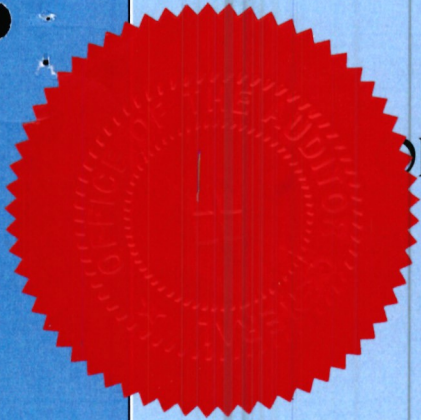


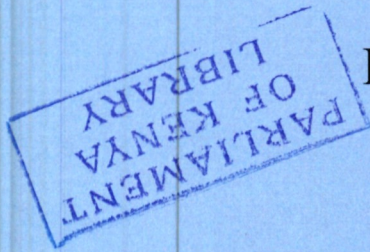
REPUBLIC OF KENYA



Paper laid
By Low Chou
Diary
24/10/2018
Wednesday
Afternoon
(Sitting)



OFFICE OF THE AUDITOR-GENERAL



REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL BIOSAFETY AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE 2017**



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

29 SEP 2017

RECEIVED



NATIONAL BIOSAFETY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

NATIONAL BIOSAFETY AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED
JUNE

2017

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

National Biosafety Authority (NBA) was established pursuant to the provisions of the Biosafety Act No. 2, 2009 and became fully operational in 2010. The Authority is headed by a Board of Management responsible for the general policy and strategic direction of the Authority. The ministerial responsibility is vested on the Cabinet Secretaries Ministry of Education, Science and Technology as per the Biosafety Act No. 2 of 2009, and Ministry of Agriculture, Livestock and Fisheries as provided for in the Executive Order No. 2 of 2013. The day to day Management of the Authority is carried out by a Management Team headed by the Chief Executive Officer.

(b) Principal Activities

The mission of the Authority is to ensure and assure safe development, transfer, handling and use of genetically modified organisms (GMOs) in Kenya.

(c) Key Management

The Authority's day-to-day management is under the following key officers:

Chief Executive Officer as the head of the Authority and the Accounting Officer assisted by two Directors, namely;

- Director, Finance and Administration who heads the directorate of Finance and Administration in supporting the Chief Executive Officer on all matters that pertains to corporate service.
- Director, Technical services heads the directorate of Technical Services and supports the Chief Executive Officer on all matters regarding the Authority's core mandate.
- Chief Executive Officer's Office – under the office of the Chief Executive, the Legal and Corporate Affairs Department headed by a Chief Officer supports the Chief Executive on all matters regarding legal and corporate affairs.

(d) Fiduciary Management

The key Management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Dr Willy K. Tonui
2.	Director, Technical Services	Prof. Dorington O. Ogoyi

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements includes:-

- The Board of Management provides the overall oversight over the management of the Authority. The Board is organized in committees which interrogates in detail all the aspects of the Authority's operations and reports to the full Board on a quarterly basis. These committees include:-
 - Audit Committee – reviews the activities of Management to ensure compliance with the Authority's policies, Government directives and legal provisions.
 - Finance and Administration Committee – reviews Management activities to ensure compliance with financial prudence and administrative effectiveness.
 - Technical Committee – reviews Management activities in regard to the implementation of the Authority's core mandate to ensure compliance with the provisions of the Biosafety Act and relevant International conventions on matters of Biosafety.
- The Auditor General – reviews the Financial Statements of the Authority and renders an opinion on the state of affairs. In addition, he reviews the internal controls through systems audit and advice on the adequacy of the internal control systems in place.
- Parliamentary Committees:
 - Public Investment Committee - reviews the Auditor General's reports and seeks further explanations from Management on any adverse reports with recommendations to Parliament for adoption and action by the Executive.
 - Education, Science and Technology Committee – Interrogates the performance of the Authority on matters of Science and Technology.
 - Agricultural Committee – Interested on role of the Authority in agricultural biotechnology regulation and provision of budgetary resources to support the Authority.
 - Health Committee - Interested on role of the Authority in promoting public health through biosafety regulations on the safety of GMOs.
- Development partners - review the Management activities and reports in regard to the sponsored projects to ensure compliance with the agreement conditions.

(f) Entity Headquarters

P. O. Box 28251-00100
Commission for University Education Building
Redhill Road, off Limuru Road
Nairobi, KENYA

(g) Authority's Contacts

Telephone: (254) 202678667
E-mail: ceo@biosafetykenya.go.ke
Website: www.biosafetykenya.go.ke

(j) Authority's Bankers

Kenya Commercial Bank
Kipande House Branch
Kenyatta Avenue
Nairobi, KENYA

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084, GOP 00100
Nairobi, Kenya


(i) Principal Legal Adviser


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

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II. THE BOARD OF DIRECTORS

1. Director's passport-size photo and name, and key profession/academic qualifications	A description of Director's date of birth, key qualifications and work experience
 <p data-bbox="180 947 612 1016">Dr. Mary Amuyunzu Nyamongo Chairman, Board of Management</p>	<p data-bbox="895 546 1134 580">DOB: 14/03/1965</p> <p data-bbox="887 622 1527 1794">She holds a PhD (Social Anthropology) from Cambridge University, UK and a BA (Anthropology) from the University of Nairobi, Kenya. She is currently the Executive and Founder Director of the African Institute for Health and Development (AIHD), a non – governmental organization based in Nairobi, Kenya. AIHD conducts research, training and advocacy on health and development issues. Prior to joining the AIHD, Dr. Amuyunzu-Nyamongo worked for African Population and Research Center (APHRC), Population Council (PC), the African Medical and Research Foundation (AMREF), and the Kenya Medical Research Institute (KEMRI). She is also as Adjunct Faculty Member of Strathmore University. Dr. Amuyunzu-Nyamongo has provided technical services to the Government of Kenya and International development partners on various activities, including the development of a National NCD Strategy, National Social Protection Policy, Poverty Social Impact Analysis, and the Kenya Country Social Analysis. Dr. Amuyunzu-Nyamongo has published widely in the areas of health and development, focusing on Neglected Tropical Diseases (NTDs), Non-Communicable Diseases (NCDs), nutrition, HIV/AIDS, gender, youth, children under-five, rural and urban poverty, and health promotion in general. Dr. Amuyunzu- Nyamongo serves on various international committees and boards, including:</p> <ul style="list-style-type: none"> <li data-bbox="911 1798 1527 2047">i. Member, working Group on alignment of International Cooperation with National Plans on NCDs, World Health Organization Global coordination Mechanism on the Prevention and Control of NCDs (WHO GCM/NCD) 2016-16) <li data-bbox="903 2051 1527 2119">ii. Committee Member: Mectizan Expert Committee (MEC) and the Mectizan

