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CLERK-AT THE-TABLE:	Lornale

OF

THE AUDITOR-GENERAL

ON

PEST CONTROL PRODUCTS BOARD

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





PEST CONTROL PRODUCTS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024**

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

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**Pest Control Products Board
Annual Report and Financial Statements
for the year ended June 30, 2024.**

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PCPB	Pest Control Products Board
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Glossary of Terms

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

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

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

(b) Principal Activities

The principal activities of Pest Control Products Board are:

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

(c) Key Management

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

No.	Designation	Name
1.	Board of Management	Various, chaired by Njoroge Kagwe
2.	The Chief Executive	Fredrick N. Muchiri
3.	Corporate Services Department	CPA Bernard M. Mangára
4.	Compliance and Enforcement Department	Lawrence Kalawa
5.	Registration and Analysis Department	Barasa M. Wanyonyi
6.	Laboratory Analytical Services Department	Grace N. Muchemi
7.	Research, Strategy, Performance Management and Planning	Dr. Paul N. Ngaruiya

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

1. Finance and Administration Committee

Terms of Reference

- i) To perform an advisory role on Pest Control Products Board's financial operations.
- ii) To make recommendations to the Board on matters of finance, accounting and human resource management and administration in general.
- iii) Review and make recommendations to the Boards annual budget and procurement plan.
- iv) Review periodically the organization's strategic objectives and human resource policy instruments and policies relating to sustainability and social responsibility;
- v) Ensure that the procurement process is cost effective and delivers value for money;
- vi) Review on quarterly basis the attainment of targets and objectives set out in the agreed performance contract framework with the Government of Kenya; and;
- vii) Perform such other functions as assigned by the Board.

2. Audit Committee

Terms of Reference

- i) Oversight over Internal Control processes for realization of entity's objective;
- ii) Oversight over External Audit (EA) and Internal Audit (IA); EA & IA: appointment, meetings, integrity of financial statements, key audit findings and recommendations, effective structure, IA charter, IA Strategic plan and IA Annual plans;
- iii) Review and monitor compliance with the organization's code of Ethics.

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- iv) Monitor compliance with Constitution, all applicable laws, regulations and standards;
- v) Initiate and oversight- specialized audits and investigations.
- vi) Oversight over Risk Management- review of risk management framework;
- vii) Approves decisions regarding appointment, promotion, removal and remuneration of the Internal Auditor;
- viii) Review, monitor and ensure that the organization is effectively and consistently delivering on its mandate; and
- ix) Ensure that effective processes and systems of risk management and internal controls are in place.

(f) Pest Control Products Board Headquarters

P.O. Box 13794-00800
PCPB Building, Loresho
Nairobi, KENYA

(g) Pest Control Products Board Contact

Telephone: (254) 020-8021846/7/8
E-mail: md@pcpb.go.ke; info@pcpb.go.ke; pcpb016@gmail.com;
Website: <https://www.pcpb.go.ke/>

(h) Pest Control Products Board Bankers

1. Kenya Commercial Bank Ltd
Sarit Centre
P.O. Box 14959-00800
Nairobi, Kenya
2. Absa Bank of Kenya Ltd
Westlands
P.O. Box 14403-00300
Nairobi, Kenya

(i) Independent Auditor

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

(j) Principal Legal Adviser




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

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3. The Board of Directors

Ref	Directors	Details
1.	 <p data-bbox="312 1010 518 1084">Njoroge Kagwe Chairman</p>	<p data-bbox="751 439 890 470">Born 1959</p> <ul data-bbox="799 488 1509 1189" style="list-style-type: none"> • 2002 to date: First Africa Consulting – CEO and Chief Consultant • 1994-2002: World Ahead Consultancy Services, Uganda-Tanzania-Kenya, Managing Consultant • 1987-1994: Price Waterhouse Coopers, Kenya, Ghana and Uganda – Senior Consultant, Organization Development Services • 1985-1987: Britam, Manager, Branch Business Development and Training • 1983-1985: Insurance Company of East Africa. Superintendent • Graduate in Economics (Honours) and Political Science, University of Nairobi • Certified World Bank Business Edge Advisor • Diploma in Theology
2.	 <p data-bbox="312 1563 687 1756">Andrew Mware Kinyua Member, State Department for Water and Sanitation Chair, Finance & Administration Committee</p>	<p data-bbox="751 1211 890 1243">Born 1966</p> <ul data-bbox="799 1261 1509 1682" style="list-style-type: none"> • Jan 2015 to date: Head (Deputy Director) of Water Quality and Pollution Control Division, Water Resources dept, Ministry of Water and Irrigation • 2010 - 2014: Senior Principal chemist II • 2008 - June 2010: Principal Chemist • 2006 - June 2008 Chief Chemist (NB// All above under Ministry of Water & Irrigation) • 2002-2005: Senior Chemist in charge of Assay Laboratory • BSc Chemistry



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<p>3.</p>	 <p>Mr. Collin Marangu Member, State Department for Agriculture</p>	<p>Born 1965</p> <ul style="list-style-type: none"> • Director of Agriculture, Crop Protection Department, State Department for Agricultural • 2011 - Master of Science in Agriculture & Rural Development from Kenya Methodist University • 2016 – Masters of science in crop protection from Egerton University • 1990 – Bachelor of science in Horticulture from Egerton university
<p>4.</p>	 <p>Dr. Ayub Macharia Ndaruga Member, Ministry of Environment & Forestry</p>	<p>Born 1969</p> <ul style="list-style-type: none"> • 2017 – Present – Director Environmental Education and Awareness, Ministry of Environment and Forestry • 2010 – 2012 – Acting Director General NEMA • 2000-2003 - PhD in Environmental Education from Rhodes University, South Africa; • 2011-2013 - Master of Science (Strategic Leadership) from California Miramar University; • 1994-1998 - Masters of Environmental Science (Wetland Ecology) Kenyatta University (1998); • 1990-1994 - Bachelor of Education (Botany and Zoology) from Kenyatta University.
<p>5.</p>	 <p>Dr. Geoffrey Muriira Member, Kenya Bureau of Standard</p>	<p>Born 1979</p> <ul style="list-style-type: none"> • July 2021 to date – Director, Quality Assurance & Inspection • 2010-2014 – PhD Medical Biochemistry, Kenyatta University • 2005 – 2008 – Msc. Biochemistry – Egerton University & Seattle Biomedical Research Institute, USA • 2000-2005 – Bsc Biomedical Science and Technology, Egerton University



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6.	 <p>Geoffrey Mwikamba Member, The National Treasury</p>	<p>Born 1972</p> <ul style="list-style-type: none"> • Jan 2012 to date: Chief Information Communication Technology Officer at The National Treasury • Apr 2008 to Jan 2012: Senior Information Communication Technology Officer at Ministry of Finance • Dec 2003 to Apr 2008 ICT Officer I • Dec 1999 to Dec 2003: Systems Analyst/Programmer at City Council of Nairobi • 1997 – Bachelor of Science • 2002 – Diploma in information systems management
7.	 <p>Eric Kimungunyi Co-opted Member</p>	<p>Born 1976</p> <ul style="list-style-type: none"> • Chief Executive Officer, aak-GROW • 2016 to date PHD – Innovations and Technology Management -JKUAT • 2013: MBA – Strategic Management • 2008: Diploma in Marketing Management • 2008: Basis Certificate in Crop Protection (UK) • 2000: Bachelor of science in Horticulture
8.	 <p>Sahara S. Ali Member, Ministry of Health</p>	<p>Born 1974</p> <ul style="list-style-type: none"> • Principal Public Health Officer of the department of Public Health Division of Food Safety, Ministry of Health • Master’s in Public health and Epidemiology – Student • Bachelor of Science and Environmental Health Sciences • Higher Diploma in Environmental Health – food science and inspection • Diploma, Environmental Sciences

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9.	 <p>Prof. Ezekiel Kiprop Member, University of Eldoret</p>	<p>Born 1965</p> <ul style="list-style-type: none"> • Deputy Vice-Chancellor (Administration & Finance), University of Eldoret – Immediate • Professor of Plant Pathology, University of Eldoret – Current • 1997-2001 - PhD in Crop Protection • 1990-1993 - MSc in Plant Pathology • 1987-1990 - BSc in Agriculture
10.	 <p>Dr. Zachary Kinyua Member, Kenya Agricultural & Livestock Research Organisation</p>	<p>Born 1967</p> <ul style="list-style-type: none"> • Assistant Director, Crop Health Research, Kenya Agricultural and Livestock Research Organization (KALRO) • 2000-2003 - Ph.D. in Molecular Plant Pathology; University of London, United Kingdom • 1993-1995 - MSc. in Plant Pathology; University of Nairobi, Kenya • 1998-1991 - BSc. in Agriculture, University of Nairobi, Kenya
11.	 <p>Mr. Mohammed Muktar Independent Member, Chiar Audit Committee</p>	<p>Born 1960</p> <ul style="list-style-type: none"> • Board Member, Adef (K) NGO • Member of District Anticorruption Civilian Oversight Committee, Wajir County • 1986-1987 - Account Clerk National Certificate • 1975-1978 - East Africa Certificate Education • 1968-1974 - Certificate of Primary Education

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<p>12.</p>	 <p>Sophie Chepkorir Independent Member</p>	<p>Born 1978</p> <ul style="list-style-type: none"> • 2008 to date – Social and Environmental Auditor, Fairtrade Labelling Organisation FLO-CET • 2017 - Social Development Specialist – The Wood Foundation Africa • Ongoing - Msc Climate Change Adaptation • Bsc. Agriculture
<p>13.</p>	 <p>Mr. Fredrick N. Muchiri Chief Executive Officer</p>	<p>Born 1966</p> <ul style="list-style-type: none"> • Msc in Plant Pathology • Bsc in Agriculture • Dec. 2023 to date - Chief Executive Officer, PCPB • Dec. 2019 to Nov. 2023 – Head, Registration Department • 2010 to Nov. 2014 – Regional Manager, Mt. Kenya, Embu PCPB office • 2014-2015- Regional Manager, Coast; PCPB office 2016-2019 Regional Manager, Mt. Kenya, Embu PCPB office • 2004-2010 – Deputy to Head of Compliance and Enforcement Department • 1995 – Gazetted as a Prosecutor • 1994 - Gazetted as an Inspector

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4. Key Management Team

1.	 <p>Mr. Fredrick N. Muchiri Msc: Plant Pathology Bsc: Agriculture</p>	Chief Executive Officer
2.	 <p>CPA, Bernard M Mang'ara BBM (Finance and Banking), CPA-K, MBA- Finance – Student</p>	Head Finance and Administration.
3.	 <p>Dr. Paul N. Ngaruiya</p>	Head, Research, Strategy & Planning

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	PhD in Tropical Plant Sciences, Msc: Plant Pathology Bsc: Agriculture	
4.	 <p>Mr. Baraza Wanyonyi Msc. Environmental Chemistry B.Ed (Science)</p>	Head, Registration
5.	 <p>Grace N. Muchemi Msc: Analytical Chemistry Bsc: Botany and Chemistry</p>	Head, Analytical Services
6.	 <p>Lawrence K. Ikiba Msc: Agronomy, Bsc: Agriculture</p>	Head, Compliance and Enforcement.

