

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID
REPORT

DATE: 20 MAR 2024 KED

TABLED

BY:

CLERK-AT
THE-PEER

HON. NAOMI WAQO, MP
Deputy Majority Whip
OF
Finlay Mumbwa

THE AUDITOR-GENERAL

ON

**KENYA NUCLEAR REGULATORY
AUTHORITY**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

14 FEB 2024

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KENYA NUCLEAR REGULATORY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.

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1. Acronyms, Abbreviations and Glossary of Terms

AIA	Appropriation-In-Aid
CBRN	Chemical, Biological, Radiological and Nuclear
CRWPF	Central Radioactive Waste Processing Facility
CSTD	Commission on Science and Technology for Development
DCI	Directorate of Criminal Investigation
DOB	Date of Birth
DO	District Officer
ECA	Eastern and Central Africa
KASNEB	Kenya Accountants and Secretaries National Examination Board
KNRA	Kenya Nuclear Regulatory Authority
NHIF	National Health Insurance Fund
PAYE	Pay As You Earn
RPB	Radiation Protection Board
IPSAS	International Public Sector Accounting Standards
SCAC	State Corporations Advisory Committee
UNCTAD	United Nation Conference on Trade and Development
UNEP	United Nation Environmental Program
UNSCR	United Security Council Resolution

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.

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2. Key Entity Information and Management

(a) Background information

The Kenya Nuclear Regulatory Authority (KNRA) is a State Corporation established by the Nuclear Regulatory Act, No.29 of 2019 (which repealed the then Radiation Protection Act Cap 243). KNRA is the successor to the former Radiation Protection Board. Parent Ministry remains the Ministry of Health.

The Nuclear Regulatory Act provides for a comprehensive framework for the regulation of safe, secure and peaceful utilization of atomic energy and nuclear technology; the production and use of radiation sources; the management of radioactive waste and protection of people and the environment against the hazards associated with the use of radiation sources, nuclear materials, associated technologies and facilities.

(b) Principal Activities

The principal activities of the regulator are set out in its mission and vision statements stated below:

Mission: To Provide effective regulation of radiation and nuclear technology for the well-being of persons, society and the environment for optimal socioeconomic benefits.

Vision: To be a trusted and effective regulator of radiation and nuclear technology application in Kenya

(c) Key Management

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

- I. Director Generals Office
- II. Administration & Legal Division
- III. Technical Division
- IV. Finance Division

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Key Entity Information and Management (continued)

(d) Fiduciary Management

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

No.	Designation	Name
1.	DG	Mr. James Chumba
2.	Head of Finance	Anthony Nzau
3.	Head of Procurement	Nolasco Miriti
4.	Director, Nuclear Safety, Protection & Resource Centre	Dr. George G. Njoroge
5.	Director Partnerships and Public Awareness	Edward Mayaka
6.	Director Licensing & Standards	Mr. Anthony Kiti
7.	Director Compliance	Mr. John Opar

(e) Fiduciary Oversight Arrangements

- *Audit, Risk and compliance Committee*
- *Human Resource and Finance committee*

(f) KNRA Headquarters

P.O. Box: 19841-00202
KASNEB TOWERS/9TH FLOOR
UPPER HILL
Nairobi, KENYA

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Key Entity Information and Management (continued)

(g) KNRA Contacts

Kenya Nuclear Regulatory Authority
P.O. Box 19841-00202, Nairobi
Tel: +254 769 545 288
Email: info@knra.co.ke
Website: <https://knra.co.ke>

(h) KNRA Bankers

- I. KCB Milimani - 1275202551
- II. Co-Operative Bank Upper Hill Branch - 01141164048300

(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/Council



Chairman of the Board of Directors

Name: Hon Peter Edick Omondi Anyanga

DOB: 23/ 08/ 1966

Qualifications: Hon. Peter Edick Omondi Anyanga is an exceptional leader with a stellar career spanning over 35 years, encompassing governance, technology, and strategic management. Appointed as the Chairman of the Kenya Nuclear Regulatory Authority (KNRA) on 10th February 2023, he brings a rich blend of legislative acumen and policy-making expertise to the role. Prior to this, he served as a Board Director at the

National Government-Constituency Development Fund (NG-CDF) and the Agricultural Finance Corporation (AFC). During his two terms (10 years) as a Member of the National Assembly for Nyatike Constituency, he distinguished himself through impactful committee work in; Public Accounts, Budget, Energy, Transport and Defence & Foreign Relations. In the private sector, he's spearheaded strategic growth and HR best practices in various firms. A former Civil Servant in technology roles, Hon. Anyanga holds an MBA with a specialization in Global Financial Administration and a Bachelor of Business Administration. He is also a member of the Chartered Management Institute (CMI). His multifaceted career embodies a unique fusion of technological savvy in computer hardware engineering, legislative prowess, and managerial excellence, making him an invaluable asset in both public and private sectors



Ag. Director General

Name: Mr. James Keter Chumba

DOB: 29/12/1977

Qualifications: MSc. in Nuclear Science and MSc. In Nuclear Power Plant Engineering

Experience: Mr. James Keter Chumba is the Director General of the Kenya Nuclear Regulatory Authority, having been appointed on 2nd March 2023 in an acting capacity. He has served for over 20 years as a regulator in the former Radiation Protection Board and has risen through the ranks to be at the top

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management of the Authority.



Intermediate Former Board of Director Chairman

Name: Mr Stephen Karanja

DOB: 1972

Qualifications: Bachelor of Education in Science

Msc. Nuclear Science & Technology

Experience: Mr. Stephen Karanja holds a Master's Degree in Nuclear Science & Technology from the University of Nairobi, Bachelor of Education in Science from Kenyatta University and a Diploma in Sales and Marketing from the University of Nairobi. He has also undertaken various nuclear related courses such as; Building Capacity for the implementation of a nuclear power program, Nuclear Energy Management, Energy audit and Non-Destructive Testing (NDT) courses for trainers. He specializes in medical physics instrumentation and Non-Destructive Testing (NDT) using nuclear techniques.

Intermediate Former Board Secretary

Name: Dr. George Gatuha Njoroge

DOB: 24/01/1975

Qualifications: **PhD. Information and Communication Engineering**



Experience: Dr. Njoroge has headed several departments within the Authority: Radioactive waste management, Nuclear Security, Inspections and Authorization as well as heading 2 regional offices: Eldoret and Mombasa. As a trained and gazetted prosecutor, he has participated in prosecution of offenders of the NRA Act. The KNRA Board of directors appointed him the Acting CEO/DG in May 2022. At the same time, he was also appointed the Head of secretariat of the European Union- Chemical, Biological, Radiological and Nuclear Risk Mitigation Centre of Excellence (EU CBRN CoE)- Coordinating eleven partner countries in the Eastern and Central Africa Region.