	<p>Donation Program (2014-2016).</p> <p>iii. Advisory Member: Immunization and vaccines related Implementation Research Advisory Committee Members(2014 – 2016)</p> <p>Independent Advisory Board Member on the CGIAR Research Program on Agriculture for Improved Nutrition and Health (2012 – 2014)by the Consortium of International Agricultural Research Centers and International Food Policy Research Institute (IFPRI).</p> <p>Appointed 28.10.2016</p>
 <p>Dr. Joy Wanjiru Kiano Board Member</p>	<p>DOB: 29/09/1967</p> <p>Dr Joy Kiano is a published research biochemist and molecular biologist specialised in the genetic manipulation of plants and microorganisms. She has a PhD from the University of London on gene cloning and expression of transgenic and non-transgenic tomato fruits. She has worked as a post-doctoral research assistant with the EU Framework V programme on the production of fungal carotenoids for healthy nutrition, investigating the histology, biochemistry and molecular biology of transgenic bacteria and fungi.</p> <p>Dr. Kiano also holds a master’s level postgraduate certificate of education in science from the University of Oxford, a Diploma in Biotechnology from the University of Helsinki, and a BSc in Biological Sciences from McMaster University, Canada. She has taught science in schools in the UK and served as Head of Science in Kenya, teaching the English National Curriculum. Dr Kiano has also served as a member of the task force commissioned to evaluate GM food safety for human consumption.</p> <p>Appointed 02.10.2015</p>



**Mr. Abdalla Hemed Mwaruwa, MBS
Board Member**

DOB: 27/11/1952

Mr. Abdalla Mwaruwa holds a MSc. degree in Social Statistics at the Southampton University, (UK). He worked in various departments within East African Harbours Corporation/Kenya Ports Authority from January 1973 up to June 1996, and left at the level of Assistant Statistical Officer in the Corporate Development Department. He then joined Kenya Revenue Authority from June 1996 and worked in Unions Departments at different levels up to January 2006 when he was appointed Chief Executive Officer of Kenya Ports Authority on secondment. At the time of his departure from Kenya Revenue Authority, he had achieved the rank of Senior Assistant Commissioner Research and Planning attached to Customs Services Department. He served as Chief Executive Officer of Kenya Ports Authority for one three year term and was later retired from Kenya Revenue Authority in November 2007 at the mandatory retirement age of 55 years.

Appointed 02.10.2015



**Prof. (Eng.) Bancy Mbura Mati
Board Member**

DOB: 28/04/1959

Prof. (Eng.) Bancy Mbura Mati, is the Director, Water Research and Resource Center (WARREC) and Professor of Water Engineering at the Jomo Kenyatta University of Agriculture and Technology (JKUAT) in Kenya. Prof. Mati holds a PhD degree in Rural Land Use and Geographic Information Systems (GIS) from Cranfield University, UK; an MSc degree in Land and Water Management and BSc in Agricultural Engineering, both from the University of Nairobi. She is a registered Consulting Engineer (PE), a Lead Expert in Environmental Impact Assessment (EIA) and a registered Hydrologist.

Appointed 02.10.2015



Joseph Mbiro Muiruri
Board Member

DOB: 11/02/1961

Mr. Joseph Muiruri holds a M.A (UoN) In International Conflict Management and B.ed (Moi University). He is also currently a PhD candidate (UoN) in Environmental Governance and Management- Focusing on Solid Waste Management in Eastlands (Nairobi county).

He is a Teacher by profession, teaches peace and conflict studies at St. Paul's University, consultant and trainer in conflict management.

Appointed 02.10.2015



Cecil L. Kuyo
Board Member

DOB: 29/02/1984

Cecil is an advocate of the Kenyan bar with the law firm of Coulson Harney Advocates. He trained for his articles and upon admission to the bar in 2009, worked with the law firm of Tripleoklaw Advocates for 5 years. He has considerable experience and expertise in commercial litigation practice, intellectual property and arbitration.

He is a member of the Law Society of Kenya, the Chartered Institute of Arbitrators (Kenya Branch) and the Institute of Certified Public Secretaries of Kenya. He is also an alumnus of the International Lawyers for Africa programme, 2011 edition.

Appointed 02.10.2015





Dr. Warkach Kipkorir Tonui
Board Member

DOB: 25/12/1949

Dr. Warkach Tonui holds a Ph.D (Environmental Modelling) 2008 Awarded by Kenyatta University School of Environmental Studies, Department of Environmental science. He was a lecturer for 23 Years at Kenya University (1989 -2012). Currently, he is a Senior Lecturer and the Head of Department at the Jaramogi Oginga Odinga University of Science and Technology, School of

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	<p>Humanitaries and Social Sciences, Department of Geography and Social Development.</p> <p>Appointed 02.10.2015</p>
 <p>Dr. Edwardina Ndhine, PhD Rep of NACOSTI CEO</p>	<p>DOB: 1961</p> <p>Trained as a Zoologist at the Makerere University, Uganda and attained Master of Science in Applied Physiology and Cellular Biology from University of Nairobi, Bachelor's Degree in Chemistry, Botany and Zoology from University of Jabalpur, India.</p> <p>Currently, the Head of Biological Sciences Schedule at the National Commission for Science, Technology and Innovation (NACOSTI) and Board Member to create in consultation with stakeholders enabling environment for science and technology development and application, use and innovations. Until 2013, a member of Board of Management at the Centre for Mathematics, Science and Technology Education in Africa (CEMASTEIA) with a vision on icon of professional teacher development. Life member of "Maendeleo ya Wanawake" with a mission to improve the quality of life of the rural communities through various interventions empowering especially women and youth in Kenya for sustainable livelihoods.</p>
 <p>Dr. George Ombakho, PhD, OGW Rep of PS Science & Technology</p>	<p>DOB: 1/07/1958</p> <p>He holds a PhD in Plant Breeding and Genetics from Texas A&M University, USA, a Master of Science in Plant Breeding and Genetics from the University of Nairobi and a Bachelor of Science from the University of Nairobi. He is currently the Director of Research Management and Development at the Ministry of Education Science & Technology. He is also a founder member of the Plant Breeders Association of Kenya (PBAK). Previously Dr. Ombakho served at senior leadership positions at Kenya Agricultural Research Institute (KARI) with over 28 years of experience.</p>



Dr. Rees Murithi Mbabu
Rep of Director DVS

DOB: 23/11/1957

He holds a Master of Science in Tropical Veterinary Science from the University of Edinburgh, United Kingdom and a Bachelor of Veterinary Medicine from the University of Nairobi. He is currently the Deputy Director of Veterinary Services at the Ministry of Agriculture, Livestock & Fisheries and head of the Central Veterinary Laboratories (CVL) in the directorate of veterinary services, Kenya. He is also a member of the Kenya Veterinary Board. Dr. Mbabu has served at senior leadership positions at the Directorate of Veterinary Services with over 20 years of experience in research and veterinary medicine.