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5. Chairman's Statement

It is my pleasure to present the Annual Report and the Financial Statement for the financial year 2023/2024 on the Pest Control Products Board operations. The operations were derived and based on the provisions of the Pest Control Products Act, Cap 346 Laws of Kenya under which the Board is established, and the strategic plan 2023-2027.

The Board has continued to undertake its mandate of regulation of pesticides and service delivery to the public in general with great diligence. The activities undertaken included registration of pesticides, quality assurance of pesticides through premises inspection and certification of products therein, training and awareness creation, survey on exposure of spray service providers to pest control products and enhanced enforcement activities. The registration department undertakes rigorous risk assessment of pesticides prior to registration to ensure quality standards before introduction of products into the market. The pesticides registered in Kenya are of the required quality.

The Compliance and Enforcement and Analytical Departments conduct post registration surveillance and quality assurance. This function aims to verify that the pesticides in circulation are duly registered and efficacious. The proliferation of illegal pest control products is a threat to human health, agricultural productivity & the environment. There was an unprecedented influx in illegal pest control products flowing into the country through various border points and ports of entry. In this regard, the Compliance and Enforcement Department has in the past year embarked on an aggressive campaign to curb the vice. The efforts have borne fruits with multiple seizures and successful prosecutions being carried out country-wide. Targeted training and awareness creation activities aimed at staff from other government agencies working at border points have led to increased collaboration and more stringent import control. Capacity building to stakeholders has led to improved levels of compliance. Additionally, the Board of Management visited ports of entry, border points and regional offices to familiarize themselves with the challenges the management has been facing in delivering its mandate.

I wish to recognize the Government funding to the Board which has enabled it to expand its operations including the completion and equipping of the new laboratory block.

The Board continued to interact with essential stakeholders through consultative forums to identify partnerships necessary for enhancing service delivery. It maintained and strengthened collaboration with private and public institutions, as well as other parties, in areas such as strategic planning, research, public health, the environment, agriculture, higher education institutions, and national and international standard-setting organizations.

Delivering the Board's mandate has not been without its challenges. The institution remains understaffed and inadequately resourced. However, positive progress was made when the Head of Public Service directed the PS Agriculture and Public Service Commission to ensure that PCPB is adequately staffed. Additionally, a job evaluation process was initiated through SRC with a view to addressing staff retention issues currently plaguing the organization.

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A big milestone achievement in the year just ended was the gazettelement of the Pest Control Products Regulations 2024 in June 2024. The following regulations are now in effect: Labelling, Advertising and Packaging Regulations, Inspection and Certification Regulations, Pest Control Products Registration Regulations, Importation and Exportation Regulations, Fees and Other Charges Regulations and the Disposal Regulations. The new regulations will strengthen legal support for enforcing compliance and improve best practices throughout the distribution chain by setting minimum qualifications for value chain actors. They will enable the board to effectively address new challenges and emerging issues, while the revised fees will boost revenue collection and support institutional sustainability. Additionally, the PCP bill 2022 is in an advanced stage of review. It is to be submitted to the Cabinet and it is hoped that it shall be passed in the near future.

PCPB received a major boost to its enforcement capacity by having its inspectors and analysts gazetted in the year ended June 2024. The Board launched its Strategic Plan that will chart the activities to be undertake for the period 2023-2027. Along with the Strategic Plan, the board also officially launched its digital services. Availing our services on online platforms makes them more accessible and enhances our efficiency in service delivery.

On behalf of the Board, management, and staff, I want to reaffirm our dedication to providing effective and efficient service in pesticide regulation and trade facilitation. Our goal is to enhance agricultural productivity, protect human health and the environment, and promote sustainable development.



Chairperson.

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6. Report of the Chief Executive Officer

The Board is pleased to present the financial results for the year 2023/2024. During this period, the Board completed the construction of the new laboratory complex. The Board also procured a GC-MS/MS and is in the process of acquiring an LC-MS/MS. The equipment will go a long way in verifying that pesticides meet established standards and specifications thus supporting the enforcement of the law and regulations.

On operations, during the financial year 2023/2024, PCPB collected 144.8 million being 99% of the target revenue in A.I.A (Kshs 145 million). On Government support, PCPB was to receive Kshs 114 million in recurrent grant which was subsequently enhanced to Kshs 124 million. An additional capital grant of 143 million was also expected but out of this only Ksh 61.5 million was disbursed. The revenue performance stood at 80% overall due to the low disbursement of development grant and the absorption rate at 82% against the budget and 101% against the actual revenue received.

The Board has been diligent in carrying out its mandate with the Compliance and Enforcement Department inspecting and licensing approximately 7400 premises against a target of 6670, representing 111% achievement of the set target. The target was over achieved due to the concerted effort of the compliance team from all the regions who went beyond the call of duty to cover areas that were not covered previously. The department encountered challenges that included but not limited to constraints in availability of resources to facilitate premises inspections, infiltration of smuggled pesticides due to porous borders, proliferation of informal outlets dealing in illegal pesticides, inadequate staff, among others.

Following an upsurge in illegal products in the market, PCPB was directed by the National Security Council Committee to launch a nationwide awareness campaign through various media platforms about the dangers that unregistered and unlicensed agrichemicals pose and immediately initiate a phased Multi-Agency Rapid Result Initiative (RRI) enforcement with a focus on the most vulnerable counties. In order to bolster PCPB's enforcement capacity, the Board requested the Inspector General of Police to deploy some DCI officers to be attached to the institution. Two DCI officers reported to PCPB in February 2024 and they have been instrumental in investigating non-compliances, conducting raids and prosecuting sellers of illegal pesticides. As part of the campaign against illegal products, the Board has registered more than 30 cases in court against traders of illegal products. About a third of the cases have been concluded with successful convictions and the rest are ongoing.

The department successfully completed 121 training and awareness activities, surpassing the PC target of 80. This achievement was facilitated by enhanced cooperation with other government agencies including those at border points and partners involved in farmer and stakeholder training.

The Registration Department undertook 150 risk assessments on applications for full registration presenting 100% achievement of the target and 80 parallel registrations. A total of 33 trial sites were monitored to ensure the pesticides in our markets are efficacious and offer value to the farmers. Twelve institutions were visited and accredited/renewed accreditation for conducting trials. 105 label

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extensions were evaluated for already registered products to increase on usages. On supporting the fight against emerging pest and diseases, 19 products were considered for the control of False Codling Moth, Diamond Back Moth (DBM) and *Tuta Absoluta* in broccoli, cucumber, pepper, avocado and carnations. Thirty four Technical grade materials were considered to facilitate local formulation. Ten active ingredients and one co-formulant of health, environmental and trade concerns were reviewed.

During the financial year 2023/2024, 19,368,042.33 Kgs of PCPs were imported, and 208,474.07 Kg were exported.

PCPB continues to be part of the global community on matters concerning pesticide regulations and during the year, officers attended and participated in nineteen meetings on multilateral environmental agreements MEAs/Conventions, East African Community pesticide technical working group (EAC-TWG), World Health Organisation (WHO), pesticide and chemical risk management (KEMI) and manufacturing sites verification meetings.

PCPB is part of the participating regulatory agencies of the WHO Pilot project on the Collaborative Registration Procedure of Vector Control Products. The harmonisation efforts leverage on the existing WHO Prequalification Team and National Regulatory Authorities capacities of Eight (8) African countries (Benin, Kenya, Rwanda, Tanzania, Uganda, Burkina Faso, Nigeria, Mali & Democratic Republic of Congo). This pilot project aims to improve regulatory approaches while benchmarking with the World Health Organization.

The Analytical department collected and analyzed 411 pesticides samples for quality assurance, against a target of 365 surpassing the set target. The analysis of samples also helps in supporting court process on counterfeit products cases.

The Research, Strategy and Planning Department undertook a baseline survey on Pesticide Use and Exposure of Spray Service Providers in Kenya. The survey was undertaken in six counties namely Nyandarua, Nakuru, Nyeri, Kirinyaga, Embu and Kiambu. According to the survey results, the majority of responses (56.59%) indicated that scouting guided SSP's decision on when to apply pesticides. The study revealed that only 23.9% of SSPs had full personal protective equipment. This indicates that there is still a gap between the training SSPs receive and their practices.

PCPB has a staff force of 59 on permanent and pensionable terms and 15 interns against an approved staff establishment of 271. Thus, PCPB has been operating with 21% of its staff capacity, leaving a deficit of 79%. This has been a major challenge for the organization. The Head of Public Service advised the PS Agriculture and the Public Service Commission to ensure the organization is adequately staffed. A long solution to PCPB's staffing woes is being sought through efforts to obtain corporate status. The review of the PCP Bill 2022 is at an advanced stage and shall be presented to the Cabinet soon. Its passing would enable PCPB to recruit more staff. During the period we also offered 41 attachment opportunities to students from tertiary learning institutions.

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In the year under review, the Pest Control Products Board 2024 Regulations were finalized and gazetted. This will enhance regulation of pesticides equipping the Board to better handle emerging challenges. The revised fees will also increase revenue and promote institutional sustainability. The Pest Control Products Bill 2022 is in advanced stages of review and is scheduled for submission to the Cabinet soon.

The Board launched its 2023-2027 Strategic Plan which will guide the activities of the institution for the next 4 years. It provides a clear roadmap for achieving long-term goals, ensuring that all efforts are aligned with the organization's vision and mission. PCPB also launched its digitalized services to enhance service delivery, boost operational efficiency and improve customer experience.

In conclusion, the management is dedicated to the ongoing enhancement of the institution to fulfil its mandate effectively and professionally.



Fredrick N. Muchiri

CEO/Secretary PCPB

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

Pest Control Products Board has two strategic pillars and six strategic objectives the Strategic Plan for the FY 2023- FY2027. The strategic pillars are as follows:

Pillar 1: Ensuring availability of Quality and safe Pest Control Products to promote agricultural productivity while safeguarding human health, animal health and the environment.

Pillar 2: Enhance Institutional Growth and Sustainability.