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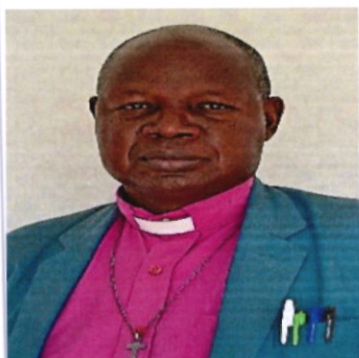


Member

Name: Mr. Kakai Kissinger

D.O.B: 1st July 1975.

Qualification: Mr. Kakai Kissinger is an Advocate of the High Court of Kenya of twenty-two (22) years' standing having been admitted to the Bar in 2001. He holds a Master's Degree in Law from Harvard Law School USA, a Post Graduate Diploma in International Trade Law from University of Turin Italy and a Bachelor's Degree in Law from the University of Nairobi, Kenya. He previously served a five-year stich as the Executive Director of Independent Medico -Legal Unit, served as Senior Governance Advisor with German Technical Cooperation, has taught over the years at the Kenya School of Law and at Catholic University of Eastern Africa, and has served as the Deputy Chief Registrar of the Judiciary.



Member

Name: Vainadu Titus Zakayo Ingana

DOB: 27/09/1966

Qualifications: BSc, MSc. Ed

Experience: He is currently serving as acting director of research in the Ministry of Education. He is the Kenyan Focal Point Officer on Science, Technology and Development (ST&D) to the Commission for Science, Technology and Development (CSTD), UNCTAD, Geneva. His task is to spearhead the development of Kenya's Issues Papers on various themes as requested for annually by CSTD/UNCTAD.



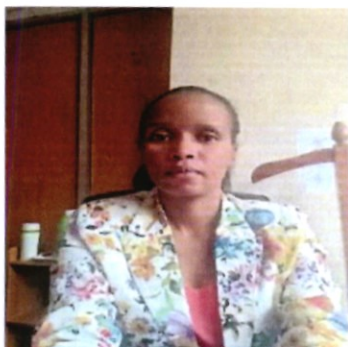
Member/Independent

Name: Dr. Margaret Mwonjoria Ngayu

DOB: 17/07/1964

Experience: Lecturer in the Department of Urban and Regional Planning (DURP) and a Research Associate at the Centre for Urban Research and Innovations (CURI), University of Nairobi. Registered and Licensed member of the Physical Planning Registration Board; Lead expert, Environmental Impact Assessment and Environmental Audit; Chair, Board of Management, Shamata Girls High School, Nyandarua.

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Member

Name: Pauline Moranga

Qualification: LLB, PDG Kenya School of Law

Experience: She has worked in various departments in the Office of the Auditor general and brings to the authority vast experience in legislation and governance issues.



Board Member/ Chairperson-Human Resource, Administration and Finance Committee (HRAFC)

Name: Mr. Adan Gedow Harakhe HSC

D.O.B: 1/2/1967

Qualifications: He is the alternate to the Principal Secretary, State Department for Public Health and Standards Professional Standards in the Ministry of Health at the Board.

He holds a Masters of Arts in Education and Bachelor of Arts in Education from the University of Nairobi, Mr Harakhe has a wealth of experience having served over thirty-three years in the Public Service in areas with different Challenges and environments both in the field and in various ministries.



Name: Samuel Kaigu Gitau

Date of Birth: 10th November 1965

Academic and Professional Qualifications: Mr. Gitau holds a B.A. Economics from the University of Nairobi (1990); Post Graduate Diploma in Population and Sustainable Development (PG-PSD) from the University of Botswana (2000); and M.A. in Economic Policy Management from Makerere University (2003)

Mr. Gitau is a career civil servant having joined the Public Service as an economist in 1991. He has since served in many capacities as an economist in the Ministry of Planning and National Development; Ministry of Justice, National Cohesion and Constitutional Affairs; Office of the Attorney General and Department of Justice; and Office of the Deputy President. He is now serving as a Senior Deputy Director in the Macro and Fiscal Affairs Department, National Treasury.

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4. Key Management Team



Ag. Director General

Name: Eng. James Keter

Qualification: MSc. in Nuclear Science and MSc. In Nuclear Power Plant Engineering



Intermediate Ag. Director General

Name: Dr. George Njoroge

Qualification: MSc, PhD Information and Communication engineering



Director Partnership and Public Awareness

Name: Edward Mayaka

Qualification: BSc, Msc - Geographic Information System



Director Compliance and Enforcement

Name: John Opar

Qualification: BSc



Director Licensing and Standards

Name: Anthony Kiti Shadrack

Qualification: BSc, MSc. - Nuclear Engineering

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Deputy Director Finance & Accounts

Name: Anthony Nzau

Qualification: MSc-Supply Chain Management, BCom Accounting option, CPA



Deputy Director Legal Services

Name: Esther Kabochi

Qualification: LLB

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5. Chairman's Statement

I hereby present the Annual Report and Accounts for Kenya Nuclear Regulatory Authority (KNRA) for the year ended 30 June 2023. In the year under review, KNRA continued to provide technical and scientific services and expertise in radioactive waste management; nuclear security; threat assessment, radiological or nuclear emergency preparedness, response coordination, and mitigation; radioactivity (radio-contamination) analysis and nuclear forensics to Government Ministries, Departments, Agencies and private entities. These are services and expertise that are not provided by any other institution in the country, yet they are critical for purposes of public safety and national security.

KNRA continues to be the regional focal point/lead agency on regulatory matters and implementation of national obligations in the following:

- International Atomic Energy Agency (IAEA)
- Forum for Nuclear Regulatory Bodies in Africa (FNRBA)
- UN Security Council Resolution 1540
- UN Scientific Committee on the Effects of Atomic Radiation
- The Treaty on Non-proliferation of Nuclear Weapons, among others.

The Authority continues to face acute financial and human resource constraints. This is attributable to the increase in regulatory scope and the programs and activities arising therefrom. The Authority has, however, made efforts towards increasing AIA collection through the provision of essential services towards addressing the shortage of funds.

Implementation of the approved human resource instruments have begun in earnest towards the end of the financial year 2022/2023. The Authority has also drafted implementing regulations under the Nuclear Regulatory Act and has also embarked in reviewing its five-year Strategic Plan. Enhanced funding for staff transfer and recruitment and for the completion of the Central Radioactive Waste Processing Facility is our priority and will enable the Authority to fully and effectively operationalize.



**HON. EDICK PETER OMONDI ANYANGA
CHAIRMAN**

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6. Report of the Director General

It is with great pleasure and honour that we present the Financial Statement for the second time for the Kenya Nuclear Regulatory Authority. The Kenya Nuclear Regulatory Authority (KNRA) is a State Corporation established by the Nuclear Regulatory Act, No.29 of 2019 which commenced on 10th January 2020.

The Nuclear Regulatory Act, 2019 repealed the then Radiation Protection Act, Cap. 243 Laws of Kenya and transitioned Board members of the former Radiation Protection Board to be Board members of Kenya Nuclear Regulatory Authority for the remainder of their unexpired term.