Dr. Esther Kimani
MD KEPHIS

DOB: 1963

Dr. Esther Kimani is the Managing Director of the Kenya Plant Health Inspectorate Services (KEPHIS). She is an accomplished professional with more than 25 years' experience in the agricultural sector. Dr Kimani has a PhD in Crop Protection from Jomo Kenyatta University of Agriculture and Technology (JKUAT), MSc. in Plant Pathology and BSc. in Agriculture both from the University of Nairobi. She is currently finalizing her MBA (Strategic Management) thesis at the JKUAT.

Dr. Kimani is a member of several reputable associations and committees including the International Plant Protection Convention (IPPC)-Member of the Standard Committee that set standards on phytosanitary for trade facilitation; International Plant Protection Convention (IPPC)- Kenyan Expert on Phytosanitary issue; Member of the border security committee addressing safe trade facilitation; Member of Horticultural Research Fund committee; Country COMESA contact point for SPS- Plant health issues; KEPHIS Coordinator of Great Lakes Cassava Initiative (GLCI) Project; Member of the Technical Team advising the Government on Addressing the issues of maize Necrotic Disease;

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	<p>Chairperson to the tender committee at KEPHIS; Member of the Training Committee at KEPHIS; Member of the Corruption Prevention Committee at KEPHIS and East Africa Phytosanitary Information Committee (EAPIC)</p>
<div style="text-align: center;">  </div> <p>Ms. Mary N. Mwangi Rep of PS Treasury</p>	<p>DOB: 15/04/1960</p> <p>Ms. Mary Mwangi holds a Bachelor of Arts Economics (Hons) and is also a member of Member of Kenya Institute of Supplies Management</p> <p>She has Worked in various Ministries including Ministry of Education, Health, Finance, Directorate of Personnel Management, Roads & Public Works, State House, Foreign Affairs, Sports Culture and Arts, Directorate of Public Procurement and Energy and Petroleum. Currently she is Senior Assistance Director Supply Chain Management Officer in the National Treasury.</p>
<div style="text-align: center;">  </div> <p>Mr. Robert Kilonzo Rep of Chief Public Health Officer</p>	<p>DOB: 10/10/1973</p> <p>He holds a Master of Science in Food Safety and Quality from the University of Nairobi; Bachelor of Science in Environmental Health from Moi University and Diploma in Environmental Health. Mr. Kilonzo has served at senior leadership positions at the Ministry of Health with over 10 years of experience in Food Safety and Quality Control in Kenya. He also serves as a committee member in several National Committees on food safety and quality control.</p>



Mrs. Margaret Aleke
Rep of CEO KEBS

DOB: 08/05/1960

She holds a BSc in Food science and technology and another BSc in Applied human nutrition from the University of Nairobi and a postgraduate certificate in Biosafety in plant biotechnology from Ghent University, Belgium.

She has worked with Kenya Bureau of Standards for 30 years, has experience in standards development and quality assurance. She participates in development of regional (EAC) and international standards (Codex and ISO)



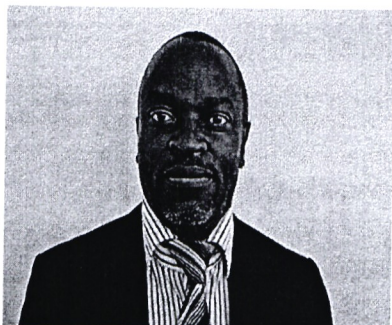
Mrs. Jane Otadoh
Rep of PS Agriculture

DOB: 12/09/1960

She holds a Master of Science (Plant Biotechnology) from the University of Nairobi and a Bachelor of Science in Agriculture from Andrews University (Michigan, USA). She is currently the Assistant Director in charge of Biotechnology and Biosafety matters in the State Department of Agriculture. She has skills development and fellowship in biotechnology from Osaka Prefecture University, Japan, Fort Valley State University, USA and Michigan state University, USA.

She has previously served in the Board of Coffee Research Foundation. She is a member of Finance and Administration committee and Technical Committee in the board of NBA. She is trained in Strategic Leadership Development Program (KIA Nairobi, 2011) and Corporate Governance for Directors (Centre for corporate Governance, 2010).

She has participated in the development of policy documents such as National Biotechnology Awareness Strategy, Biosafety Act of 2009 and Standards on genetically modified organisms and derived products modified organisms and derived products.



David W. Ong'are
 Rep. Director General, NEMA

DOB: 1969

David Ong'are holds a Masters of Science in Biology and is also currently undertaking a PhD in Environmental Policy from Kenyatta University.

Currently, he is the Director, Compliance, Enforcement and Field Operations: National Environmental Management Authority (NEMA), and has previously served in a capacity of Deputy Director for 7 year. He has also held previous positions in teaching and reach in both public and private enterprises.

Contributions:

- Programme Manager for several Danida programmes
- Part of a team that developed the Strategic Environmental Assessment (SEA) Guidelines for Kenya
- Part of a team that developed the used Oil Guidelines for Kenya
- Part of the team that developed E-waste Guidelines for Kenya
- Member of the Kenya National commission for UNECO's Education Programme and Experts Committee

Mr. Ong'are has published in peer reviewed journals and presented at seminars both locally and internationally.




Willy K. Tonui, PhD, RBP
 Chief Executive Officer/Secretary to the Board of Directors

DOB: 16/12/1965

He holds a BSc (Biological Sciences and Chemistry) from Kurukshetra University (India), MSc and PhD in Immunology (specialty in recombinant vaccine development) from Kenyatta University (Kenya) and did his Post-doctoral training at the School of Veterinary Medicine at Colorado State University, USA. Prior to joining National Biosafety Authority, Dr Tonui worked as Principal Research Officer at KEMRI

MANAGEMENT TEAM

Name and brief profile	Main area of responsibility
 <p>Willy K. Tonui, PhD, RBP, EBS Chief Executive Officer</p> <p>He holds a BSc (Biological Sciences and Chemistry) from Kurukshetra University (India), MSc and PhD in Immunology (specialty in recombinant vaccine development) from Kenyatta University (Kenya) and did his Post-doctoral training at the School of Veterinary Medicine at Colorado State University, USA. He is a registered Biosafety Professional (RBP). He has held senior positions in Kenya Medical Research Institute (KEMRI).</p>	<p>The Chief Executive Officer and the Accounting Officer of the Authority</p>



Prof. Dorington O. Ogoyi
Director, Technical Services

He obtained his Ph.D., MSc. and BSc (Biochemistry) degrees from the University of Nairobi and MBA (Strategic Management) from Moi University. He gained his postdoctoral exposure at the Department of Experimental Zoology, University of Utrecht, Netherlands (1995-1996) and at the National Institute of Entomological Sciences (NISES), Tsukuba, Japan (2000-2002). He previously served as an Associate Professor in the Department of Biochemistry and Biotechnology and Director of Research and Development at the Technical University of Kenya. He also taught and carried out research for several years at the Department of Biochemistry, University of Nairobi.