Strategic objectives

The strategic objectives to support the key result areas are:

1. Enhance compliance of pest control products with set standards and facilitating trade.
2. Ensure safe, quality and efficacious pest control products are availed to users.
3. Promote responsible handling and use of pest control products.
4. Enhance compliance with food safety standards and market requirements
5. Improve resource mobilization and accountability
6. Improve quality and efficiency of service delivery

PCPB develops its annual work plans based on the above two pillars/themes/issues and strategic objectives. At the beginning of the financial year, PCPB negotiated and signed the annual performance contract with the Government. The Performance contract for 2023/2024 financial year was based on the 20th cycle Performance contracting guidelines. The milestones were monitored and reported on a quarterly basis to the Board of management, Parent Ministry, National Treasury and specialised agencies. PCPB achieved its performance targets set for the FY 2023/2024 period as summarised in the Table below:

Strategic Pillar/Theme/Issues	Strategic Objectives	Key Performance Indicators	Activities	Achievements
Ensuring availability of Quality and safe Pest Control Products to promote agricultural productivity while safeguarding human health, animal health and the environment	Enhance compliance of pest control products to set standards and facilitate trade	Maintain compliance through inspection of pesticide premises for licensing	Inspected premises manufacturing or stocking pesticides	7,400
		Compliance of pesticides enhanced through monitoring of pesticide quality	Sampled and analysed pesticide samples	411
		Safe disposal of obsolete, illegal pesticides and	All Obsolete, expired and illegal pesticides encountered were seized and safely disposed	100%

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	wastes encountered		
	Raw materials for manufacturing Pesticides to boost trade	Fast-tracked registration of all technical grade materials applications to support local manufacturing	100%
	Pesticides for export registered	Fast-tracked registration of pest control products meant for export	100%
Ensure safe, quality and efficacious pest control products are availed to users	Health and environmental risks mitigated	Held registration meetings and evaluated pest control products for registration purposes and prepared reports	100%
		Active ingredients of Health or environmental concern reviewed	10
	Institutions Researching on Pesticide Performance Monitored	Monitored accredited institutions conducting preregistration trials	33
	Regulatory environment improved	Participate in Multilateral Environmental Agreements MEAs/Conventions, EAC and CODEX & pesticide management meetings	19
Enhance compliance to food safety standards and market requirements	Pesticides for emerging pests and diseases, and crops registered	<ul style="list-style-type: none"> · Fast-tracked registration of pest control products for use to control pests in Miraa/Muguka · Fast-tracked all applications of products submitted for emerging pests and diseases 	100%
	Low risk products registered to address food safety and market requirements	<ul style="list-style-type: none"> · Fast-tracked registration of potential low risk pest control products including biological · Fast-tracked registration of pest control products for emerging export commodities and minor crops 	100%
Promote responsible handling and use of pest control products	Stakeholder Trainings and Awareness created	Organized trainings and participated in awareness creation activities (e.g farmers' field days, shows, exhibitions etc) to disseminate information on the	121

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			responsible use of pesticides to farmers and other users	
Enhance Institutional Growth and Sustainability	Improve resource mobilization and Accountability	Project Completion Rate	Construction of PCPB residue laboratory—Progressed the project from 85% to 95% by: <ul style="list-style-type: none"> · Completing the epoxy floor, painting, ground leveling · Procuring two laboratory equipment: GC-MS-MS was commissioned; A tender was awarded for supply LC-MS-MS to PCPB laboratory. · Compiled a list of minor defects noted in the laboratory following the Lab handing over by the contractor to PCPB. · Defects to be rectified during the defect liability period. 	95%
	Improve quality and efficiency of service delivery	Science, Technology and Innovation Mainstreaming	Conducted a survey on the use of pest control products by a sample of Spray Service Providers and prepared a report	100%
		Corporate Social responsibility	Trees planted/grown. <ul style="list-style-type: none"> ▪ PCPB maintained Coffee seedling Variety, SL 34 in the PCPB nursery ▪ Coffee seedling, Variety Ruiru 11 planted in the seedbed in the PCPB Nursery. ▪ Maintained avocado seedlings, Variety Haas, in the PCPB nursery ▪ Organized 4 tree planting events held—at Kanjulu ward, Kisumu county; Kipkelion; PCPB Headquarters, Loresho, Nairobi and Kinale forest. 	10,000 6000 3,590 4

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8. Corporate Governance Statement

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

The Board held meetings as follows: -

Board meetings - Ten (10), Technical and Registration committee meetings – Eight (8), Finance and Administration committee meetings - Four (4), Audit committee meetings - Four (4), Special/Ad-hoc committee meetings - Four (4), Board Evaluation - One (1)

Succession Planning

The institution has ensured that tenures of Board members do not expire at the same time. During the year, Dr. Geoffrey Muriira and Ms. Sophie Chepkorir joined as new Board Members while the tenure for Mr. Ali Gakweli expired. Mr. Andrew Kinyua and Eric Kimunguyi were re-appointed.

The institution has inadequate staff to enable effective succession planning. This is further compounded by the fact that PCPB is not a Body Corporate and therefore cannot distinctly recruit staff on its own as was advised by the Head of the Public Service.

Board Charter

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

Process of appointment and removal of directors

Appointment:

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

The Cabinet Secretary appoints Directors to serve the Board for a period of three years, renewable once, except for Alternate Directors for Principal Secretaries representing government ministries as provided for in the PCP Act, who are nominated by their Ministries. All the independent members are appointed through a gazette notice.

Removal:

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

Roles and functions of the Board

Board of Directors

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

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

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

Board Committees

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

Technical and Registration Committee

Duties

1. To assess and evaluate applications for Registration and make recommendations to the Board of Management (hereby “the Board”);
2. To consider and review registered products that may have health concerns to humans, animals, plants, trade and the environment;
3. To consider and review emerging issue in pesticide regulation and make recommendations to the Board;
4. To consider submissions by applicants whose products have concerns that may lead to rejection of applications for registration (Right to be heard);
5. To consider proposals for suspension or revocation of certificate of registration and make recommendations to the Board;
6. To evaluate accreditation and re-accreditation reports and make recommendations to the Board;
7. To consider guidelines on registration and licensing of premises and recommend to the Board;
8. To review fees and other charges from time to time and make recommendation to the Board;
9. To ensure creation of awareness to the stakeholders and the general public on all aspects of safety, storage, handling, disposal and use;
10. To advise the Board on any other Technical matters on Regulation of Pest Control Products;
11. To consider the budgetary allocation to the Technical departments as to its adequacy and make recommendations;
12. Any other duties assigned by the Board.

Finance and Administration Committee

Duties

1. To perform advisory role on Board’s financial operations.
2. To make recommendations to the Board on matters of finance, accounting and human resource management and administration in general.
3. Review and make recommendations to the Boards annual budget and procurement plan.
4. Review periodically the organization’s strategic objectives and human resource policy instruments and policies relating to sustainability and social responsibility;

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5. Ensure that the procurement process is cost effective and delivers value for money;
6. Review on quarterly basis the attainment of targets and objectives set out in the agreed performance contract framework with the Government of Kenya; and;
7. Perform such other functions as assigned by the Board.

Audit Committee

Duties

1. Oversight over Internal Control processes for realization of entity's objective;
2. Oversight over External Audit (EA) and Internal Audit (IA);
EA & IA: appointment, meetings, integrity of financial statements, key audit findings and recommendations, effective structure, IA charter, IA Strategic plan and IA Annual plans;
3. Review and monitor compliance with the organization's code of Ethics.
4. Monitor compliance with Constitution, all applicable laws, regulations and standards;
5. Initiate and oversight- specialized audits and investigations.
6. Oversight over Risk Management- review of risk management framework;
7. Approves decisions regarding appointment, promotion, removal and remuneration of the Internal Auditor;
8. Review, monitor and ensure that the organization is effectively and consistently delivering on its mandate; and
9. Ensure that effective processes and systems of risk management and internal controls are in place.

Induction and training - The two new Board members who underwent internal induction will be considered for Board Induction in the next training program by the State Corporations Advisory Committee while members of the audit committee will be trained on audit matters.

Board and member performance - During the financial year, the State Corporation Advisory Committee facilitated the Board Self Evaluation.

Conflict of interest - A conflict of interest register is maintained. Members sign to declare No conflict of interest during all Committee and Board Meetings.

Board remuneration

During the financial year, Board members were remunerated for their services in accordance with the prevailing relevant legislative provisions and guidance by government circulars issued from time to time. Members are currently entitled to the following allowances: -

Sitting allowance of Kshs.20,000/=, Lunch allowance of Kshs.2,000/=, Transport – Provided /mileage allowance paid where applicable, Daily Subsistence Allowance - Kshs.17,500/=, Chairman's honoraria Ksh.80,000/= per month, Chairman's Airtime of Kshs.7,000/= per month.

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

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

Whistle blowing policy - The policy is in place

Communication policy - The policy is under development and the draft is ready for Board approval.

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9. Management Discussion and Analysis

Operational & Financial Performance

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

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

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

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

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

The illustrations below clearly indicate a steady growth for the last five years from total revenue of Kshs 225 million in FY 2019/20 to Kshs 330 million in FY 2023/24 a 46.7% growth while the expenditure has also increased from Ksh 227 million in FY 2019/20 to Ksh 333 million In FY 2023/24 representing 46.7% growth. The two major expenditure drivers are personnel emoluments Costs in recurrent expenditure and the on-going construction of the pesticide residue laboratory in the capital expenditure section.

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

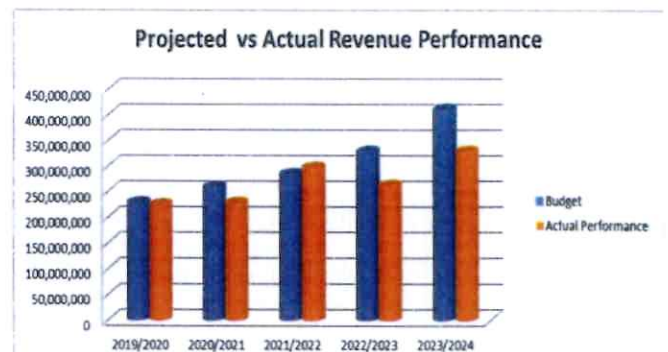
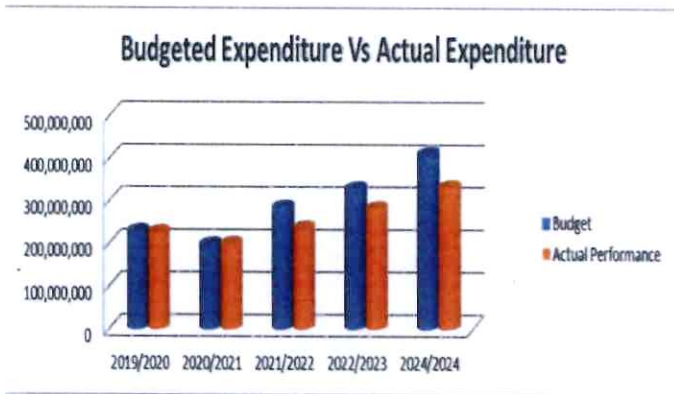
Revenue Trend

Revenues	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Budget	229,400,000	259,941,436	285,400,000	330,000,000	412,000,000
Actual Performance	225,759,884	229,052,079	298,148,415	263,681,231	330,305,487
Expenditure	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Budget	229,349,999	198,804,436	285,400,000	330,000,000	412,000,000
Actual Performance	227,006,846	200,140,108	236,521,948	283,046,698	333,582,215

Graphical illustration of Expenditure trends

Graphical illustration of Revenue trends

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Registration Department

In the year under review the Registration Department presented to the Board for approval a total of 150 new products for full registration out of which 34 products were technical grade materials for local formulation purposes. A total of 19 products were evaluated for emerging pests such as False Codling Moth, Diamond Back Moth and Tuta Absoluta and emerging crops such as avocado, carnations, pepper and broccoli. Eighty (80) products were considered for parallel/daughter registration. One hundred and five (105) products were considered for label extension for various use situations.