The former Radiation Protection Board was a technical Board under the Ministry of Health and did not have the Human Resource and Finance functions. The Board operated as a department under Preventive and Promotive Health within the Department of Standards and Regulatory Services in the Ministry of Health.

When the Nuclear Regulatory Act came into force, KNRA inherited the assets and liabilities of the former Radiation Protection Board but it was not until July 2020 that KNRA started receiving and administering grant funds and AIA collections through its own bank accounts as a State Corporation.

It is worthwhile to note that the safe, secure and peaceful use of radiation, radioactive sources and nuclear technology has demonstrated significant and sustainable benefits in global socio-economic development ranging from medicine, agriculture, food security, industry, teaching, research, oil and mineral exploration, telecommunications to nuclear-generated electricity.

However, as is well known, radiation and nuclear technology poses special risks to the health and safety of persons, the environment and future generations. Nuclear Security – the unauthorized access, removal or transfer of radioactive or nuclear material – is among risks that must be carefully identified, managed and mitigated in this era of nuclear terrorism.

Uncontrolled exposure to radiation, radioactive or nuclear materials, beyond established limits, may lead to birth defects/abnormalities, cancers, debilitating health effects, death or long-term contamination of the environment – rendering contaminated places uninhabitable for hundreds or thousands of years.

A robust, effective and efficient national regulatory system is therefore a level enabler and an active incentive for investment in the peaceful application of radiation- and nuclear-based technology in all national social-economic sectors.

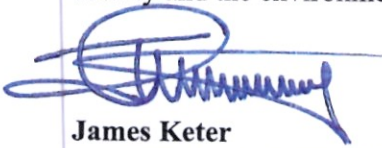
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The Nuclear Regulatory Act provides for a comprehensive framework for the regulation of safe, secure and peaceful utilization of atomic energy and nuclear technology; the production and use of radiation sources; the management of radioactive waste and protection of people, property and the environment against the hazards associated with the use of radiation sources, nuclear materials, associated technologies and facilities.

The Nuclear Regulatory Act is a further demonstration of the commitment by the Kenya Government to fulfil its obligations under the United Nations Security Council Resolution 1540 as well as bilateral and international instruments under the International Atomic Energy Agency.

The Kenya Nuclear Regulatory Authority therefore provides the national regulatory framework and undertakes its mandate in accordance with the Nuclear Regulatory Act and related national, regional and international instruments.

This ensures radiation protection and safety, nuclear safety, nuclear security, nuclear non-proliferation and the safe and secure management of radioactive waste in order to safeguard society and the environment, now and in the future.



**James Keter
Ag. DIRECTOR GENERAL**

Kenya Nuclear Regulatory Authority
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7. Statement of Performance against Predetermined Objectives for FY 2022/2023

The Kenya Nuclear Regulatory Authority (Authority) is a State Corporation established by the Nuclear Regulatory Act, No.29 of 2019 (which repealed the then Radiation Protection Act Cap 243). KNRA is the successor to the former Radiation Protection Board. Parent Ministry remains the Ministry of Health.

The authority was also able to achieve its core objective which included; strengthening nuclear security and safety, safety radiation free environment and quality issues in application of radiation.

Find below-attached table indicating the achievement attained in more detail;

Key output	Key performance indicator	Target 2022/23	Actual Achievement 2022/23
Strengthened nuclear security and safety	Cumulative percentage of enforcement officers trained on nuclear security	5%	5%
	Cumulative percentage of nuclear security detection architecture developed and implemented	3%	5%
	Proportion of category I and II radiation facilities complying with physical protection measures	50%	50%
Safe radiation free environment	Percentage of environmental reports complying with safety guidelines	10%	10%
	Percentage of radioanalysis tests performed on imported goods	50%	50%
	Percentage of radiation workers captured under the national dose register	10%	10%
	Number of radiation dose intercomparison exercises conducted	1	1
Quality assurance in applications of radiation	Percentage of radiation facilities inspected annually	80%	80%
	Percentage of radiation facilities licensed annually	60%	60%

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8. Corporate Governance Statement

The Kenya Nuclear Regulatory Authority Board understands that Corporate Governance is critical for the achievement of the Regulators mission and vision. The Board recognizes that it has overall responsibility for the governance of the Regulator and is committed to providing strategic direction, oversight, the necessary support, and advice to management. The Board is committed to high standards of Corporate Governance and ethical behavior characterized by effective and responsible leadership, accountability, fairness, integrity, transparency, efficiency, and effectiveness. The Board is responsible for the governance of the Regulator and is accountable to the citizens of this country for ensuring that the Regulator complies with the law and maintains the highest standards of corporate governance and ethics.

The Board attaches great importance to the need to conduct the activities and operations of the Regulator with integrity, fairness, and transparency. The Director General is the Secretary to the Board.

Conflict of Interest, Code of Conduct & Ethics

KNRA has fully adopted the Code of Ethics that is enshrined in the Mwongozo, which is the Code of Governance for Government-owned entities. The code of ethics entails, among other things declaration of Conflict of Interest which must be embraced by both the Board and the employees of the organization.

Risk Management

The Regulator's Risk management policy is currently under development by the Audit, Risk, and Compliance Committee.

Compliance with Statutory Requirements

The Regulator strived to make timely remittance of statutory deductions, including; PAYE, NHIF etc, in order to protect the welfare of its staff and comply with statutory requirements during the year under review.

Statement of Board Members' Responsibility

The Authority's board is ultimately responsible for;

- a) The mission and vision of the Authority;
- b) Promoting the aims and objectives of the Authority;
- c) Setting strategic directions for the Authority;
- d) The appointment and performance management of the Director General;
- e) Oversight of management;
- f) Monitoring Authority's performance against strategic objectives;

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- g) Setting and critically monitoring Board policy and risk management;
- h) Extending links and communication between the Authority and the wider Community;

Remuneration of Board members

Board members are paid taxable sitting allowances as approved by the Chief of Staff and Head of the Public Service following guidelines from the State Corporations Advisory Committee. The Chairman is paid honoraria at a rate approved by the Government.

Transport expenses are reimbursed on travel for Council business at the prevailing AA rates. The members are also entitled to outpatient and inpatient medical cover and a personal accident cover as applicable.

Authority's Board Meetings

The meetings of the Board members are held at least once every quarter in a calendar year.

In order to facilitate the smooth running of its affairs, the Authority's board establishes committees with membership and terms of reference as it may deem fit. A calendar of Authority's board and its committees is prepared before the beginning of each financial year.

The board membership and meeting attendance during the Financial Year 2022/2023 is as indicated below;

Meeting	No of Meetings	Membership	Attendance	Average Attendance %
Full Board	4	8	27	84.3
Special Board	4	8	25	78.1
LTAC Committee	4	6	22	91.6
HRFC Committee	4	5	18	90
LPS Committee	4	5	18	90
Audit Committee	4	4	14	87.5

9. Management Discussion and Analysis

Operational Performance

Events that Shaped KNRA in 2022/2023

The economic growth in Kenya for 2022 slowed down to 4.8 percent from 7.6 percent in 2021 as a result of suppressed agricultural production, owing to adverse weather conditions and the political tension experienced being an election year.