He is the Director for Technical Services and is in charge of all technical matters relating to Biosafety.

I. CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of National Biosafety Authority (NBA), I am pleased to submit to you this Annual Report and Financial Statements for the year ended 30th June, 2017.

The government recognizes the importance of Biotechnology and Biosafety in enhancing Kenya's economic growth and development. This has been encapsulated in key economic blueprints that include the Kenya Vision 2030, Medium Term Plan I & II, among others.

The Authority continues to implement these national goals through its Strategic Plan 2016- 2020.

The period under review witnessed remarkable performance in our core mandate of ensuring and assuring safe development, transfer, handling and use of genetically modified organisms (GMOs) and service delivery.

In Brief, during the year under review, the Authority held the 5th Annual Biosafety Conference under the theme: *Strengthening global, regional, national collaboration, partnerships and capacity towards meeting international obligations in Biosafety*. This conference was preceded by the 1st African Biosafety Leadership Summit. The two events attracted worldwide participation and facilitated knowledge sharing. During the review period, we also enhanced services at entry points namely JKIA, Mombasa port, Namanga and Busia and conducted ISO 9000: 2008 compliance audits and external audits by Kenya Bureau of Standards.

Capacity building was one of the other key areas that we did exceptionally well during the period. We managed to train more than half of our staff and Board members in various fields including corporate governance, information security management system and Biosafety Regulatory System.

All these achievements made by NBA in the past year have been made possible by the leadership provided by the Board of Directors and the support given by the Management. The immense contribution by each and every staff member is greatly appreciated.

In conclusion, on behalf of the NBA Board of Directors, I take this opportunity to acknowledge the support given by Government of Kenya, stakeholders in the sector and other partners. The contribution given by these institutions has enabled the Authority deliver its mandate and ensure delivery of quality service to Kenyans.

A handwritten signature in black ink, appearing to be 'M. Nyamongo'.

Dr. Mary Amuyunzu Nyamongo
Chairman, Board of Directors

IV. REPORT OF THE CHIEF EXECUTIVE OFFICER



The year under review witnessed remarkable development at the National Biosafety Authority (NBA). During the period, the Authority registered great achievements towards fulfilling her mandates as required in the Biosafety Act 2009 and the Strategic Plan 2016-2020.

As part of sustaining our efforts in promoting stakeholder awareness and participation in Biosafety, NBA hosted the 5th Biosafety Conference in Kenya. The Conference brought together diverse stakeholders in the various fields of policy, biotechnology, biosafety and biosecurity, research, agriculture, public and animal health, environment, engineering, industry, academia and the media fraternity under one Conference theme: *Strengthening global, regional, national collaboration, partnerships and capacity towards meeting international obligations in Biosafety*. The Conference was a huge success based on the over 300 participants local and international.

Since its inception, NBA has gained recognition nationally and regionally. We have hosted policy makers from several partners and countries including Uganda, Zambia and South Sudan to learn from each other. This is the direction that NBA wishes to continue following.

During the year, the Authority registered a great improvement rated **Very Good** consistently during the 2015-2014, 2014-2013, 2013-2012, 2012-2011 and 2011-2012 Performance Contract evaluation compared to **Fair** in 2010-2011.

I wish to thank the Board of Directors and staff most sincerely for their continued commitment and all that we all do to deliver on our purpose – to ensure and assure safe development, transfer, handling and use of genetically modified organisms (GMOs) in Kenya.

A handwritten signature in black ink, appearing to read 'Willy Kiprotich Tonui'. The signature is stylized and written over a horizontal line.

Willy Kiprotich Tonui, PhD, RBP, EBS
CHIEF EXECUTIVE OFFICER,
NATIONAL BIOSAFETY AUTHORITY

7. CORPORATE GOVERNANCE STATEMENT

The Board of the National Biosafety Authority recognizes the need to conduct its business and operations with integrity and in accordance with the principles of good corporate governance. The Board is committed to continued adherence to the highest standards of good corporate governance and business ethics in guiding the Authority's operations.

The principal responsibility of the Board of Directors is to establish the long term goals of the Authority and strategic direction. In addition, the Board oversees the Management with a focus on enhancement of service delivery so as to effectively implement the Authority's mandate.

Composition of the Board

The members of the Board of Directors are shown on Page 4-12. The Board is chaired by a non-executive Chairperson and all the Directors have extensive technical and administrative experience in private and public sectors that is applied for the benefit of the Authority.

The composition of the Board is in line with the provisions of the Biosafety Act No.2 of 2009 which provides for membership comprising of the Chairman appointed by the Cabinet Secretary, the Principal Secretaries responsible for: Science and Technology, Finance, Agriculture; the Director-General for National Environmental Management Authority, the Managing Director for Kenya Bureau of Standards, the Chief Executive Officer of Kenya Plant Health Inspectorate Service, the Director of the Department of Veterinary Services, the Secretary for the National Commission for Science Technology and Innovation, the Chief Public Health Officer; six independent directors appointed by the Cabinet Secretary; and the Chief Executive Officer appointed by the Board who is the Secretary to the Board.

Board Structure

In line with provisions of Biosafety Act, the Chairman and the Board Members other than those representing offices are appointed on a three (3) years term by the Cabinet Secretary, and are eligible for reappointment for a further term of three (3) years.

Board Committees

The Board of Directors has established three Committees which have specific terms of reference which guide their operations and clearly stipulate the responsibilities. The Committees which meet on a quarterly basis are the Technical Committee, Finance & Administration Committee; and Audit Committee.

Board Work Plan

During the year under review, the Board of Directors held meetings as required under the State Corporations Act. The scheduled quarterly meetings were held while special meetings were convened when it was deemed appropriate and they were conducted in line with the statutory requirements.

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ENDED JUNE

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The allowances, honoraria and other transactions related to the Board of Directors are disclosed in Note six to these financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's operational and financial performance

The Authority had requested for Ksh.220 Million from the National Treasury through the line Ministry MOALF to cater for recurrent expenditure. The Authority however got 88,577,120 which was a great reduction from the previous year's allocations and this resulted to the Authority being unable to meet its financial obligations as they fell due.

The Board of Management approved the operational budget with the Authority taking stringent measures to allocate different budget vote lines within the approved budget. Some votes/budget lines like travel, subsistence, printing and advertising, training and specialized materials and supplies had been allocated minimal funds since the budget could only accommodate in partial the critical votes/budget lines. This meant that most of Authority's activities had to be suspended or partially implemented which included the implementation of the revised Strategic Plan 2016-2020, Performance Contract and continual improvement through ISO 9001:2008. The Authority had planned to replace employees in key positions during the financial year and this has been pushed to the financial year 2017/2018 due to inadequate budget.