A total of 16 products were de-registered from the market through voluntary withdrawal by applicants, 5 non-compliant products had their registrations suspended and 5 products from applicants who requested for abeyance of registration. Twelve institutions were accredited/re-accredited to conduct trials on products while 33 accredited institutions that are actively involved in pre-registration trials were monitored.

A review of ten active ingredients and one co-formulant registered in Kenya was done. These included Acephate, Kasugamycin, Glyphosate, Polyethoxylate Tallowamine (co-formulant), Linuron and its associated end use products, Permethrin and Permethrin based products, Abamectin and Imidacloprid use in avocados and mangoes, mancozeb based products, Diquat based products and Pyridalyl based-products. This was based on risk assessment and additional information from other regulatory authorities in the world which had shown that the molecules had negative effects on human health and the environment. The review was also done pursuant to recommendations by the Parliamentary Departmental Committee on Health following Public petition No. 70 of 2019 requesting for withdrawal of certain molecules from the Kenyan market.

Compliance & Enforcement

Compliance and Enforcement department is mandated to safeguard the environment by working towards reducing environmental impact associated with production, use and disposal of pesticides. The activities undertaken geared towards environmental protection and safety to human were:

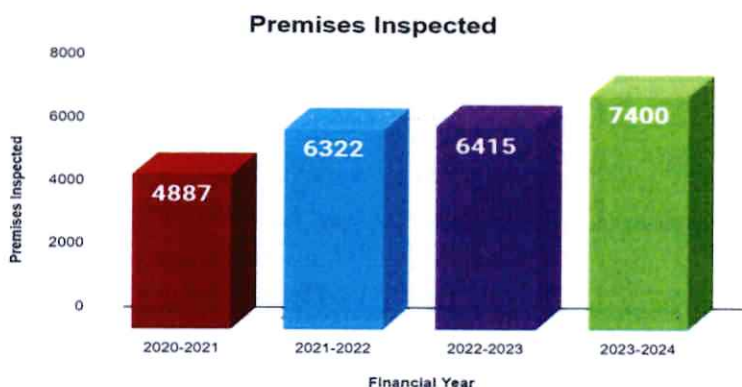
- Assessment of suitability of premises used for manufacture, formulation, storage and distribution of pest control products for purpose of licensing.
- Processing and issuance of import and export permits of pest control products

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

Premises inspection

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



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

Stakeholder trainings

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



department conducted trainings and awareness creation as illustrated by the graph below.

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Analytical services department

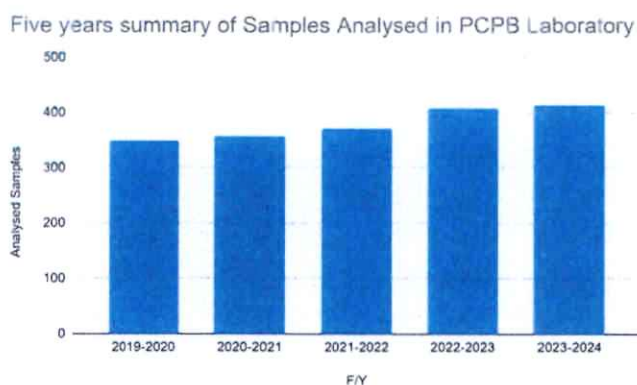
PCPB analytical laboratory undertakes quality analysis of pesticide formulations in the distribution chain to ensure compliance with set standards. Counterfeiting and adulteration of pesticides can reduce agricultural production affecting food security and is a risk to humans and contribute to loss of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



Figure 1: PCPB staff carrying out laboratory analysis

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

In the last 3 years the laboratory analysed samples collected by PCPB inspectors during routine inspection or during investigations. The laboratory has been collecting samples for post-registration surveillance and supporting inspectors in adducing evidence in courts. In the last 2 years, 402 and 411 samples were collected and analysed against annual targets of 360 and 365 respectively. For the last five financial years the laboratory analysed 1894 samples as illustrated above.



The PCPB laboratory in collaboration with other stakeholder conducted a baseline survey of pesticide residues in kales, onions and tomatoes from 5 counties namely; Nyeri, Kirinyaga, Meru, Makeni and Taita Taveta. A total of 105 samples were collected from farm gates and markets and analysed for pesticide residues. The objective of the study was to;

1. Determine the levels of pesticide residues in the kales, Onions and tomatoes
2. Determine adherence to the label instructions for approved uses by farmers
3. Determine compliance of the commodities to Codex MRLs and EU MRLs

The results indicated that the 105 samples of selected food commodities were compliant to the Codex MRLs while 33 samples did not comply to the EU MRLs.

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Project: Construction of Laboratory Block

Through Government of Kenya support, PCPB laboratory complex consisting of pesticide residue laboratory, formulation laboratory, inorganic laboratory and biopesticide laboratory, research laboratory, conference facilities, library and offices has been completed. The laboratory will undertake monitoring and surveillance of pesticide residues in food commodities and environmental samples while also carrying out tests on formulated products to assess their level of compliance to quality. Given the fundamental role research plays in the pesticide industry, the laboratory will play a crucial role in performing vital research, particularly in the field of bio-pesticides and pesticide residue trials. This research will generate data necessary for product registration among other regulatory decisions while simultaneously offering safer and more sustainable alternatives.



New PCPB Laboratory Block 1

Currently, PCPB laboratory has been analyzing pyrethrin products for companies promoting natural products by sourcing and paying pyrethrum from Kenyan farmers on a quality basis (% pyrethrin) hence encouraging use of non-conventional pesticides. The East African Community has also been harmonizing pesticide regulation within the region and PCPB has been taking lead and therefore the laboratory will contribute to data required as well as trainings in the pesticide industry.

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

Research, Strategy and Planning activities

Launch of Strategic plan 2023-2027

PCPB completed the development of the Strategic Plan 2023-2027. The Strategic Plan was successfully officially unveiled on 25th June 2024 at the PCPB Headquarters. During the same occasion, PCPB launched its online services platform; e-citizen services and Online Pesticide Registration System (OPRS). The event marked a significant milestone

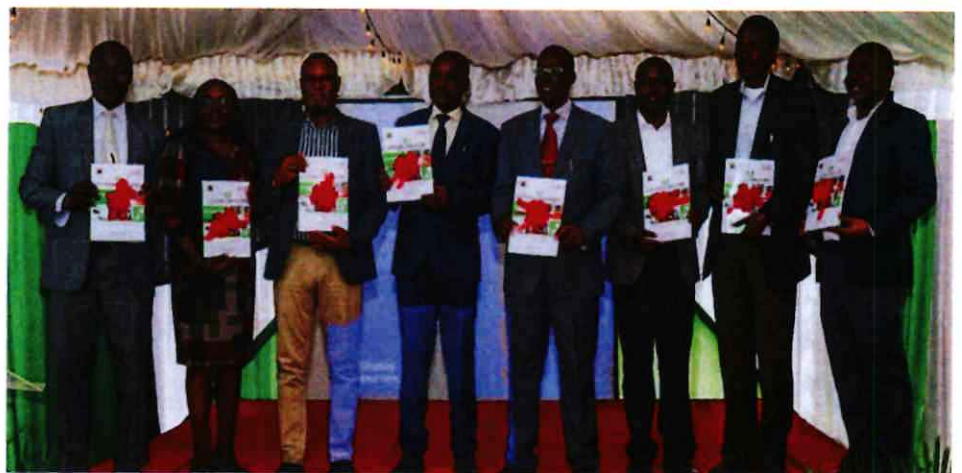


Photo 3: PCPB Chairman, Chief Executive Officer and some PCPB Directors during the launch of PCPB Strategic Plan

in providing a road map for PCPB to achieve its goal of ensuring access to quality and safe pest control products and in ensuring efficient and effective delivery of PCPB Services. PCPB reiterated the overall goal of promoting agricultural productivity and facilitating trade while safeguarding human health and the environment. Key stakeholders including government officials, industry leaders, and regulatory authorities attended the ceremony.

Survey on level of exposure to Spray Service Providers

PCPB conducted a baseline survey on 19th-22nd December 2023 to establish the level of exposure to Spray Service Providers (SSP) while handling and applying pesticides. The survey aimed to assess spray service providers' pesticide exposure during the mixing, loading, and application of pest control products. The survey was undertaken in six counties, namely Nyandarua, Nakuru, Nyeri, Kirinyaga, Embu and Kiambu. The interviews were conducted face-to-face by filling out a questionnaire to obtain information from respondents. A total of 242 interviews from the selected counties were conducted in which participating SSPs were randomly selected to answer the questionnaires.

From the survey results, most of the Spray Service Providers are men and of youth (from 18 -35 years) and middle-aged (35-50 years). The survey revealed that female SSPs were significantly fewer than male, possibly because most women do not engage in providing spray services due to biological reasons. Although from the survey, female SSPs were significantly fewer than male, their potential exposure to pesticides should not be underestimated because they are likely to be exposed through farm work such as weeding, pruning and harvesting that is done after spraying. Additionally, they could get secondary non-occupational exposure to pesticides while performing their traditional roles, such as washing contaminated PPEs.

From this survey, the majority of SSPs observed that they respected PPE utilization during pesticide mixing, which is important considering that the participants reported using products requiring mixing prior to application. About 8.0% of SSPs who failed to use protective clothing were at risk of pesticide exposure through contact and inhalation while mixing pesticides.

Performance Contract

The Performance Contract is part of the broader public sector reforms aimed at improving efficiency and effectiveness in the management of the public service. The Government has used Performance Contracting since 2003, (21 years) as a key accountability framework in its endeavour to improve service delivery and PCPB has been participating since then.

The Performance Contract for 2023/24 was prepared, negotiated and vetted by the Performance Contracting office. PCPB prepared and submitted PC reports for 2023/2024, and are awaiting evaluation by PC contracting office. In July 2024, PCPB received the 21st cycle Performance Contracting Guidelines for 2024/25, and started preparation of the Performance Contract for 2024/25 in readiness for negotiation and vetting.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Procurement and Consumption

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

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

In line with the above, PCPB will in future endeavour to sensitize all staff on their institutional sustainable efforts, international best practices and ways to implement such practices using the above principles.