The economy was expected to rebound and expand by 5.5 percent in 2023 supported by broad-based private sector growth, including continued strong performance of the services sector, recoveries in agriculture and ongoing public sector investments.

KNRA has strategically placed itself to reinforce the implementation of the strategic priorities under the Government's Bottom-Up Economic Transformation Agenda (BETA) by supporting the Universal Health Care and agricultural transformation and inclusive growth. Despite the economic and social disruptions experienced in the year under review, the authority was able to achieve its strategic objectives as captured in the strategic plan. Some of the key highlights in the year under review include;

The International Atomic Energy Agency (IAEA), an affiliate of the United Nation gave the country the greenlight to host a special post-graduate training in nuclear and radiation safety. This was after the IAEA led mission comprising experts from Ghana and Greece, deployed to Kenya to evaluate the country's ability to host the course returned a positive verdict. It will be the first time that the country is hosting the programme.

During the year under review the authority also conducted risk-based radiation safety assessment for medical facilities in the country achieving an 80% annual coverage. The authority also performed quality assurance assessments for a cyber-knife facility at the Kenya University Teaching and Referral Hospital a first of its kind.

10. Environmental and Sustainability Reporting

Our Approach to Sustainability

The Authority's Strategic Plan takes into consideration Sustainable Development Goals and strategies for its implementation. KNRA uses an integrated approach for planning and reporting on significant sustainable development matters which are embedded in the strategic initiatives and responsibilities assigned. This approach makes it easier for the whole institution to understand, manage and evaluate sustainability related data and performance. Transparency for our Stakeholder is increased through continuous and proactive monitoring and reporting on our progress in delivering towards them.

Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The management remains cognizant of the fact that sustained economic growth cannot be achieved without social progress and the well-being of all communities.

ii) Environmental performance

The Board has put in place the system for the protection of persons and property and the environment against the harmful effects of radiation aimed at protecting the environment, conserving natural resources and where possible, to repair damage and reverse negative trends.

iii) Employee welfare

The Board has policies in place to ensure hiring process adheres to affirmative action on gender, ethnicity and regional distribution. Boards has Rewards and Recognition in addition to a training done to improve competence of staff . In ensuring that employees are safe, the Board has availed a policy detailing issues of safety as well as provisions for compliance with Occupational Safety and Health Act of 2007.

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iv) Market place practices

The board has policies and practises in place to ensure good market place practises are adhered to as outline below:

a) Responsible competition practice.

The Board's marketing guidelines as well as a communication policy which provides mechanisms for retention and growth of its market share and provides a clear marketing strategy aimed at maintaining responsible involvement in creating brand awareness.

b) Responsible Supply chain and supplier relations

The Board maintains a good working relationship with its suppliers cognizant of compliance with the Public Finance and Management Act 2012 and its regulations, Public Procurement and Assets Disposal Act 2015 and its regulations and Issued circulars and guidelines in meeting contractual obligations.

c) Responsible marketing and advertisement

The board has in place marketing guidelines in place which provide mechanisms for creating brand awareness and reaching out to the public and stakeholders. Further, the board has established awareness programs in radiation safety and nuclear security.

d) Product stewardship

Additionally, the Board is in the process of developing appropriate regulatory laws, standards and guides consistent with international standards that will guide the entity in its operation to ensure the needs of stakeholder are well taken care of.

e) Corporate Social Responsibility / Community Engagements

The board is in continuous Communication and consultation with relevant parties and stakeholders on radiation and nuclear matters. This will assist the stakeholders to raise relevant information to the board that will help them in drafting laws and regulations to ensure and establish appropriate awareness methods and procedures for informing and consulting the public and other interested parties about the regulatory process and the safety, health and environmental aspect of regulated activities including incidents, accidents and abnormal occurrences.

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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 *Kenya Nuclear Regulatory Authority's* affairs.

i) Principal activities

The Board is primarily engaged in management of Kenya Nuclear Regulatory Authority together with other mandates specified in Kenya Nuclear Regulatory Authority Act.

ii) Results

The results of the Kenya Nuclear Regulatory Authority for the year ended June 30, 2023 are set out on page 1-29.

iii) Auditors

The Auditor-General is responsible for the statutory audit of the Kenya Nuclear Regulatory Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or a nominated firm by the Auditor-General to carry out the audit for the year/period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Name: James Keter

Secretary of the Board

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12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act requires Kenya Nuclear Regulatory Authority is required to prepare statements which give a true and fair view of the state of affairs of the regulator at the end of the financial year and of its surplus or deficit for that year. The Board is required to ensure that the regulator maintains proper accounting records which disclose with reasonable accuracy the financial position of the regulator. Board is also responsible for safeguarding the assets of the authority.

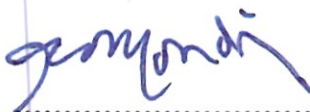
Board accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates consistent with previous years and in conformity with International Public Sector Accounting Standards. Board is of the opinion that financial statements give a true and fair view of the state of financial affairs of the regulator as at 30 June 2023.

Board further confirms the accuracy and completeness of the accounting records maintained by the regulator, which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the system of internal financial control.

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

Approval of the financial statements

The Kenya Nuclear Regulatory Authority financial statements were approved by the board on 23rd Aug 2023 and signed on behalf by:



.....
**Name: Hon. Peter Anyanga
Board Chairman**



.....
**Name: Mr. James Keter
Accounting Officer**

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA NUCLEAR REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Nuclear Regulatory Authority set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Nuclear Regulatory Authority as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Nuclear Regulatory Act, No.29 of 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Cash and Bank Balances

As previously reported, the statement of financial position reflects cash and cash equivalents balance of Kshs.24,965,412 as disclosed under Note 13 to the financial statements. However, the board of survey reports to support cashbook balances were not provided for audit. In addition, the amount excludes balances held in the former Radiation Protection Board of Kshs.286,926 in Kisumu branch and Kshs.7,097,397 in Mombasa branch.

In the circumstances, the accuracy and completeness of cash and bank balances of Kshs.24,965,412 could not be confirmed.

2. Lack of Land Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.585,321,916 as disclosed in Note 16 to the financial statements. Included in the balance is land valued at Kshs.45,000,000 and buildings at Kshs.12,000,000 respectively whose ownership documents were not provided for audit verification. Further, the piece of land housing the Central Radioactive Waste Processing Facility and National CBRN (Chemical, Biological, Radiological and Nuclear) was not disclosed in the financial statements.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.585,321,916 could not be confirmed.

3. Long Outstanding Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.17,868,857 as disclosed in Note 14 to the financial statements. However, review of the aging analysis revealed that the receivables balance of Kshs.5,886,529 has been outstanding for more than one year. In addition, Management did not indicate the measures they have taken to ensure that the amounts outstanding are recovered. Further, there was no debtor's policy to guide and control recovery of debtors.