During the third quarter, the Authority received an approval for a supplementary budget of Ksh.20 Million through the parent Ministry. The Board of Management approved a supplementary operational budget on the 25th May 2017 where key budget lines that had previously been allocated minimal funds were enhanced to ensure the Authority undertake its key mandates as well as implementation of the Strategic plan, Performance Contract and ISO. During this quarter, the Authority has managed to undertake Market Surveillance in most regions in the country, Monitoring projects and ICT Strategy development.

SECTION B

Entity's compliance with statutory requirements

The Authority has fully complied with all statutory requirements. This includes timely submission of PAYE, HELB, N.S.S.F and N.H.I.F to respective institutions during the Fourth Quarter of the Financial Year ending June 30, 2017.

SECTION C

Key projects and investment decisions the entity is planning/implementing

During the Financial Year 2016/2017, the Authority did not have any key projects and investments.

SECTION D

Major risks facing the entity

The major risk facing the Authority includes:

(a) The reduction of budgetary allocations. This has affected the implementation of the programs planned by the Authority in the revised Strategic Plan 2016-2020.

(b) During the previous years, the Authority has not received any Capital Grants from the G.O.K.

(c) The ban on GMO import activities has reduced the A.I.A for the Authority further affecting the implementations of programs. This also hampers the implementation of Biosafety Act.

(d) Inadequate awareness on biosafety and networking. Due to reduced budgetary allocation, the Authority is limited in creating adequate awareness on biosafety among Kenyan public and creating awareness of NBA and its regulatory role.

(e) Capacity due to reduction in government funding, inadequate human resources as well as lack of infrastructure (office space, laboratory for testing, equipment's and facilities).

(f) Due to budgetary constraints, the Authority has not conducted any GMO Market Surveillance in the Country during the first quarter of the financial year 2016-2017 as per the Biosafety Act (2009) requirements.

SECTION E

Material arrears in statutory/financial obligations

The Authority has no material outstanding /pending bills.

SECTION F

The entity's financial probity and serious governance issues

The Authority was audited during the financial year 2014-2015 and a certificate of the audit submitted to the management. The external auditor issued a qualified audit opinion of the Authority's performance. As at 30th June 2015, the Authority incurred a deficit of Ksh.21,346,319 which reduced its accumulated surplus to negative Ksh.11,375,852 from positive Ksh.8,794,232 reflected in year 2013/2014.

The auditor however raised a concern of the Authority's deteriorating financial performance mainly attributed to reduction in government grants. During the last financial year ending 30 June 2016, the Authority managed to further reduce the negative and is committed to improve the performance with the support from the government.

VII. CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

The Authority is sensitive to the community it operates in and therefore engages in CSR activities to boost the relationship between itself and the community. During the financial 2016/2017, we sponsored 15 university students to attend the 5th Annual Biosafety Conference.



Students from various universities within Nairobi following the presentations

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the National Biosafety Authority affairs.

Principal activities

The principal activities of the entity are to:-

- Consider and determine application for approval for the transfer, handling and use of genetically modified organisms, and related activities in accordance with the provisions of the Biosafety Act No. 2 of 2009.
- Coordinate, monitor and assess activities

Results

The results of the entity for the year ended June 30, 2017 are set out on page 24 to 48

Directors

The members of the Board of Directors who served during the year are shown on page 4 to 12 in accordance with the Biosafety Act No. 2 of 2009.

Auditors

The Auditor General is responsible for the statutory audit of the National Biosafety Authority in accordance with the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board



Willy K. Tonui, PhD, RBP, EBS
Chief Executive Officer/Board Secretary

Date: 25/9/17

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81(5) of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Board to prepare financial statements in respect of National Biosafety Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Board is also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Board is also responsible for safeguarding the assets of the Authority.

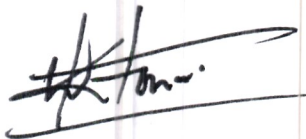
The Board is responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Board is of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2017, and of the Authority's financial position as at that date. The Board further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Due to the ongoing parastatal reforms it has come to the attention of the Board that the Authority may not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 25th August 2017 and signed on its behalf by:



Willy K. Tonui, PhD, RBP, EBS
Chief Executive Officer



Dr. Mary Amuyunzu Nyamongo
Chairman, Board of Directors

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL BIOSAFETY AUTHORITY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Biosafety Authority set out on pages 24 to 44, which comprise the statement of financial position as at 30 June 2017 2018 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 National Biosafety Authority as at 30 June 2017, 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 Public Finance Management Act, 2012 and Biosafety Act No. 2 of 2009.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion section of my report, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Receivables From Exchange Transactions

The statement of financial position as 30 June 2017 reflects a balance of Kshs.4,091,804 under receivables from exchange transactions. As disclosed in Note 13 to the financial statements, the amount comprises of three balances of Kshs.1,502,554, Kshs.24,000 and Kshs.2,565,250 relating to accounts receivables, salary receivables and imprests respectively. The amounts relating to accounts

Report of the Auditor-General on the Financial Statements of National Biosafety Authority for the year ended 30 June 2017

receivables and salary receivables have not been supported by analyses or any other documentary evidence.

The balance of Kshs.2,565,250 relating to imprests also differs with the amount of Kshs.4,000,193 shown in the supporting schedules. The resulting difference of Kshs.1,434,943 has not been reconciled or explained. Further, although Section 71(2) of the Public Finance Management Act, 2012 read together with regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 require that all advances (including imprests) be accounted for promptly, no explanation has been provided for failure to have the imprests accounted for on or before 30 June 2017.

The completeness and accuracy of a balance of Kshs.4,091,804 under receivables from exchange transactions as at 30 June 2017 could not be confirmed under the circumstances.

2. Deferred Income

The statement of financial position as at 30 June 2017 reflects a balance of Kshs.1,852,459 under deferred income relating to Program for Biosafety Systems (PBS) as disclosed under Note 18 to the financial statements. However, no analysis or documentary evidence has been provided to support the amount.

Consequently, the validity and accuracy of the balance could not be confirmed.

3. Remuneration to the Board

The statement of financial performance for the year ended 30 June 2017 reflects an expenditure of Kshs.5,505,906 against remuneration of the board. As disclosed in Note 6 to the financial statements, the amount relates to various allowances and other expenses of the Board. The amount, however, differs with the amount of Kshs.5,035,346 shown in the supporting schedule by Kshs.470,560. The difference has not been reconciled or explained and as a result the completeness and accuracy of the expenditure of Kshs.5,505,906 could not be confirmed.