In the year under review PCPB participated in the launch of the UNEP/FAO FARM Child Project (Financing Agrochemical Reduction & Management) which is geared to support Kenya to incentivize the adoption of safer alternatives to Highly Hazardous Pesticides (HHP's) and support the safe management and disposal of agricultural plastic. The project is foreseen to work with the private sector financial institutions to adopt green financing models and products to support the transition to the sustainable management of pesticides and agricultural plastics.

PCPB has also adopted paperless approaches in services offered, conduct of meetings and workshops. These measures include the use of video conferencing, digital transformation of services through E-Citizen and OPRS, electronic workflow and digital documents. These efforts as a result, contribute to reducing the institutions overall carbon footprint and the attainment of SDG 12.

ii) Environmental performance

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

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

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

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

- i. Thirty-Fifth Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer 23rd to 27th October, 2023 at the Headquarter of the United Nations Environment Programme (UNEP)- Nairobi, Kenya;

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- ii. Stakeholders Workshop on Pilot of the Collaborative Registration Procedure of Vector Control Products 28th to 29th September 2023; Cotonou, Benin.;
- iii. Resumed 4th Intercessional Process (IP. 4) and the 5th International Conference on Chemicals Management (ICCM5) in Bonn, Germany from 25th - 29th September 2023.;
- iv. Chemical Risk Assessment and Management Training, Lusaka, Zambia 29th August to 1st September 2023;
- v. Global Minor Use Summit IV at NH Collection Eurobuilding Hotel, Madrid, Spain from 5th – 9th February, 2024;
- vi. "Advances in Regulatory Harmonization and Biopesticide Innovation in Africa," was held from March 4th to 8th, 2024, in Cape Town, South Africa;
- vii. EAC Capacity Building Workshop on Dossier Evaluation and Risk Assessment for Biopesticides and Biocontrol Agents (Part III) and Review of Draft Labelling Guidelines 6th -10th May, 2024 at Burch's Resort in Naivasha, Kenya;
- viii. Chemical Risk Assessment and Management Training, Lusaka, Zambia in February 2024
- ix. UNEA-6 Technical Sub-Committee Retreat from 25th to 27th January 2024 in Naivasha, Kenya;
- x. Sub-Regional Workshop to Strengthen Implementation of the Rotterdam Convention held on 9th to 11th April 2024 at ICIPE, Duduville Campus, Nairobi-Kenya;
- xi. Fourth Meeting of the Intersessional process considering the Strategic Approach and Sound Management of Chemicals and Waste beyond 2020;
- xii. Orientation Workshop for Members of the Rotterdam Convention Chemical Review Committee held from March 12 to 14, 2024 at the FAO headquarters in Rome, Italy.

iii) Employee welfare

PCPB has an approved human resource and guidelines manual that dictates the handling of employee's welfare issues and also the expected norms, rewards and sanctions and behaviours at the work places. Further, PCPB has career guidelines that clearly guides the employees on the requirements for movement within the job cadres as well as the skills and trainings the employees are to be trained on. PCPB has also a contributory pension scheme where 20% of the basic salary of an employee is deposited every month with the employee also required to contribute 10% of the same to safeguard their old age. In the FY 2023/24 a total of Ksh. 1.6 million was spent on staff training to improve skills and build capacity.

The Board as outlined in the HR Policy, maintains healthy and safe working conditions to ensure there is no personal injury caused by accidents. To this effect, PCPB has put in place adequate measures for foreseeable incidents as advised by Occupational Safety & Health Act of 2007 which includes provision of Personal Protective Equipment, fire extinguishers, fire hose reels, designated fire assembly point and conducting safety fire drills for staff.

iv) Market place practices-

Pest Control Products Board has made efforts to ensure:

a) Responsible competition practice.

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

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

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

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

d) Product stewardship

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

v) Corporate Social Responsibility / Community Engagements

PCPB has been maintaining a tree nursery at the Headquarters at Loresho. As part of CSR, PCPB donated 1500 coffee seedlings, variety SL 34 to Tharaka Nithi county during the October 2023 tree planting day and 2000 avocado seedlings, variety Hass to Kericho county during the October 2023 tree planting day.

During the same year, PCPB donated 500 avocado seedlings, variety Hass to Kipkelion CDF office during the National tree growing day at Tulwap Kipsigis and partnered with State Department for Forestry to plant over 5000 indigenous trees. Other tree growing activities were conducted in Elementaita in Nakuru County and Kinale in Kiambu county.

In FY 2023/24 PCPB also visited Imani Children's home at Kayole in Nairobi and donated several household supplies.

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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, 2024, which show the state of the Pest Control Products Board's affairs.

i) Principal activities

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

ii) Results

The results of Pest Control Products Board for the year ended June 30, 2024 are set out on page 1 to 7

iii) Board of Directors

The members of the Board of Directors who served during the year are shown on page viii to xii. During the year 2023/2024 Mr. Ali Gakweli tenure expired and Dr. Geoffrey Muriira and Ms. Sophie Chepkoriri were appointed while Mr. Andrew Kinyua and Mr. Eric Kimunguyi were re-appointed.

iv) Surplus remission

Pest Control Products Board operates accrual basis of accounting, surplus accruing are therefore deployed back in the next FY for development/ capital expenditure. During the year Pest Control products Board did not register a surplus for the previous year, surplus for the current year was used to fund the development project that is on-going and which is delayed due to reduced government funding on the development budget.

v) Auditors

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

By Order of the Board



.....
Fredrick N. Muchiri

Chief Executive Officer /Secretary to the Board

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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 require the Directors to prepare financial statements in respect of that Entity, which give a true and fair view of the state of affairs of the Pest Control Products Board at the end of the financial year 2023/2024 and the operating results for that period. The Directors are also required to ensure that the Entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the Entity. The Directors are also responsible for safeguarding the assets of the Entity.

The Directors are responsible for the preparation and presentation of the Entity's financial statements, which give a true and fair view of the state of affairs of the Entity for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Entity; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Pest Control Act Cap 346. The Directors are of the opinion that the Entity's financial statements give a true and fair view of the state of Entity's transactions during the financial year ended June 30, 2024, and of the Entity's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Entity, which have been relied upon in the preparation of the Entity's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, nothing has come to the attention of the Directors to indicate that the Entity will not remain a going concern for at least the next twelve months from the date of this statement.

**Pest Control Products Board
Annual Report and Financial Statements
for the year ended June 30, 2024.**

Approval of the financial statements

The Entity's financial statements were approved by the Board on 20TH AUGUST, 2024 and signed on its behalf by:



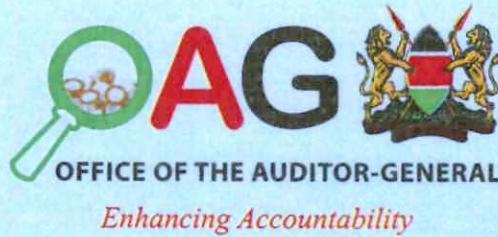
.....
Njoroge Kagwe
Chairperson of the Board/Council



.....
Fredrick N Muchiri
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON PEST CONTROL PRODUCTS BOARD FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Pest Control Products Board set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and 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 Pest Control Products Board at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Pest Control Products Act, 1982 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Fuel, Oil and Lubricants

The statement of financial performance for the year under review reflects use of goods and services expenses totaling to Kshs.68,966,539 and as disclosed in Note 11 of the financial statements includes fuel, oil and lubricants amounting to Kshs.6,193,804. Review of fuel records provided for audit revealed that fuel drawn for various vehicles on diverse dates as reflected in the invoices, supplier statement, detail orders and work tickets were not entered in the fuel register since Management does not maintain the register. It was therefore not possible to reconcile the fuel records as reflected in the invoices, supplier statements, detail order, and the work tickets. The Management only relied on the supplier records in making payments for fuel, oil and lubricants.

In the circumstances, the accuracy completeness and value for money of Kshs.6,193,804 could not be confirmed.

2. Unsupported Employer Contribution to Health Insurance Scheme

The statements of financial performance reflect employee costs expenditure amounting to Kshs.138,245,493 and as disclosed under Note 12 to the financial statements. Included is Kshs.10,133,732 respect to employers contribution to health insurance schemes .However, the Management did not provide medical insurance cover certificate, detailing premiums and payment terms.

In circumstances, the accuracy and completeness of Kshs.10,133,732 could not be confirmed.

3.0 Property, Plant and Equipment

3.1 Failure to Revalue Fully Depreciated Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.665,121,090 as disclosed under Note 20 to the financial statements. The balance excludes the fair value of assets that have been fully depreciated, and which are still in use by the Board. Further, the Board has not disclosed the valuation policy on its fixed asset in the Notes to the financial statement. This was contrary to the International Public Sector Accounting Standard 17(44) which requires sufficient regularity in revaluation of property, plant and equipment to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

In the circumstances, the accuracy and fair value of property plant and equipment, balance of Kshs.665,121,090 could not be confirmed.

3.2 Lack of Capital Work in Progress Register

Note 20 to the financial statements reflects property, plant and equipment amounting to Kshs.665,121,090. Included are addition expenditure on capital work in progress of Kshs.9,094,786 for the year ended 30 June 2024. However, the level of completion and the outstanding costs of the project could not be confirmed as the project implementation committee minutes, which would outline the progress of the projects, were not provided for audit. This is Contrary to the National Treasury Guidelines on Assets and Liability Management in the Public Sector, March 2020, paragraph 67(8) and Appendix 6(l), the state corporation should prepare a work in progress register for each category of assets.

In the circumstances, the accuracy and completeness of capital work in progress balance of Kshs.9,094,786 could not be confirmed.

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

Emphasis of Matter

Budget and Budgetary Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.412,819,517 and Kshs.331,125,005 respectively resulting to an under-funding of Kshs.81,694,512 or 20 % of the budget. Similarly, the State Corporation had an expenditure budget of Kshs.412,819,517 against an actual

expenditure of Kshs.334,401,733 resulting to an under-expenditure of Kshs.78,417,785 or 19 %.

The underfunding and under expenditure affected the planned activities and may have impacted negatively on delivery of goods and services to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues as required or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

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

In connection with my audit on the Pest Control Products Board financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

Basis for Conclusion

1. Repairs and Maintenance of Property Plant and Equipment

The statement of financial performance reflect repair and maintenance of property of Kshs.3,371,793 as disclosed under Note 15 to the financial statements Included in this amount is Kshs.1,724,483 in relation to repairs and maintenance of property, plant and equipment paid to a company was not among the prequalified companies listed for the service. Further Management did not institute a fresh procurement process as the previous contract had expired nor was the previous contract renewed.

In the circumstances, the value for money of Kshs.1,724,483 could not be confirmed.