In the circumstances, the accuracy, completeness and recoverability of the trade receivables balance of Kshs.17,868,857 could not be confirmed.

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

Emphasis of Matter

1. Unpaid Trade and Other Payables

The statement of financial position reflects the trade and other payables of Kshs.4,508,384 as disclosed in Note 18 to the financial statements outstanding at the close of the financial year.

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

2. Poor Financial Performance

The statement of financial performance reflects a deficit of Kshs.25,844,075 being an increase of Kshs.5,345,793 from Kshs.20,498,282 in the comparative period leading to a decline in the accumulated reserves from Kshs.666,186,786 in the previous year to Kshs.640,342,712. The accumulated reserves contain revaluation reserve of Kshs.634,974,334, indicating a continual deterioration in the financial performance

In the circumstances, If the Authority does not put strategies in place to reverse the trend, it may experience financial challenges in the future.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Un-approved Board Expenses

The statement of financial performance reflects board expenses of Kshs.17,111,479 as disclosed in Note 10 to the financial statements. However, the amount exceeded the ceiling set for state corporations of either Kshs.30 million or 5% of the operations and maintenance budget of Kshs.253,750,000 equivalent to Kshs.12,687,500. This resulted in over expenditure of Kshs.4,423,979 which was not approved by the Cabinet Secretary as required by Part D (1) of the Office of the President Circular Ref: OP/CAB.9/1A dated 11 March, 2020.

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

2. Failure to Provide Board Members Information and Lack of Corporate Secretary

Note 10 to the financial statements reflects Kshs.17,111,479 for the board expenses. However, the personal files for the board members who held office in the year under review were not provided for audit. Further, the work plan for the board was not provided for audit. In addition, the board did not recruit the corporate secretary contrary to part 1.20 (1) of Mwongozo which states that the board should be assisted by a qualified, competent and experienced corporation secretary who shall be competitively recruited.

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

3. Unbudgeted Expenditure and Unbalanced Budget

The statement of comparison of budget and actual amounts reflects actual expenditure for the year amounting to Kshs.315,250,873 against the budgeted expenditure of Kshs.268,000,000 resulting in an overall over-absorption of Kshs.24,551,329 (14%) whose source was not explained contrary to Regulation 33 (e) of the Public Finance Management (National Government) Regulations, 2015 which states that the total budget revenue shall cover total budget expenditure and therefore (i) except as provided by legislation, there shall be no use of specific revenue to finance specific expenditure and (ii) appropriation shall be for a specific purpose or a specific programme or item of expenditure.

Further, the total revenue budget of Kshs.285,000,000 exceeded the total expenditure budget of Kshs.268,000,000 resulting into unbalanced budget of Kshs.17,000,000. This is contrary to Regulation 31 (c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget should be balanced.

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

4. Lack of Adequate Inspections and Enforcement

The statement of financial performance reflects the use of goods expenses of Kshs.57,842,160 as disclosed in Note 9 to the financial statements. The amount includes inspection and field expenditure of Kshs.47,978,150. However, an analysis of the inspection expenditure revealed that the coverage of enforcement was not adequately done in the forty-seven (47) counties as only fourteen (14) counties were covered. This was contrary to Section 6(a and b) of the Kenya Nuclear Regulatory Authority Act, 2019 which requires checking to ensure the safe, secure and peaceful use of nuclear science and technology and provide for the protection of persons, property and the environment against the harmful effects of ionizing radiation through the establishment of a system of regulatory control as per the requirement.

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

Basis for Conclusion

1. Understaffing

During the year under review, the Authority had a staff establishment of one hundred and thirty-four (134) with only sixty-five (65) posts having been filled resulting in an understaffing of fifty-three (53) vacant which are yet to be filled.

In the circumstances, the understaffing may hamper service delivery and ability to deliver on its mandate.

2. Weakness in Internal Controls

The Kenya Nuclear Regulatory Authority was established by the Nuclear Regulatory Act, No.29 of 2019 (which repealed the then Radiation Protection Act, Cap 243) to have a comprehensive framework for the regulation of safe, secure and peaceful utilization of atomic energy and nuclear technology; the production and use of radiation sources; the management of radioactive waste and protection of people and the environment against the hazards associated with the use of radiation sources, nuclear materials, associated technologies and facilities. However, the Authority is not fully operational and the following deficiencies were noted;

No.	Observation	Law Breached	Risk
1	Internal audit has only one staff member who is seconded from Ministry of Health (MOH).	Section 73 (1)(a) the Public Finance Management Act, 2012 states that every national government entity shall have appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board. Further, sub-sections 4 and 5 states that a national government entity shall ensure that internal audits in respect of the entity are conducted in accordance with international best practices.	The lack of internal audit may lead to ineffective internal controls and non-compliance with the relevant laws, rules and regulations.
2	Lack of risk management policies	Section 165, part (1) Public Finance Management (National Government) Regulations, 2015 states that the accounting officer shall ensure that the national government develops a) risk management strategies which include fraud prevention mechanism and b) a system of risk management and internal control that builds robust business operations.	This may give room to fraud as there are no policies in place to manage the risks.
3	Failure to carry out risk assessment	Treasury circular No. 3/2009 of 23 February 2009 provided a broad policy framework for developing and implementing customized Risk Management Strategies in Public Institutions. The circular required all heads of Public Institutions to develop and implement a Risk Management Framework as a fundamental step towards establishing an accountable and innovative public service. The	The failure to ensure that there is an effective risk-based internal audit system may lead to lack of a procedure in combating any risks that arises.

No.	Observation	Law Breached	Risk
		circular requires that all Public Institutions develop an institutional Risk Management Policy Framework (IRMPF). The circular also requires accounting officers and other to put in place structures and systems to manage their identified risks, considering their legal obligations, policy decisions, business objectives and public sector expectations.	
4	Failure to have ICT policy	Regulation 101 part 1 of the Public Finance Management (National Government) Regulations, 2015 requires the Accounting Officer of a national government entity to institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.	There is the risk of the operations coming to a complete shut down in the event of a disaster in the absence of a back-up in an off-site location.
5	Failure to operationalize the required regulations.	The Nuclear Regulatory Act No.29 of 2019 section 98 (1) The Authority shall, in consultation with the Cabinet Secretary, make regulations for the better carrying out of the objects of this Act.	The Authority has not put in place regulations to ensure the effective and implementation of safeguards in Kenya.

In the circumstances, the effectiveness of internal controls could not be confirmed

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

Responsibilities of Management and Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how the 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 overall 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of noncompliance. 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 March, 2024

Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.