4. Contracted Services

The statement of financial performance reflects an expenditure of Kshs.2,826,955 under contracted services, which includes, as disclosed under Note 9 to the financial statements, an amount of Kshs.404,910 relating to refined fuel. The amount of Kshs.404,910 differs from the amount of Kshs.578,626 shown in the supporting schedule by Kshs.173,716.

5. Employee Costs

Further, the statement of financial performance reflects an expenditure of Kshs.67,894,044 under employee costs. As disclosed in Note 5 to the financial statements, the amount includes an expenditure of Kshs.26,609,861 relating to

housing benefits and other allowances which however differs from the amount of Kshs. 26,547,860 reflected in supporting schedule by 62,001.

6. General Expenses

The statement of financial performance in addition, reflects an expenditure of Kshs.15,591,201 under general expenses, which as disclosed in Note 10 to the financial statements includes an amount of Kshs.424,470 relating to conferences and seminars. This amount however, differs from the amount of Kshs.849,070 in supporting schedules by Kshs.424,600. Similarly, the expenditure of Kshs.15,591,201 under general expenses includes an amount of Kshs.231,267 relating to general office supplies which differs from the amount of Kshs.216,132 shown in supporting schedules.

The completeness and accuracy of general expenses totalling 15,591,201 could not therefore be confirmed.

7. Project Costs

The statement of financial performance also reflects an expenditure of Kshs.7,340,859 under project costs, which, however, differs from the amount of Kshs.6,278,909 shown in the supporting schedules by Kshs.1,061,950. No reconciliations or explanations have been provided for this anomaly, as a result of which, the completeness and accuracy of the expenditure of Kshs.7,340,859 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Biosafety Authority in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Responsibilities of Management and Those Charges with Governance for the Financial Statements

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to sustain services, disclosing, as applicable, matters related sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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

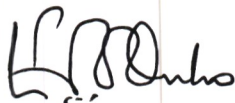
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 July 2018

NATIONAL BIOSAFETY AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR
ENDED JUNE

2017

X. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
Revenue from non-exchange transactions			
Recurrent government grant	1	108,577,120	92,000,000
		108,577,120	92,000,000
Revenue from exchange transactions			
Application fees	2	1,974,000	1,204,000
Conference fees	3	976,540	726,089
Other income- donor funds & sale of tender	4	12,921,279	11,805,128
		15,871,819	13,735,217
Total revenue		124,448,939	105,735,217
Expenses			
Employee costs	5	67,894,044	74,912,868
Remuneration of the board	6	5,505,906	6,338,509
Depreciation expense	7	966,742	2,168,914
Repairs and maintenance	8	1,936,627	1,988,891
Contracted services	9	2,826,955	2,823,592
General expenses	10	15,591,201	20,566,901
Project expenses	11	7,340,859	7,072,317
Total expenses		102,062,334	115,871,992
Surplus/(deficit) for the period		22,386,605	(10,136,775)

Note: The Authority receives its grants from the National Treasury through the Ministry of Agriculture and therefore it's not subject to taxation.

The notes set out on pages 29 to 48 form an integral part of the Financial Statements

NATIONAL BIOSAFETY AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR
ENDED JUNE

2017

I. STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
Assets			
Current assets			
Cash and cash equivalents	12	33,017,820	8,845,591
Receivables from exchange transactions	13	4,091,804	2,327,896
		<u>37,109,624</u>	<u>11,173,487</u>
Non-current assets			
Property, plant and equipment	14	8,417,446	9,285,487
		<u>8,417,446</u>	<u>9,285,487</u>
Total assets		<u>45,527,070</u>	<u>20,458,974</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	4,252,147	2,925,982
Contract retention money	16	988,675	988,675
Provisions for audit fees	17	1,160,000	1,160,000
Deferred income	18	1,852,459	3,437,037
Employee benefit obligation	19	5,879,808	2,939,904
		<u>14,133,089</u>	<u>11,451,598</u>
Total liabilities		<u>14,133,089</u>	<u>11,451,598</u>
Net assets		31,393,981	9,007,376
Reserves		30,282,003	30,282,003
Accumulated surplus(deficit)		1,111,978	(21,274,627)
Total net assets and liabilities		<u>45,527,070</u>	<u>20,458,974</u>

The Financial Statements set out on pages 24 to 48 were signed on behalf of the Board of Directors by:



Willy K. Tonui, PhD, RBP, EBS
Chief Executive Officer

Date..... 25/09/17



Esther N. Thuku
Ag. Senior Accountant
 ICPAK Member Number:
 10108

Date..... 25/09/2017



Dr. Mary Amuyunzu Nyamongo
Chairman, Board of Directors

Date..... 25/09/2017

NATIONAL BIOSAFETY AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR
ENDED JUNE

2017

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2017

	Attributable to the owners of the controlling entity		
	Reserves		
	Capital replacement development reserve Kshs	Accumulated surplus Kshs	Total Kshs
Balance as at 30 JUNE 2015	30,282,003	(11,137,852)	19,144,151
Surplus/(deficit) for the period	0	(10,136,775)	(10,136,775)
Balance as at 30 JUNE 2016	30,282,003	(21,274,627)	9,007,376
Surplus/(deficit) for the period	0	22,386,605	22,386,605
Balance as at 30 JUNE 2017	30,282,003	1,111,978	31,393,981

Note: Ksh 22,386,605 is the surplus for the current year FY 2016/2017. This amount increases the accumulated surplus carried forward from Ksh (21,274,627) to Ksh 1,111,978.

There was no change in the Capital Replacement Development Reserve hence the amount carried forward remains Ksh 30,282,003.

NATIONAL BIOSAFETY AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR
ENDED JUNE

2017

7. STATEMENT OF CASH FLOWS
For the year ended June 2017

	2016-2017	2015-2016
	Kshs	Kshs
Cash flows from operating activities		
Surplus for the year before tax	22,386,605	(10,136,775)
Adjusted for:		
Depreciation	966,742	2,168,914
	<u>23,353,347</u>	<u>(7,967,861)</u>
Working capital adjustments:		
Increase/ Decrease in receivables	(1,763,908)	2,380,628
Increase/ (Decrease) in payables	2,681,490	3,658,034
	<u>917,582</u>	<u>6,038,662</u>
Net cash flows from operating activities	<u>24,270,929</u>	<u>(1,929,199)</u>
Cash flows from investing activities		
Purchase of furniture	0	0
Purchase of computers	(98,700)	0
Net cash flows used in investing activities	<u>(98,700)</u>	<u>0</u>
Cash flows from financing activities		
Increase in deposits	0	0
Net cash flows used in financing activities	<u>0</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents	<u>24,172,229</u>	<u>(1,929,199)</u>
Cash and cash equivalents at 1 July	8,845,591	10,774,790
Cash and cash equivalents at 30 June	<u>12 33,017,820</u>	<u>8,845,591</u>