2.0 Purchase of Computers and Laboratory Equipment

2.1 Issuance of Local Purchase Order without Signed Contract

Note 20 to the financial statements reflects property, plant and equipment amounting to Kshs.665,121,090. Included are additions in respect of purchase of laboratory equipment of Kshs.28,003,480 and purchase of computers of Kshs.2,637,140. However, the Board did not enter into a binding contract with the successful tenderer and instead issued a Local Purchase Order (LPO) as a substitute. This approach bypasses the formal contract process and contravene regulation 131(1)(b) of the public procurement and asset disposal Regulations, 2020, which mandates that the accounting officer of a procuring entity, in accordance with Section 138 of the Act, must publish and publicize all procurement contracts at the entity's notice boards and websites within fourteen days after the contract is signed.

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

3. Non-Compliance to a One Third of Basic Salary Rule

Review of the payroll revealed that fifty nine (59) staff received less than a third of their salary contrary to the provisions of Section 19(3) of the Employment Act, 2007 which states that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such

wages. Staff with over committed salaries may lack funds to meet their needs thus pecuniary embarrassment which leads to low morale.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Disaster Recovery Plan

Review of record revealed that the Board of Management did not have a Disaster Recovery Plan and a Risk Management Policy during the year under review.

This may result to failure by management to properly plan and act in the event of a disaster.

2. Non Compliance with Treasury Guidelines

The statement of financial performance reflects revenue amounting to Kshs.269,625,005 and employee costs payments totaling Kshs.138,245,493. The Compensation of employees' costs constituted fifty-one (51%) of the total revenue for the year under review, which is contrary to Treasury Circular No.16/2020 dated 26th August 2020 states that in line with the Public Finance Management Regulations 2015, the National Government expenditure on compensation to employees is not expected to exceed 35% of equitable revenue share

In the circumstances, Management was in breach of the law

3. Under Staffing in Staff Establishment

The Board has an approved staff establishment of two hundred and seventy-one (271) while the filled positions are fifty-nine (59) leaving unfilled positions of two hundred and twelve (212).

In the circumstances, failure to achieve Board mandate due to understaffing as this may impact negatively on the staff morale due to work overload leading to poor service delivery.

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

Responsibilities of the Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

Pest Control Products Board
Annual Report and Financial Statements
for the year ended June 30, 2024.

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

	Notes	2023/2024	2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	124,000,000	104,208,333
Licenses and permits	7	133,968,188	103,741,050
Public Contributions and Donations	8	819,517	-
		258,787,705	207,949,383
Revenue from exchange transactions			
Rental revenue from facilities and equipment	9	7,478,554	4,485,252
Other income	10	3,358,746	736,054
Total revenue		269,625,005	213,170,689
Expenses			
Use of goods and services	11	68,966,539	51,778,565
Employee costs	12	138,245,493	131,903,103
Board Expenses	13	10,189,348	6,705,955
Depreciation and amortization expense	14	21,674,541	13,579,553
Repairs and maintenance	15	4,904,695	6,375,104
Contracted services	16	3,371,793	3,401,782
Grants and subsidies	17	381,091	437,846
Total expenses		247,733,500	214,181,908
Surplus/ (deficit) before tax		21,891,505	(1,011,219)
Taxation		-	-
Surplus/(deficit) for the period/year		21,891,505	(1,011,219)
Remission to National Treasury		-	-
Net Surplus for the year		21,891,505	(1,011,219)
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Entity		21,891,505	(1,011,219)
		21,891,505	(1,011,219)

The notes set out on pages 7 to 37 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Name: Fredrick N Muchiri
Accounting Officer

Date 17/12/2024



Name: Bernard M Mang'ara
Head of Finance

ICPAK M/No:12615

Date 17/12/2024



Name: Njoroge Kagwe
Chairman of the Board

Date 17/12/24

Pest Control Products Board
Annual Report and Financial Statements
for the year ended June 30, 2024.

15 Statement of Financial Position as 30 June 2024

	Notes	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	18	66,962,918	44,684,463
Receivables from Exchange Transactions	19	13,461,625	28,322,955
Total Current Assets		80,424,543	73,007,418
Non-Current Assets			
Property, Plant and Equipment	20 (a)	665,121,090	600,127,395
Total Non- Current Assets		665,121,090	600,127,395
Total Assets (A)		745,545,633	673,134,813
Liabilities			
Current Liabilities			
Trade and Other Payables	21	3,292,923	12,915,790
Refundable Deposits and Prepayments from Customers	22	692,011	593,415
Current Provision	23	1,543,963	3,328,347
Total Current Liabilities		5,528,897	16,837,552
Total Liabilities (B)		5,528,897	16,837,552
Net Assets (A-B)		<u>740,016,737</u>	<u>656,297,261</u>
Represented by:	26(ii)		
Reserves		67,354,425	67,354,425
Accumulated Surplus		424,280,498	402,061,023
Capital Fund		236,551,456	175,051,456
Revaluation reserve		11,830,357	11,830,357
Net Assets		<u>740,016,736</u>	<u>656,297,261</u>

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



Name
 Accounting Officer

Date 17/12/2024



Name
 Head of Finance
 ICPAK M? No 12615:

Date 17/12/2024



Name
 Chairman of the Board

Date

Pest Control Products Board
Annual Report and Financial Statements
for the year ended June 30, 2024.

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

Description		Capital Reserves	Fair value adjustment reserve	Retained earnings		Capital/Development Grants/Fund	Total
	Ksh	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at July 1 2022/2023	-	67,354,425	11,830,357	403,072,242	-	123,679,099	605,936,123
Issued new capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	--	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-	-
Surplus/ deficit for the year		-	-	(1,011,219)	-	-	(1,011,219)
Capital/development grants received during the year		-	-	-	-	51,372,357	51,372,357
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-
Dividends paid		-	-	-	(-)	-	-
Interim dividends paid		-	-	(-)	-	-	-
Proposed final dividends		-	-	(-)	-	-	-
As at June 30, 2023		67,354,425	11,830,357	402,061,023	-	175,051,456	656,297,261
As at July 1, 2023		67,354,425	11,830,357	402,061,023	-	175,051,456	656,297,261
Issue of new share capital		-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-
Transfer of excess depreciation on revaluation		(-)	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-
Fair value adjustment on investments		-	-	-	-	-	-
Surplus/ (deficit) for the year		-	-	21,891,505	-	-	21,891,505
Capital/development grants received during the year		-	-	-	-	61,500,000	61,500,000
Transfer of Forfeited Deposit/ retention to retained earnings	-	-	-	327,970	-	(-)	327,970
Dividends paid	-	-	-	-	(-)	(-)	(-)

Pest Control Products Board
Annual Report and Financial Statements
for the year ended June 30, 2024.

Description		Capital Reserves	Fair value adjustment reserve	Retained earnings		Capital/Development Grants/Fund	Total
Interim dividends paid	-	-	-	(-)	-	-	(-)
Proposed final dividends	-	-	-	(-)	-	-	-
As at June 30, 2024	-	67,354,425	11,830,357	424,280,498	-	236,551,456	740,016,736

Pest Control Products Board
Annual Report and Financial Statements
for the year ended June 30, 2024.

17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	203,000,000	138,080,690
Licenses and permits	7	133,968,188	103,741,050
Public Contribution and Donations	8	819,517	-
Rental revenue from facilities and equipment	9	5,513,861	4,179,798
Other income	10	410,446	736,054
Total receipts		343,712,012	246,737,592
Payments			
Use of goods and services	11	68,960,109	51,430,565
Employee costs	12	139,761,133	130,874,166
Board Expenses	13	10,189,348	6,705,955
Repairs and maintenance	15	4,904,695	6,375,104
Contracted services	16	3,371,793	3,401,782
Grants and subsidies	17	381,091	437,846
Total payments		227,568,169	199,225,418
Net cash flows from/(used in) operating activities		116,143,843	47,512,174
Cash flows from investing activities			
Purchase of PPE and Intangible assets	20	(86,668,234)	(69,605,885)
Net cash flows from/(used in) investing activities		(86,668,234)	(69,605,885)
Disposal of motor vehicle	10	2,948,300	-
Payment of retention		(10,149,454)	-
Net increase/(decrease) in cash & Cash equivalents		22,278,455	(22,093,711)
Cash and cash equivalents at 1 July 2023	18	44,684,463	66,778,174
Cash and cash equivalents at 30 June		66,962,918	44,684,463

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	254,000,000	13,000,000	267,000,000	185,500,000	(81,500,000)	69%
Licenses and permits	134,000,000	-	134,000,000	133,968,188	(31,812)	100%
Public Contribution or donations	0	819,517	819,517	819,517	-	100%
Other Income	11,000,000	-	11,000,000	10,837,300	(162,700)	99%
Total Income	399,000,000	13,819,517	412,819,517	331,125,005	(81,694,512)	80%
Expenses						
Use of Goods and Services	87,172,585	819,517	87,992,102	68,966,539	19,025,563	78%
Employee costs	142,354,411	-	142,354,411	138,245,493	4,108,918	97%
Remuneration of Directors	10,324,000	-	10,324,000	10,189,348	134,653	99%
Repairs and Maintenance	6,047,101	-	6,047,101	4,904,695	1,142,406	81%
Contracted Services	3,910,000	-	3,910,000	3,371,793	538,207	86%
Grants and Subsidies	500,000	-	500,000	381,091	118,909	76%
Depreciation and amortization expense	18,556,903	-	18,556,903	21,674,541	(3,117,638)	116%
Total Expenditure	268,865,000	819,517	269,684,517	247,733,499	21,951,019	92%
Surplus for the period	130,135,000	13,000,000	143,135,000	83,391,506	(103,645,531)	(0)
Capital Expenditure	123,135,000	20,000,000	143,135,000	86,668,234	56,466,766	61%

Budget notes

1. PCPB was allocated Ksh 267 million in grants but only received Ksh 185.5 million resulting to a 69% achievement on that.
2. Use of goods and services, Repairs and maintenance, contracted services and grants and subsidies were lower than expected due to prudent management of resources. Late disbursement of allocated funds also played a role in the absorption levels.
3. Depreciation and amortization is a provision set aside to replace aging assets, the provision was slightly under budgeted compared to actual provision.
4. Capital expenditure relates mainly to a multi-year residue laboratory project that is at equipping level, and with an approved project cost of Ksh 338 million, failure to receive on the fully allocated development funds also affected this line item.

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Pest Control Products Board. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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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 2024.*

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

- i) Revenue from non-exchange transactions**

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to PCPB 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

Rental income

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

b) Budget information

The original budget for the Current FY 2023/2024 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Ksh 10 million recurrent and Ksh 20 million development grant allocations on the 2023/24 budget following the governing body's approval.

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

c) Taxes

Current income tax

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Pest Control Products Board did not have deferred tax.