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

REVENUE	NOTE	2022/2023	2021/2022
		KSHS	KSHS
Revenue from Non-Exchange Transactions			
Government Recurrent Grants	5	144,999,996	135,000,000
Revenue from Exchange Transactions			
Levies	6	144,406,802	118,563,649
Total Revenue		289,406,798	253,563,649
EXPENSES			
Personnel Costs	7	29,998,794	17,574,655
General Expenses	8	183,715,202	167,395,280
Use of Good & services	9	57,842,160	27,335,188
Repair and Maintenance	11	16,616,982	22,569,576
Contracted Services	12	9,966,256	18,244,481
Board Expenses	10	17,111,479	20,942,751
Total Expenses		315,250,873	274,061,931
Surplus/ (Deficit) for the year		(25,844,075)	(20,498,282)

The notes set out on pages 7 to 29 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



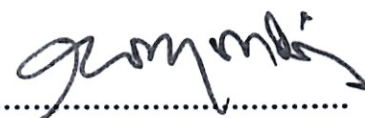
Mr. James Keter
Accounting Officer

Date 14/02/2024



Mr. Anthony Nzau
Head of Finance

Date 14/02/2024



Hon. Peter Anyanga
Chairman of the Board

Date 14/02/2024

Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.

15 Statement of Financial Position as at 30 June 2023

	<u>NOTE</u>	<u>2022/ 2023</u>	<u>2021/ 2022</u>
		<u>KSHS</u>	<u>KSHS</u>
A. ASSETS			
CURRENT ASSETS			
Inventories	15	14,342,911	12,245,196
Trade and Other Receivables	14	17,868,857	15,826,680
Cash and bank balances	13	24,965,412	7,387,003
Total Current Assets		57,177,180	35,458,879
NON-CURRENT ASSETS			
Property, Plant and Equipment	16	585,321,916	631,188,732
Intangible Asset- ERP	17	2,352,000	2,940,000
Biological Assets		-	-
Total Non-Current Assets		587,673,916	634,128,732
TOTAL ASSETS		644,851,096	669,587,610
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	18	4,508,384	3,400,824
Bank Overdraft		-	-
Total Current Liabilities		4,508,384	3,400,824
NON-CURRENT LIABILITIES			
		-	-
TOTAL LIABILITIES		4,508,384	3,400,824
NET ASSETS			
Capital Fund			
Revaluation Reserve		666,186,786	686,685,069
Accumulated Surplus/(Deficit)		-25,844,075	-20,498,282
Total Net Assets		640,342,712	666,186,786
Total Net Assets and Liabilities		644,851,096	669,587,610
TOTAL NET ASSETS AND LIABILITIES		644,851,096	669,587,610

**Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.**

The financial statements set out on pages 1 to 29 were signed on behalf of the Board of Director:



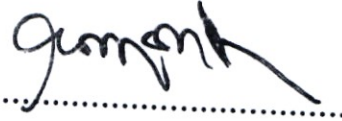
**Mr. James Keter
Accounting Officer**

Date 14/02/2024



**Mr. Anthony Nzau
Head of Finance**

Date 14/02/2024



**Hon. Peter Anyanga
Chairman of the Board**

Date 14/02/2024

Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.

15 Statement of Financial Position as at 30 June 2023

	<u>NOTE</u>	<u>2022/ 2023</u>	<u>2021/ 2022</u>
		<u>KSHS</u>	<u>KSHS</u>
ASSETS			
CURRENT ASSETS			
Inventories	15	14,342,911	12,245,196
Trade and Other Receivables	14	17,868,857	15,826,680
Cash and bank balances	13	24,965,412	7,387,003
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Biological Assets		-	-
Total Non-Current Assets		587,673,916	634,128,732
TOTAL ASSETS		644,851,096	669,587,610
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	18	4,508,384	3,400,824
Bank Overdraft		-	-
Total Current Liabilities		4,508,384	3,400,824
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		4,508,384	3,400,824
NET ASSETS			
Capital Fund		666,186,786	686,685,069
Revaluation Reserve		-25,844,075	-20,498,282
Accumulated Surplus/(Deficit)		640,342,712	666,186,786
Total Net Assets			
Total Net Assets and Liabilities		644,851,096	669,587,610
TOTAL NET ASSETS AND LIABILITIES		644,851,096	669,587,610

**Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.**

The financial statements set out on pages 1 to 29 were signed on behalf of the Board of Directors



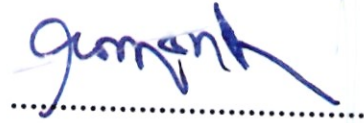
**Mr. James Keter
Accounting Officer**

Date 14/02/2024



**Mr. Anthony Nzau
Head of Finance**

Date 14/02/2024



**Hon. Peter Anyanga
Chairman of the Board**

Date 14/02/2024

Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.

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

Period	Capital Fund	Revaluation Reserve	Accumulated Surplus	TOTAL
	Kshs	Kshs	Kshs	Kshs
As at 1st July 2021	-	634,974,334	51,710,735	686,685,069
Surplus/(deficit) for the year	-	-	(20,498,282)	(20,498,282)
As at 30th June 2022	-	<u>634,974,334</u>	<u>31,212,453</u>	<u>666,186,786</u>
1 st July 2022		634,974,334	31,212,453	666,186,786
Additions during the year	-	-	-	-
Surplus/(deficit) for the year	-	-	(25,844,075)	(25,844,075)
As at 30th June 2023	-	<u>634,974,334</u>	<u>5,368,378</u>	<u>640,342,712</u>

Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.

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

	Notes	KSHS.	KSHS.
<u>Cash Flows from Operating Activities</u>			
Receipts			
Government Recurrent Grants	5	144,999,996	135,000,000
Levies	6	144,406,802	118,563,649
Total Receipts		289,406,798	253,563,649
Payments			
Personnel Emolument	7	29,998,794	17,574,655
General expenses	8	183,715,202	167,395,280
Use of Good & services	9	57,842,160	27,335,188
Repair and Maintenance	11	16,616,982	22,569,576
Contracted Services	12	9,966,256	18,244,481
Board Expenses	10	17,111,479	20,942,751
Total Payments		315,250,873	274,061,931
Cash Generated from operations	19	69,357,991	89,255,161
Net cash generated from Operating Activities		43,513,916	68,756,879
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of Computers and Equipment	16	-11,684,003	-26,363,788
Purchase of Furniture	16	-14,251,504	-35,815,900
Purchase of Motor Vehicles	16	-	-12,309,340
Investment in ERP	17		-2,940,000
Net cash used in Investing Activities		-25,935,507	-77,429,028
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Capital Fund		-	-
Net cash flow from financing Activities		-	-
Net Increase (Decrease) in cash and cash equivalents		17,578,410	-8,672,148
Cash and cash equivalents at beginning of year 1 July 2022		7,387,003	16,059,151
Cash and cash equivalents at end of Period June 30, 2023		24,965,413	7,387,003

Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.