NATIONAL BIOSAFETY AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED
JUNE

2017

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
	Kshs	Kshs	Kshs	Kshs	Kshs '000
Revenue					
Application fees	1,190,000	0	1,190,000	1,974,000	(784,000)
Government grants and subsidies	88,577,120	20,000,000	108,577,120	108,577,120	0
Conference fees	946,540	0	946,540	976,540	(30,000)
Finance income-fixed deposit interest	0	0	0	0	0
Other incomes	13,788,027	0	13,788,027	12,921,279	866,748
Total income	104,501,687	20,000,000	124,501,687	124,448,939	52,748
Expenses					
Compensation of employees	71,635,558	4,916,216	76,551,774	67,894,044	8,657,730
Remuneration of the board	4,245,800	3,127,802	7,373,602	5,505,906	1,867,696
Depreciation expenses	0	0	0	966,742	(966,742)
Repair and maintenance	509,999	1,985,288	2,495,287	1,936,627	558,660
Contracted services	1,836,166	1,501,728	3,337,894	2,826,955	510,939
General expenses	18,574,164	8,468,966	27,043,130	15,591,201	11,451,929
Project expenses	7,700,000	0	7,700,000	7,340,859	359,141
Total expenditure	104,501,687	20,000,000	124,501,687	102,062,334	22,439,353
Surplus for the period	0	0	0	22,386,605	22,386,605

Notes

- The budget was adjusted to cater for the supplementary that the Authority was granted. The supplementary cash came towards the end of the financial year hence this was not fully utilized in the period. This is the cause for the variances between the money budgeted for and the actual expenditure.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Authority is established by and derives its authority and accountability from the Biosafety Act. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to ensure and assure safe development, transfer, handling and use of genetically modified organisms (GMOs) in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

3. ADOPTION OF THE NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
<p>IPSAS 33: First time adoption of Accrual Basis IPSAS</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. <i>The entity adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.</i></p>
<p>IPSAS 34: Separate Financial Statements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. <i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply/ the entity is a parent company and</i></p>

NATIONAL BIOSAFETY AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED
JUNE

2017

Standard	Impact
	<i>has prepared consolidated financial statements and therefore the standard does not apply.</i>
IPSAS 35: Consolidated Financial Statements	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> - Its power over the other entity - Its exposure or rights to variable benefits from involvement with the other entity - Its ability to control the nature, timing and amount of benefits from the other entity. <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p><i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</i></p>
IPSAS 36: Investments in Associates and Joint Ventures	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p><i>The entity does not have investments in associates or joint ventures.</i></p>
IPSAS 37: Joint Arrangements	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p><i>The entity does not have an interest in a joint arrangement and therefore the standard does not apply.</i></p>
IPSAS 38: Disclosure of Interests in Other Entities	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects</p>

NATIONAL BIOSAFETY AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED
JUNE

2017

Standard	Impact
	of those interests on its financial position, financial performance and cash flows. <i>The entity does not have an interest in other entities and therefore the standard does not apply.</i>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2017.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from government

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

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

Application Fees

The entity recognizes revenues from GMO application 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.

Interest income

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

b) Budget information

The original budget for FY 2016-2017 was approved by the National Assembly on 8th June 2016. 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 20 million on the 2016-2017 budget following the governing body's approval. The Board of Directors approved the supplementary budget on 26th May 2017. The supplementary allocation was received through the Parent Ministry at the Authority bank on the 27th June 2017.

The Authority's annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the

amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Property, plant and equipment

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

Depreciation

Depreciation is calculated using straight line method based on useful life as tabulated below:

Asset	Percentage (%)
Motor vehicle	20
Furniture and fittings	10
Computers and IT equipment	33.3

NBA's policy does not provide for depreciation of motor vehicle in the year of acquisition.

e) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

f) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

g) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements.

h) Changes in accounting policies and estimates

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

i) Employee benefits – IPSAS 25

Retirement benefit plans

The Authority provides retirement benefits for its employees on permanent and pensionable terms, and gratuity for the top management team on contract terms. Pension plans are post employment benefit plans under which the Authority pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Kenya Commercial bank at the end of the financial year.

k) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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. The Entity based its assumptions and estimates on parameters available when the 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 values

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

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

Provisions

Provisions were raised and Management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 20.

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.

l) Subsequent events – IPSAS 14

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, 2017.

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Revenue from non-exchange transactions

Note 1. Transfers from governments – Recurrent grant	2017	2016
	Shs	Shs
Unconditional grants		
Operational grant	108,577,120	92,000,000
	<u>108,577,120</u>	<u>92,000,000</u>
Total government grants and subsidies	<u>108,577,120</u>	<u>92,000,000</u>

1b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year KShs	2015-2016 Kshs
			Kshs		
Ministry of Agriculture	108,577,120	0	0	108,577,120	92,000,000
Total				108,577,120	

Revenue from exchange transactions

Note 2. Application Fees

	2017	2016
	Shs	Shs
Application Fees	1,974,000	1,204,000
Total	<u>1,974,000</u>	<u>1,204,000</u>

Note 3. Conference fees

	2017	2016
	Shs	Shs
Conference fees	976,540	726,089
Total revenue from conference fees	<u>976,540</u>	<u>726,089</u>

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Note 4. Other income- donor funds & sale of tender

	2017 Shs	2016 Shs
Program for biosafety systems	4,877,935	7,520,772
UNEP	0	732,000
FAO	3,156,679	0
ERAFRICA	4,666,665	1,866,666
AATF	215,000	
Advert and announcement refund	0	1,266,488
Petition and bond refund	0	417,050
Others –Refund of imprest/ newspaper sale	5,000	2,152
Total other income	12,921,279	11,805,128

Note 5. Employee costs

	2017 Shs	2016 Shs
Employee related costs – basic salaries	27,696,650	35,707,030
Employee related costs - contributions to pensions and gratuity	5,361,815	5,605,045
Travel, motor car, accommodation, subsistence and other allowances	975,718	2,709,754
Housing benefits and allowances	26,609,861	30,891,039
CEO's Salary	7,250,000	0
Employee costs	67,894,044	74,912,868

Salaries are inclusive of the salaries to the Director Technical Services of Ksh. 5,983,680.

