff on Acting Appointments for More Than Six Months</p> <p>Review of the Board's human resource records as at 30 June, 2022 revealed that four (4) officers have been in acting appointment and have been paid acting allowance since 1 May, 2020. This is contrary to Section C.14(1) of the Human Resource Policies and Procedures Manual May, 2016 which states that acting allowance will not be payable to an officer for more than six (6) months and also against the Board's HR manual which provides that acting appointment shall be limited to a continuous period of 6 months or until the vacant post is filled whichever is the earlier. In the circumstances, Management was in breach of the Human Resource Policies and Procedures Manual May, 2016.</p>	<p>The Board sought approval for recruitment from Head of Public service which was not approved for to lack of corporate status. To solve this, the Board is in the process of reviewing its Act to become a body corporate. The process is at the Ministry level from where it will go to Attorney General's office and finally to Parliament for approval. The General Managers Positions requires the Board to recruit externally through advertisement of the posts as per the PCPB approved Human Resource and procedure manual and not through promotions.</p>	Not Resolved	Not in our control - Bills in progress to address corporate status
	The statement of financial performance reflects	Management Response	Not resolved	Not in our control - Bills in

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframes:
	<p>staff costs amounting to Kshs. 130,612,740 and as disclosed in Note 10 to the financial statements. Review of the Board's staff establishment revealed that the Board had an approved staffing level of two hundred and sixty-seven (267) members of staff while only sixty-four (64) or 24% were in-post.</p> <p>Further, field visit of the Coast region in February, 2023 revealed that the region which serves nine (9) Counties has only three (3) technical officers one of whom was the acting in-charge.</p> <p>In the circumstances, the Board may not achieve its mandate.</p>	<p>The Board has a major challenge in staffing capacity attributed to lack of a body</p> <p>Corporate status and low funding levels. This has been reported to the Parent ministry for solutions, one among them to expedite the enactment of the proposed PCP bill and secondly increase funding levels. The process to review of the Bill is at advanced stage and review of fees regulations is also underway to improve the funding on top of lobbying for more funds from the exchequer. We hope in the coming year, these processes will come to fruition to enable the Board operate at optimal levels.</p>		<p>progress to address corporate status</p>

*[Signature]*

C.E.O/Secretary PCPB

Date: 22/01/2024

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**Appendix II: Projects implemented by The Pest Control Products Board**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Construction of Pesticide Residual Laboratory		GOK	5 years	N/A	N	Yes

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
	Construction of Pesticide Residual Laboratory	328 Million	251,361,960	87%	50 Million	37,820,746	GOK

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

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
MOALD	04/08/2022	Recurrent	8,750,000	8,750,000					8,750,000
MOALD	27/09/2022	Recurrent	8,750,000	8,750,000					8,750,000
MOALD	28/09/2022	Recurrent	8,750,000	8,750,000					8,750,000
MOALD	14/12/2022	Recurrent	8,750,000	8,750,000					8,750,000
MOALD	07/12/2022	Recurrent	8,750,000	8,750,000					8,750,000
MOALD	13/01/2023	Recurrent	8,750,000	8,750,000					8,750,000
MOALD	13/02/2023	Recurrent	8,750,000	8,750,000					8,750,000

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MOALD	08/03/2023	Recurrent	8,750,000	8,750,000					8,750,000
MOALD	14/04/2023	Recurrent	7,958,333	7,958,333					7,958,333
MOALD	06/06/2023	Recurrent	8,750,000	8,750,000					8,750,000
MOALD	03/07/2023	Recurrent	8,750,000	8,750,000					8,750,000
MOALD	19/10/2022	Development			21,250,000				21,250,000
MOALD	29/06/2023	Development			28,750,000				28,750,000
<b>Total</b>			<b>104,208,333</b>	<b>104,208,333</b>	<b>50,000,000</b>				<b>154,208,333</b>

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

REPUBLIC OF KENYA



MINISTRY OF AGRICULTURE AND LIVESTOCK DEVELOPMENT  
STATE DEPARTMENT FOR CROP DEVELOPMENT

Telegraphic Address "MINAG" NAIROBI  
Telephone: 718870/9

When replying please quote;  
[cdarprincipalsecretary@gmail.com](mailto:cdarprincipalsecretary@gmail.com)

Ref. MOALF&C/ACCTS/FUNDS TRANS/VOL.I/72


Managing Director  
Pest Control & Products Board (PCPB)  
P.O. Box 13794  
NAIROBI

KILIMO HOUSE  
CATHEDRAL ROAD  
P.O. Box 30028  
NAIROBI

7<sup>th</sup> August, 2023

**RE: CONFIRMATION OF TRANSFERS FOR RECURRENT AND DEVELOPMENT TO SAGAS**

The State Department for Crop Development wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate them in column E in the table below. Then please sign and stamp this request in the space provided and return it to us.

  
Douglas K. Mutemi  
For: **PRINCIPAL SECRETARY**

17 AUG 2023


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**Confirmation of Amounts received by Pest Control Board as at 30 June 2023**

Amount Disbursed by State Department for Crop Development as at 30 June 2023						Amount Received by Pest Control Board as at 30 June, 2023	Difference (Kshs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (Kshs) (A)	Development (Kshs) (B)	Inter-Ministerial (Kshs) (C)	Total (Kshs) (D)=(A+B+C)		
FT22271XX23Z	28-Sep-22	8,750,000.00			8,750,000.00		
FT22216RVCJ9	4-Aug-22	8,750,000.00			8,750,000.00		
FT22270XL6LS	27-Sep-22	8,750,000.00			8,750,000.00		
FT22318SMLB9	14-Nov-22	8,750,000.00			8,750,000.00		
FT223415RF36	7-Dec-22	8,750,000.00			8,750,000.00		
FT230132129X	13-Jan-23	8,750,000.00			8,750,000.00		
FT23044KCB97	13-Feb-23	8,750,000.00			8,750,000.00		
FT230671FCYG	8-Mar-23	8,750,000.00			8,750,000.00		
FT231048QJV2	14-Apr-23	7,958,333.00			7,958,333.00		
FT23157LTVJL	6-Jun-23	8,750,000.00			8,750,000.00		
FT231844KNZV	3-Jul-23	8,750,000.00			8,750,000.00		
FT231844LJQ	3-Jul-23	8,750,000.00			8,750,000.00		

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

Head of Accounts Department

Name Bernard Mungira Signature 

Date 17/08/2023

Copy to: Director General Accounting Services and Quality Assurance, National Treasury