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

	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL	PERFORMANCE	% age	Note
INCOME	<u>2022/2023</u>	<u>2022/2023</u>	<u>2022/2023</u>	<u>2022/2023</u>	<u>2022/2023</u>		
	KSHS	KSHS	KSHS	KSHS	KSHS		
Government Grant -Recurrent	145,000,000	-	145,000,000	144,999,996	4	0%	1
Total Government Recurrent Grant	145,000,000	-	145,000,000	144,999,996		0%	
levy	35,000,000	105,000,000	140,000,000	144,406,802	4,406,802	3%	2
Sub Total	35,000,000	105,000,000	140,000,000	144,406,802	4,406,802	3%	
Total Income	180,000,000	105,000,000	285,000,000	289,406,798	4,406,802	2%	
EXPENDITURE		-					
General Expenses	77,913,466	38,146,534	116,870,000	111,913,000	4,957,000	4%	4
Use of Goods & services	15,613,380	58,446,620	74,060,000	57,842,160	16,217,840	22%	(c)
Repair and Maintenance	24,382,006	-1,962,006	22,420,000	16,616,982	5,803,018	26%	(d)
Contracted Services	16,306,800	-4,906,800	11,400,000	9,966,256	1,433,744	13%	
Board Expenses	14,250,000	-	14,250,000	17,111,479	-2,861,479	-20%	
personnel cost	29,000,000	-	29,000,000	29,998,794	-998,794	-3%	
Depreciation	0	0	0	71,802,323			
Total Expenditure	177,465,652	-	268,000,000	315,250,873	24,551,329		
Surplus for the year	<u>2,534,348</u>	-	<u>17,000,000</u>	<u>-25,844,075</u>			

Explanation of Variances

1. The board expenses were exceeded because the authority is still a very new organization and there was a need for the board to engage in some of the setup activities such as the development of regulations to operationalize the KNRA act, development of the strategic plan, development of the human resource instruments and the organizational structure.
2. The Use of Goods were under absorbed because the authority was not able to undertake inspections due to late receipt of exchequer.

Kenya Nuclear Regulatory Authority
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19. Notes to the Financial Statements

1. General Information

Kenya Nuclear Regulatory Authority (KNRA) is a public entity established under Section 5 of the Nuclear Regulatory Act No. 29 of 2019, which commenced on 10th January 2020, to provide protection of persons, property and the environment against the harmful effects of ionizing and non-ionizing radiation through the establishment of a system of regulatory control.

KNRA is a successor of the former Radiation Protection Board (RPB), which was founded in 1986. Powers and responsibilities of the former RPB are now vested with KNRA under expanded regulatory scope. The Nuclear Regulatory Act No. 29 of 2019 gives KNRA powers to grant, amend and revoke authorisations, and to impose such conditions upon authorisation holders as it deems necessary. The principal activities are:

- a) To strengthen the Regulatory Framework for the effective control of radiation sources, radioactive waste management and nuclear technology.
- b) To protect persons, society and the environment from the hazards associated with the use of radiation and nuclear technology.
- c) To strengthen national capability for responding to a radiological or nuclear emergency.
- d) Strengthen national, regional and international partnerships in radiation safety and nuclear security.

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 *KNRA'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 *KNRA*. 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.

**Kenya Nuclear Regulatory Authority
Annual Report and Financial Statements for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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Notes to the Financial Statements (Continued)

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

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

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

ii) Revenue from exchange transactions

Rendering of services

KNRA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

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Notes to the financial statements (continued)

b) Budget information

The original budget for the Current FY 2023 was approved by the National Assembly and 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.

KNRA 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 xxx of these financial statements.

c) Taxes

Current income tax

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

Kenya Nuclear Regulatory Authority
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to KNRA and the same taxation authority.

Kenya Nuclear Regulatory Authority
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

Depreciation is calculated on a straight-line basis at the following rates:

Description	Annual Rate
Freehold land	Nil
Buildings	2%
Motor vehicles	20%
Fixtures, furniture & fittings	10%
Computers and Equipment	30%
Plant and Machinery	10%

Capital work in progress is not depreciated until such a time as the asset is brought into use.

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Notes to the financial statements (continued)

f) Leases

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

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The Development costs on an individual project are recognized as intangible assets when the *KNRA* 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.

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Notes to the financial statements (continued)

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

i) Financial instruments

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 entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

Kenya Nuclear Regulatory Authority
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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 entity 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.

Fair value through surplus or deficit

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

Kenya Nuclear Regulatory Authority
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Notes to the financial statements (continued)

Impairment

The entity 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 entity 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.

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 *Entity*.

Kenya Nuclear Regulatory Authority
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognized when the *KNRA* 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 *KNRA* 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.

m)Contingent liabilities

The Entity 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

KNRA 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.

Kenya Nuclear Regulatory Authority
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Notes to the Financial Statements (Continued)

o) Changes in accounting policies and estimates

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

p) 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

q) Cash and cash equivalents

Cash and cash equivalents comprise cash at 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 Commercial Banks and Mpesa holding account at the end of the financial year.

r) Comparative figures

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

s) 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.

Useful lives and residual value

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

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

Provisions

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

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Notes to the Financial Statements (Continued)

5. Transfers from Other Government entities

GOVERNMENT GRANTS	2022/2023	2021/2022
	KSHs	KSHs
Recurrent Grants	144,999,996.00	135,000,000.00
Recurrent Grants Receivable	-	-
	<u>144,999,996.00</u>	<u>135,000,000.00</u>

6. Levies

	2022/2023	2021/2022
	KSHs	KSHs
RSA Verification fees	438,100	241,000
Personal Monitoring Fees	237,500	529,900
Annual Licence Renewal Fee	9,333,380	7,947,745
Registration and Annual Licence Fee	2,225,150	1,879,119
Cost, insurance, and freight (CIF) Fees	5,718,065	11,688,636
Screening & Radio Analytical fees	126,300,007	96,202,448
Other Income	154,600	74,800
	<u>144,406,802</u>	<u>118,563,649</u>

7. Personnel Emoluments

PERSONNEL EMOLUMENT	2022/2023	2021/2022
	KSHs	KSHs
Salaries and wages	14,649,832.54	9,758,676
Passage and baggage	1,468,417.68	1,608,574
Housing benefit and other allowances	13,880,543.75	6,207,405
	<u>29,998,793.97</u>	<u>17,574,655</u>

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8. General Expenses

GENERAL EXPENSES	2022/2023	2021/2022
	KSHs	KSHs
Audit Fees	696,000	-
Bank Charges	330,753	222,043
Travelling & Accommodation	10,494,961	18,994,923
Cleaning Expenses	2,976,422	4,808,720
Conferences & Seminars	4,562,141	3,043,620
Stationery & Stores	14,887,558	16,816,176
Advertising & publicity	93,000	3,224,684
Telephone Expenses	178,000	438,000
Motor Vehicle Expenses	202,500	212,450
Entertainment	1,766,755	650,000
Internet Expenses	2,469,254	169,808
Electricity Expenses	146,626	2,837,763
Regional Offices Cost	8,098,078	5,311,939
Training & Research cost	6,937,186	708,500
Rent & Water	16,392,851	16,259,595
Planning/ restructuring Cost	17,728,100	
Insurance	1,073,406	776,317
Printing	173,380	428,929
Structured Cabling		2,390,985
Fees and Subscriptions	3,249,334	2,835,666
Valuation expenses		2,887,560
Depreciation	71,802,323	78,288,150
Amortization of ERP	588,000	
Fuel expenses	6,788,408	4,384,680
Foreign Travel Expenses	12,080,165	1,704,771
	<u>183,715,202</u>	<u>167,395,280</u>