Sales tax

Pest Control products Board did not have any sales tax

d) Investment property

PCPB did not have any investment property over the period.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, PCPB recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is charged so as to write off the cost of valuation of property, plant and equipment to their residual values over their expected useful lives using the straight-line method at the following rates: Equipment 12.5% (8years), Furniture 12.5% (8 years), Motor Vehicles 25% (4 years), Computer Equipment 33.3% (3 years), Laboratory equipment 12.5% (8 years).

f) Leases

PCPB did not have any finance lease during the period.

g) Intangible assets

PCPB did not have any intangible asset during the period.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. Pest Control Products Board does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

a) Financial assets

Classification of financial assets

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

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

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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 Pest Control Products Board manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The Pest Control Products Board assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL), however, PCPB had no financial asset in the current year.

b) Financial liabilities

Classification

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

j) Inventories

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

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

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

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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 PCPB.

k) Provisions

Provisions are recognized when The Pest Control Products Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where PCPB expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

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

m) Contingent liabilities

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

n) Contingent assets

Pest Control Products Board does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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

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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.

o) Nature and purpose of reserves

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

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The Pest Control Products Board provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which PCPB pays fixed contributions into a separate entity 20% of the basic salary of every employee (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r) Foreign currency transactions

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

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

u) Service concession arrangements

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

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

v) Cash and cash equivalents

In the case of PCPB, cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to

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

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

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- 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.

6. Transfers from Other Government entities

Description	2023/2024	2022/2023
	KShs	KShs
Unconditional Grants		
Operational Grant	124,000,000	104,208,333
Development grants	61,500,000	50,000,000
Other Grants	-	1,372,357
Total Unconditional Grants	185,500,000	155,580,690

PCPB received Ksh 17.5 million grants for FY 2022/23 in July 2023 and therefore the same will reflect as cash flow for the current period. Recurrent grants is used to supplement the A.I.A collection to fund its day to day operations and development project.

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

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2023/2024	Insert Comparative 2022/2023
	KShs	KShs	KShs	KShs	KShs
State Department of Agriculture	124,000,000	-	61,500,000	185,500,000	154,208,333
Civilian Research & Development Foundation Global	-	-	-	-	1,372,357
Total	124,000,000	-	61,500,000	185,500,000	155,580,690

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7. Levies, Fines and Penalties

Description	2023/2024	2022/2023
	Kshs	Kshs
Licenses fees	133,968,188	103,741,050
Total	133,968,188	103,741,050

8. Public Contributions and Donations

Description	2023/2024	2022/2023
	Kshs	Kshs
Support from Colead	819,517.30	-
Total	819,517.30	-

9. Rental Revenue from Facilities and Equipment

Description	2023/2024	2022/2023
	KShs	KShs
Operating lease revenue	7,478,554	4,485,252
Total Rentals	7,478,554	4,485,252

Rental revenue is recognized when it falls due, the cashflow however registers the actual receipts of rental income received for the year Ksh.5.5 million and Ksh 1.9 was not paid by 30th June 2024.

10. Other Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Miscellaneous incomes	3,358,746	668,482
Total Other income	3,356,746	668,482

This relates to miscellaneous incomes like disposal fee on obsolete assets, courier services for samples, sale of seedlings etc. Ksh 2.9 million of this was realized from disposal of obsolete motor vehicles which is recognized as cashflow from investing activities in the statement of cashflows.

11. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs	Kshs
Advertising	490,137	432,882
Audit Fees	348,000	348,000
Consumables	3,854,271	2,868,555

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Description	2023/2024	2022/2023
	Kshs	Kshs
Fuel and Oil	6,193,804	5,186,018
Insurance	2,242,517	953,819
Postage	1,482,755	1,534,384
Printing and Publication	462,521	149,591
Computer Expense	391,494	381,610
Exhibition and Shows	1,310,460	2,327,505
External Travel	2,651,155	2,153,458
Electricity and Water	1,434,587	999,835
Laboratory Consumables	639,121	245,835
Training	1,646,169	2,940,118
Travel, Subsistence & Other Allowances*	38,204,379	23,576,814
Bank charges	231,082	203,473
Rent and rates	4,183,723	4,397,029
Telephone Expense	64,380	37,700
Purchase of uniform	6,350	5,430
Disposal	92,800	38,000
Purchase of fungicides	181,905	184,505
Purchase of Stationery	1,229,410	917,835
Official Entertainment	1,410,486	946,407
Library Expenses	215,033	213,483
Tax, fines and Penalties	-	736,282
Total	68,966,539	51,778,565

Cash flow statement and statement of performance indicates a variance of Ksh 6,430 which was incurred but not paid by close of year.

12. Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries and wages	70,250,210	68,736,025
Employer contribution to health insurance schemes	10,133,732	10,228,760
Employer contribution to pension schemes	13,402,817	12,398,202
Travel, accommodation, subsistence, & other allowances	6,397,548	6,232,000
Housing benefits and allowances	26,761,081	25,703,000
Telephone Allowance	5,002,113	4,203,500
Passage and Leave allowance	713,793	676,000
Other Persona allowances	3,107,484	2,634,485
Gratuity	803,680	1,091,120
Housing Levy	1,673,035	-
Employee costs	138,245,493	131,903,103

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Employee costs are remunerative expenses and other approved allowances paid to staff. The cost is recognized when it falls due however, statement of cashflows indicates a variance of Ksh 1.5 million which is as a result of payments for prior year and non-payment of PE incurred expenditure..

13. Board Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Board Expenses	9,145,348	5,615,555
Chairmans monthly honoraria	1,044,000	1,090,400
Employee costs	10,189,348	6,705,955

14. Depreciation and Amortization Expense

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, plant and equipment	21,674,541	13,579,553
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	21,674,541	13,579,553

Additions of assets is detailed under number 20 below.

15. Repairs and Maintenance

Description	2023/2024	2022/2023
	Kshs	Kshs
Property and equipment	1,724,483	2,436,527
Equipment and Machinery	485,539	1,427,639
Vehicles	2,694,673	2,510,938
Total Repairs and Maintenance	4,904,695	6,375,104

16. Contracted Services

Description	2023/2024	2022/2023
	Kshs	Kshs
Security Services	2,744,888	2 637,840
Property Management Services	626,906	763,942
Total Contracted Services	3,371,793	3,401,782

17. Grants and Subsidies

Description	2023/2024	2022/2023
	Kshs	Kshs
Corporate Social Responsibility	381,091	437,846

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Total Grants and Subsidies	381,091	437,846
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Notes to the Financial Statements (Continued)

18. Cash and Cash Equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
731026785-ABSA	12,984,881	7,434,302
1106876067-KCB	24,644,722	5,347,188
1106877375-KCB	29,333,319	31,902,973
Total Cash And Cash Equivalents	66,962,918	44,684,463

19. Receivables from Exchange Transactions

Receivables from Exchange Transactions (Current)

Description	2023/2024	2022/2023
	Kshs	Kshs
Receivables		
Medical Insurance	7,802,286	7,812,047
City Council of Nairobi	215,188	221,643
PS Ministry of Lands & Housing	150,025	150,000
Oscar Training Levy	187,848	295,068
Salary Advance	170,021	105,835
Commissioner of VAT	-	84,916
KEBS	200	200
Other Exchange debtors	4,936,057	19,652,847
	13,461,625	28,322,955

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Notes to the Financial Statements (Continued)

20. (a) **Property, Plant and Equipment**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Lab Equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs	Kshs
As At 1 July 2022	35,000,000	350,416,368	36,230,00	8,112,888	4,664,163	11,310,722	1,821,500	213,541,214	661,096,855
Additions	-	1,372,049	29,414,400	-	690,200	308,490	-	37,820,746	69,605,885
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
As at 30th June 2023	35,000,000	351,788,417	65,644,400	8,112,888	5,354,363	11,619,212	1,821,500	251,361,960	730,702,740
Additions	-	-	46,932,828	-	2,637,140	-	28,003,480	9,094,786	86,668,234
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	260,456,747	-	-	-	-	-	-	-
As at 30th June 2024	35,000,000	612,245,164	112,577,228	8,112,888	7,991,503	11,619,212	29,824,980	-	817,370,974
Depreciation And Impairment									
At 1 July 2023	-	69,541,694	35,984,300	7,726,438	4,443,318	11,058,094	1,821,500	-	130,575,343
Depreciation	-	12,244,903	8,661,100	108,245	564,595	95,697	-	-	21,674,541
Impairment	-	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-	-
As At 30th June 2024	-	81,786,597	44,645,400	7,834,683	5,007,912	11,153,790	1,821,500	-	152,249,883
Depreciation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
As at 30th June 2024	35,000,000	530,458,566	67,931,828	278,205	2,983,591	465,422	28,003,480	-	665,121,090
Net Book Values									
As at 30th June 2022	35,000,000	282,246,722	29,660,100	386,450	911,045	561,118	-	251,361,960	600,127,395
As at 30th June 2024	35,000,000	530,458,566	67,931,828	278,205	2,983,591	465,422	28,003,480	-	665,121,090

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Notes to the Financial Statements (Continued)

Valuation

During the year, there was no valuation of Land and buildings/ Equipment. The Board initiated the process through the State Department of Public Works under the Ministry of Lands, Public Works, Housing and Urban Development.

20 (b) Property, Plant and Equipment at Cost

Freehold land, buildings and other assets were stated on the historical cost basis as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	35,000,000	-	35,000,000
Buildings	612,245,164	81,786,597	530,458,566
Motor Vehicles, Including Motorcycles	112,577,228	44,645,400	67,931,828
Computers And Related Equipment	7,991,503	5,007,912	2,983,591
Furniture, And Fittings	8,112,888	7,834,683	278,205
Office Equipment	11,619,212	11,153,790	465,422
Laboratory Equipment	29,824,980	1,821,500	28,003,480
Capital Work in Progress	-	-	-
Total	817,370,974	152,249,883	665,121,090

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

Description	Cost or valuation	Normal annual depreciation charge
Laboratory Equipment	1,821,500	227,687.50
Motor Vehicles	31,000,000	7,750,000.00
Computers and Related Equipment	3,658,883	457,360.38
Office Equipment	10,664,027	1,333,003.38
Furniture and Fittings	7,246,926	905,865.75
Total	54,391,336	10,673,917.00

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21. Trade and Other Payables

Description	2023/2024	2022/2023
	Kshs	Kshs
PAYE	1,942,379	1,990,201
Retention Prime Rigs & Drillers Limited	-	117,430
Retention N.K Brothers	662,705	10,808,159
Commissioner of VAT	220,375	-
Housing Levy	462,314	-
NITA Staff	5,150	
Total trade and other payables	3,292,923	12,915,790

Long outstanding Retention fee Ksh 117,430 owed to Prime Rigs & drillers ltd was forfeited for breach of contract obligation and has been reversed to retained earnings.