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9. Use of Goods

USE OF GOODS		2022/2023	2021/2022
		KSHs	KSHs
Inspection & Field Cost		47,978,150	17,642,288
Lab & Consumables		7,316,210	-
Regulation Development cost		2,547,800	9,692,900
		<u>57,842,160</u>	<u>27,335,188</u>

10. Board Expenses

BOARD EXPENSES		2022/2023	2021/2022
		KSHs	KSHs
Chairman Honoraria		1,020,000	510,000
Sitting Allowances		7,220,000	8,556,800
Travel & Accommodation		6,963,670	10,367,951
Other Expenses		1,907,809	1,508,000
		<u>17,111,479</u>	<u>20,942,751</u>

11. Repairs and Maintenance

REPAIR AND MAINTENANCE		2022/2023	2021/2022
		KSHs	KSHs
Property		6,665,833	16,577,329
Others		9,951,149	5,992,247
		<u>16,616,982</u>	<u>22,569,576</u>

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12. Contracted Services

CONTRACTED PROFESSIONAL SERVICES	2022/2023	2021/2022
	KSHs	KSHs
Outsourced Services-Cleaning	5,022,800	1,843,500
Outsourced Services-Landscaping	4,943,456	9,631,431
Outsourced services-Job Description Analysis		3,248,000
Strategic Plan Development		1,600,000
Outsourced services-Board Evaluation		1,921,550
	<u>9,966,256</u>	<u>18,244,481</u>

13. Cash and Cash Equivalents

CASH & BANK	2022/2023	2021/2022
	KSHs	KSHs
Co-operative Bank	24,871,778	6,983,825
Kenya Commercial Bank	93,634	403,178
	<u>24,965,412</u>	<u>7,387,003</u>

Kenya Nuclear Regulatory Authority took over operations of the former Radiation Protection Board. The Radiation Protection Board operated bank accounts in Kisumu and Mombasa which had the following balances at the time of take over. However, the amount has not been transferred to the authority yet.

No	Location	Bank	Account Number	Amount (Kshs)
1	Kisumu	Kenya Commercial Bank	1184150656	286,926
2	Mombasa	Kenya Commercial Bank	1226231519	7,097,397
	Total			<u>7,384,323</u>

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14. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions

TRADE & RECEIVABLES		2022/2023	2021/2022
		KSHs	KSHs
Capitation		-	-
Other receivables		17,868,857	15,826,680
		<u>17,868,857</u>	<u>15,826,680</u>

(b) Ageing analysis for Receivables from exchange transactions

Description	2023	
	Kshs	
	Current FY	% of the total
Less than 1 year	1,388,385	8%
Between 1- 2 years	141,992	1%
Between 2-3 years	60,500	0%
Over 3 years	15,886,529	91%
Total	<u>17,477,406</u>	100%

15. Inventories

INVENTORIES		2022/2023	2021/2022
		KSHs	KSHs
Finance stores		14,342,911	12,245,196
		<u>14,342,911</u>	<u>12,245,196</u>

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16. Property, Plant and Equipment

Note 16	PROPERTY, PLANT AND EQUIPMENT							
	WORK IN	LAND	BUILDINGS	COMPUTER &	FURNITURE &	PLANT &	MOTOR	TOTAL
	PROGRESS			EQUIPMENT	FITTINGS	MACHINERY	VEHICLES	
Rates			0.02	0.3	0.1	0.1	0.2	
Cost/valuation 01.07.2022	-	45,000,000	12,000,000	51,836,796	44,184,911	532,232,314	24,209,340	709,463,361
Additions in the year				11,684,003	14,251,504		-	25,935,507
As at 30.06.2023	-	45,000,000	12,000,000	63,520,799	58,436,415	532,232,314	24,209,340	735,398,868
Accumulated Depreciation 01/07/2022		-	240,000	15,551,039	4,418,491	53,223,231	4,841,868	78,274,629
Charge for the period 30.06.2023			235,200	14,390,928	5,401,792	47,900,908	3,873,494	71,802,323
Accumulated as at 30.06.2023		-	475,200	29,941,967	9,820,283	101,124,140	8,715,362	150,076,952
NBV(30.06.2023)	-	45,000,000	11,524,800	33,578,832	48,616,132	431,108,175	15,493,978	585,321,916
NBV(30.06.2022)	-	45,000,000	11,760,000	36,285,757	39,766,420	479,009,083	19,367,472	631,188,732

17. Intangible Assets

INTANGIBLE ASSETS	2022/2023	2021/2022
	KSHs	KSHs
ERP	2,940,000	2,940,000
Amortization (5yrs)	588,000	
Balance	<u>2,352,000</u>	<u>2,940,000</u>

18. Trade and Other Payables

TRADE PAYABLES	2022/2023	2021/2022
	KSHs	KSHs
	4,508,384	3,400,824
	<u>4,508,384</u>	<u>3,400,824</u>

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Details of Creditors

PAYEE	INVOICE DATE	AMOUNT
JKUAT ENTERPRISES LTD	12/09/2022	1,600,000.00
OFFICE OF THE AUDITOR GENERAL	06/04/2023	696,000.00
KENYA PORT AUTHORITY	01/12/2022	2,212,384.00
		<u>4,508,384.00</u>

19. Cash Generated from Operations

CASH GENERATED FROM OPERATIONS		
	KSHs	KSHs
Depreciation Charge & amortization	72,390,323	78,274,629
Decrease(increase) in Debtors	(2,042,177)	21,950,800
Decrease(increase) in Stocks	(2,097,715)	(10,565,496)
Increase (Decrease) in creditors	1,107,560	(404,772)
	<u>69,357,991</u>	<u>89,255,161</u>

20. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *KNRA* 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 *KNRA* holding 100% of the *KNRA*'s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

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

Description	2023	2022
	Kshs	Kshs
a) Grants /transfers from the government		
Grants from national govt	144,999,996	135,000,000
Total	<u>144,999,996</u>	<u>135,000,000</u>
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for 45 employees	7,764,773	7,764,773
Total	<u>7,764,773</u>	<u>7,764,773</u>

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21. Events after the Reporting Period

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

22. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

23. Currency

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



Director General

Date: 14/02/2024

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24. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	No strategic plan, organizational structure	The authority has since received SRC approved organizational structure and has a strategic plan.	Resolved	
2	No audit committee	The authority has since established an audit committee	Resolved	
3.	No internal audit	The ministry of health has since deployed an internal auditor on secondment.	Resolved	
4	Lack of risk management policies	The authority is in the process of establishing a risk management policy.	Not resolved	30 th June 2024
5	Failure to carry out risk assessment	The authority will seek to undertake risk assessment analysis	Not resolved	30 th June 2024
6	Failure to have ICT policy	The authority has since developed an ICT policy	Not Resolved	30 th June 2024

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