22. Refundable Deposits and Prepayments from Customers

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Deposit – Kenya Horticultural Council	-		210,540	
Deposit – Frankfurt Security	156,831		156,831	
Deposit – Purple Digital Limited	62,441		62,441	
Deposit – Yeyuka Africa Tours and Travel	163,603		163,603	
Deposit - Kayzen	117,975		-	
Deposit- Gem Engineering	121,545		-	
Deposit- Jawab Constructions	69,616		-	
Total deposits	692,011		593,415	
Ageing analysis: (Refundable deposits)	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	8,111,421	100%	8,194,922	0%
Total	8,111,421		8,194,922	

Long outstanding rent Deposit Ksh 210,540 owed to Kenya Horticulture council was forfeited for breach of lease obligation and has been reversed to retained earnings.

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Notes to the Financial Statements (Continued)

23. Current Provisions

Description	Audit Provision	Rent Provision	Gratuity Provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	348,000	-	2,980,347	3,328,347
Additional provisions	348,000	600,000	595,963	1,543,963
Provision utilised	(348,000)	-	(2,980,347)	(3,328,347)
Change due to discount and time value for money	-	-	-	-
Transfers from non-current provisions	-	-	-	-
Total provisions year end	348,000	600,000	595,963	1,543,963

24. Employee Benefit Obligations

Retirement benefit Asset/ Liability

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

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Notes To The Financial Statements (Continued)

25. Cash Generated from Operations

Description	2023/2024	2022/2023
	Kshs	Kshs
Surplus for the year before tax	21,891,506	(1,011,219)
Adjusted for:		
Depreciation	21,674,541	13,579,533
Finance Income	61,500,000	51,372,357
Contributed assets	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	(1,784,384)	395,124
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	-	-
Increase in receivables	22,058,481	17,224,017
Increase in deferred income	-	-
Increase in payables	(9,196,301)	52,376
Increase in payments received in advance	-	-
Net cash flow from operating activities	116,143,843	47,512,174

26. Financial Risk Management

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

i) Liquidity risk management

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

The table below represents cash flows payable by the Pest Control Products Board under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The

Pest Control Products Board
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amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Trade payables	2,404,693	-	1,908,211	4,312,904
Provisions	-	-	1,543,963	1,543,963
Total	2,404,693	-	3,452,174	5,856,867
As at 30th June 2023				
Trade payables	1,990,201	382,875	11,136,129	13,509,205
Provisions	1,439,124	-	2,237,223	3,676,347
Total	3,429,325	382,875	13,373,352	17,185,552

ii) Capital Risk Management

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	11,830,357	11,830,357
Retained Earnings	424,280,498	402,451,539
Capital Reserve	303,905,881	242,405,881
Total Funds	739,688,767	656,687,777
Total Borrowings	-	-
Less: Cash and Bank Balances	(66,962,918)	(66,778,178)
Net Debt/(Excess Cash And Cash Equivalentents)	672,725,849	539,157,945
Gearing	0%	0%

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Notes to the Financial Statements (Continued)

27. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Entity, holding 100% of the Entity'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 National Government
- ii) The Parent Ministry
- iii) Key management.
- iv) Board of directors.

Description	2023/2024	2022/2023
	Kshs	Kshs
Transactions with related parties		
A) Sales to related parties		
Rent income from govt. Agencies	7,478,554	4,485,252
B) purchases from related parties		
Purchases of electricity from KPLC	1,434,587	999,835
Rent expenses paid to govt agencies	4,183,723	4,397,029
Training and conference fees paid to govt. Agencies	1,646,169	2,940,118
Total	7,264,479	8,336,982
Grants /transfers from the government		
Grants from national govt Parent Ministry	185,500,000	155,580,690
Key management compensation		
Directors' emoluments	10,189,348	6,705,955
Compensation to key management	27,773,184	21,734,306
Total	238,205,565	196,843,185

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28. **Segment Information**

The Board operates in four regional offices. The headquarters in Nairobi, Mount Kenya Regional office domiciled in Embu, South Rift Regional Office in Nakuru, Western Regional Office in Kisumu and Coastal Regional Office in Mtwapa.

29. **Events after the Reporting Period**

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

30. **Ultimate And Holding Entity**

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

31. **Currency**

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

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32. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1	<p><i>Failure to Revalue Fully Depreciated Assets</i></p> <p>The statement of financial position reflects property plant and equipment net book value of Kshs.600,169,911 as disclosed in Notes 19 and 20 (b) to the financial statements. The balance of Kshs.600,169,911 excludes the fair value of assets that have been fully depreciated and which are still in use on the board's operations and are valuable to the organization. Further, the board has not disclosed the valuation policy on its fixed asset disclosed in the financial statement. This is contrary to the International Public Sector Accounting Standard 17(44) which requires sufficient regularity in revaluation of property, plant and equipment to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.</p>	<p>PCPB has been experiencing financial challenges for many years, this has resulted in some required activities being postponed to a later date. However, the Valuation of assets has been scheduled for the next FY 2024/2025 and has been factored in the proposed budget submitted to the National treasury for approval.</p>	<p>PCPB has written to Ministry of Lands and Public works to undertake the Valuation exercise.</p>	<p>June 2025</p>
2	<p><i>Unauthorized Over Expenditure</i></p>	<p>Transport operating expense under general</p>	<p>Resolved</p>	<p>N/A</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>Review of the approved budget against actual expenditure on transport operating expenses, purchases of plant, machinery and equipment and construction of buildings on comparable basis reflects total of Kshs. 24,919,500 and Kshs. 45,377,500 respectively resulting in an over expenditure of Kshs. 20,458,000 or 82% of the total budget. No approval of the over expenditure was provided for audit. This was contrary to regulation 44(2) of the Public Finance Management (National Government) Regulations, 2015 which states that National government entities shall execute their approved budget based in the annual appropriations, and the approved annual cash flow plan with exception of unforeseen and unavoidable spending dealt with through the contingency fund, or supplementary estimates.</p>	<p>expenses budget exceeded the allocation by 16% (Ksh 720,815) (Ksh 5,290,315 against a budget of Ksh 4,569,500) This was as a result of rise in fuel costs. However, the overall allocation for general expenses was within the allowable limit. On Capital Expenditure, PCPB has been implementing a multi year project (2017 – 2025) that have funds capitalized to defray the expenditures of the project (plant, Machinery and building construction). The year under review the project expenses exceeded the development grant allocation for the year but was still within the approved project cost.</p>		
3	<p>Understaffing. The approved establishment of the Board provides for two hundred and sixty-seven (267) staff members. However, only sixty-four (64) or 24% were in post resulting in a shortfall of two hundred and three (203) staff members across the various staffing cadres as at June 2023.</p>	<p>This is indeed true and efforts are being made to seek the relevant funding and approvals to alleviate the situation, in the ongoing budget process, PCPB has been promised an additional allocation in the FY 2024/2025 to recruit additional staff. Further, Request for</p>	Ongoing	2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		approval of recruitment was done and Head of Public Service has directed the Public service commission to assist with recruitment of additional staff. Additional funding towards the same course has been granted.		

[Handwritten Signature]

C.E.O

Date: 17/12/2024.

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

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Pesticide Residue Laboratory		GoK	2017 - 2025	Ksh 61.5M	No	Yes

Status of Projects completion

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

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of fund
1.	Pesticide Residue Laboratory	338,000,000	318,000,000	97%	143,000,000	61,500,000	GoK

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Appendix IV: Transfers from Other Government Entities


Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2023-2024	2022-2023
	KShs	KShs	KShs	KShs	KShs
State Department of Agriculture	124,000,000	-	61,500,000	185,500,000	154,208,333
Civilian Research & Development Foundation Global	-	-	-	-	1,372,357
Total	124,000,000	-	61,500,000	185,500,000	155,580,690

**Pest Control Products Board
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Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity Ministry of Agriculture & Livestock Development, State Department for Agriculture

Name of Beneficiary entity Pest Control Products Board


REPUBLIC OF KENYA
**MINISTRY OF AGRICULTURE AND LIVESTOCK DEVELOPMENT
STATE DEPARTMENT FOR AGRICULTURE**

*Finance
to deal
BFO
07/08/2024*

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Website: www.kditmo.go.ke


KILIMO HOUSE
CATHEDRAL ROAD
P.O. BOX 30028
NAIROBI

MOALD/ACCTS/SAGAS/VOL. I (129) 1st August, 2024

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

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

The State Department for Agriculture wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table attached. Please compare the amounts disbursed to you with the amounts you received and populate them in column E in the table attached. Then please sign and stamp this request in the space provided and return it to the State Department – Accounts Unit.


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

**PEST CONTROL PRODUCTS BOARD
RECEIVED
07 AUG 2024
SECRETARY'S OFFICE
P.O. Box 13794 - 60890, NAIROBI.**

Pest Control Products Board
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Pest Control and Products Board as at 30 June 2024							Amount Received by SAGAS at 30 June, 2024	Difference (Ksh) (F)=(D-E)
Amount Disbursed by State Department for Agriculture as at 30 June 2024								
Reference Number	Date Disbursed	Recurrent (Ksh) (A)	Development (Ksh) (B)	Inter-Ministerial (Ksh) (C)	Total (Ksh) (D)=(A+B+C)			
FT232200SSWX	08/08/23	9,500,000.00	—	—	9,500,000	9,500,000	—	
FT23256L6L49	13/09/23	9,500,000.00	—	—	9,500,000	9,500,000	—	
FT2328995Q6D	16/10/23	9,500,000.00	—	—	9,500,000	9,500,000	—	
FT23304MV42W	31/10/23	9,500,000.00	—	—	9,500,000	9,500,000	—	
FT23345SHFVC	11/12/23	9,500,000.00	—	—	9,500,000	9,500,000	—	
FT240057H6KF	05/01/24	8,071,429.00	—	—	8,071,429	8,071,429	—	
FT24046HZPLQ	15/02/24	8,071,429.00	—	—	8,071,429	8,071,429	—	
FT24072CC5JR	12/03/24	8,017,429.00	—	—	8,017,429	8,017,429	—	
FT24106BNPXG	15/04/24	8,017,429.00	—	—	8,017,429	8,017,429	—	
FT24129KLRH6	08/05/24	8,017,429.00	—	—	8,017,429	8,017,429	—	
FT241643PQ36	12/06/24	8,017,429.00	—	—	8,017,429	8,017,429	—	
FT24178NDBDY	26/06/24	28,287,426.00	—	—	28,287,426	28,287,426	—	
FT24057W8H15	26/02/24		61,500,000.00	—	61,500,000	61,500,000	—	
TOTAL		124,000,000.00	61,500,000.00		185,500,000	185,500,000	—	

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

Head of Accounts Department

Name BERNARD M MANGARA

Signature 

Date

7th August 2024



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