Note 6. Remuneration to the Board

	2017 Shs	2016 Shs
Sitting & Lunch Allowance	2,758,030	3,821,580
Mileage	73,256	240,697
Accommodation	481,020	413,200
Honoraria	800,000	960,000
Domestic travelling	481,320	647,872
Foreign travelling	0	0
Training Expenses	519,280	178,160
Airtime	63,000	77,000
Insurance	330,000	0
Total remuneration to the Board	5,505,906	6,338,509

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Note 7. Depreciation expense

	2017	2016
	Shs	Shs
Property, plant and equipment	966,742	2,168,914
Total depreciation expense	966,742	2,168,914

Note 8. Repairs and maintenance

	2017	2016
	Shs	Shs
Building	0	0
Computers	431,998	954,459
Furniture & Equipment	0	22,110
Vehicles	1,464,714	890,786
Other repairs	39,915	121,536
Total repairs and maintenance	1,936,627	1,988,891

Note 9. Contracted services

	2017	2016
	Shs	Shs
Legal fees and arbitration	7,467	0
Cleaning Services	818,690	942,450
Professional services	901,228	485,797
Consultancy services	694,660	742,920
Refined fuel	404,910	652,425
Total contracted services	2,826,955	2,823,592

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Note 10. General expenses

The following are included in general expenses:

	2017	2016
	Shs	Shs
Advertising, shows, and Branding	948,093	1,448,417
Bank charges	125,659	207,061
Computer accessories	3,840	1,242,773
Cleaning materials	10,389	22,149
Conferences & seminars	424,470	2,324,951
Catering services	785,238	909,418
Education & library supplies	0	6,700
General office	231,267	801,257
Insurance	5,749,757	5,673,556
Internet	1,188,475	835,100
Postage	33,465	40,430
Printing and publishing & Newspapers	430,658	583,289
Reagents & Market Surveillance	223,335	140,385
Rental	3,998,662	3,772,680
Stationary	86,580	86,936
Uniform & other clothing	0	0
Software	0	260,000
Telecommunication	862,619	1,478,709
Training	488,694	733,090
Total general expenses	15,591,201	20,566,901

Note 11. Project Costs

	2017	2016
	Shs	Shs
Program for Biosafety System (PBS)	3,025,477	4,196,906
Biosafety Clearing House (BCH), FAO & ERA AFRICA	4,315,382	2,875,411
Total project costs	7,340,859	7,072,317

Note 12. Cash and cash equivalents

	2017	2016
	Shs	Shs
Bank	33,017,820	8,845,591
Cash-on-hand and in transit	0	0
Fixed deposit account	0	0
Total cash and cash equivalents	33,017,820	8,845,591

There were no financial instruments for the year.

The Authority holds only one bank account at KCB, Kipande House Branch, Account No. 1119845858

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Note 13. Receivables from exchange transactions

	2017	2016
	Shs	Shs
Current receivables		
Accounts receivables	1,502,554	1,502,554
Salary receivables	24,000	731,842
Prepayment	0	0
Imprest	2,565,250	93,500
Total current receivables	4,091,804	2,327,896
Total receivables	4,091,804	2,327,896

Note 14. Property, plant and equipment

	Motor Vehicle	Furniture and Fittings	Computer and Other IT Equipments	Total
Cost	Shs	Shs	Shs	Shs
At 30 June 2015	18,201,325	20,420,123	6,604,734	45,226,182
	0	0	0	0
At 30 June 2016	18,201,325	20,420,123	6,604,734	45,226,182
	0	0	98,700	98,700
At 30 June 2017	18,201,325	20,420,123	6,703,434	45,324,882
Depreciation and impairment				
At 30 June 2015	18,201,325	9,057,669	6,512,787	33,771,780
Depreciation	0	2,099,654	69,260	2,168,914
At 30 June 2016	18,201,325	11,157,323	6,582,047	35,940,694
Depreciation	0	926,280	40,462	966,742
At 30 June 2017	18,201,325	12,083,603	6,622,509	36,907,436
Net book values				
At 30 June 2017	0	8,336,520	80,925	8,417,446
At 30 June 2016	0	9,262,800	22,687	9,285,487

Note 15. Trade and other payables from exchange transactions

	2017	2016
	Shs	Shs
Trade payables	4,252,147	2,925,982
Total trade and other payables	4,252,147	2,925,982

Note 16. Contract retention money

	2017	2016
	Shs	Shs
Retention money	988,675	988,675
Total deposits	988,675	988,675

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Note 17. Provision for audit

	2017	2016
	Shs	Shs
Balance at the beginning of the year	580,000	580,000
Additional provisions raised	580,000	580,000
Balance as at 30 June	1,160,000	1,160,000

Note 18. Deferred income

	2017	2016
	Shs	Shs
Program for Biosafety Systems (PBS)	1,852,459	3,323,866
Biosafety Clearing House (BCH)	0	113,171
Total deferred income	1,852,459	3,437,037

Note 19. Pensions and other post-employment benefit plans

	2017	2016
	Shs	Shs
Balance at beginning of the year	2,939,904	0
Top Management gratuity	2,939,904	2,939,904
Total employee benefit liability	5,879,808	2,939,904

Note 20. Cash generated from operations

	2016-2017	2015-2016
	Kshs	Kshs
Cash flows from operating activities		
Surplus for the year before tax	22,386,605	(10,136,775)
Adjusted for:		
Depreciation	966,742	2,168,914
	23,353,347	(7,967,861)
Working capital adjustments:		
Increase/ Decrease in receivables	(1,763,908)	2,380,628
Increase/ (Decrease) in payables	2,681,490	3,658,034
	917,582	6,038,662
Net cash flows from operating activities	24,270,929	(1,929,199)

Note 21. Financial risk management

Exposure to credit, liquidity, operational and business continuity risk arises in the normal course of the authority's operations. This note presents information about the authority's exposure to each of the above risks, policies and processes for measuring and managing risk.

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i. Credit Risk

Credit risk is the risk of financial loss to the authority if counter parties fail to meet their contractual obligations when they fall due. The authority's credit risk is primarily attributable to its receivables and bank balances. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. The debtors are paying their dues in the course of business and the maximum exposure to credit risk as at 30 June 2017 was:

	Fully Performing	Past due	Impaired
Exchange Transactions			
Account Receivables	1,502,554	-	-
Salary Receivables	24,000	-	-

ii. Liquidity risk

Liquidity risk is the risk of the authority not being able to meet its obligations as they fall due. The authority's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the authority's reputation. Prudent liquidity risk management includes maintaining sufficient cash to meet the authority's obligations.

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2017				
Trade payables from exchange transactions	4,252,147	-	-	4,252,147

iii. Operational Risk

Operational risk is the risks of Authority undertakes when it attempts to operate within a given field or industry. The Authority faces several risks associated with operations especially regarding accidental release of GMOs to the environment, illegal importation of GMOs and capacity in testing GMOs. However, the risks have been addressed by management through legislation, requirement for biosafety inspectors accompanying approved GMOs on imports, monitoring and conducting surveillance sampling on GMOs at all entry/exit points in Kenya and in the open and supermarkets. With regard to testing for GMOs, the Authority collaborates with Kenya Plant Health Inspectorate Service (KEPHIS), Kenya Bureau of Standards (KEBs) and other private accredited laboratories.

iv. Business Continuity Risk

NBA takes cognizance of its risk factors and have taken appropriate measures and policies to make sure that the Authorities core business is not interrupted incase a disaster happens. The management through the risk management committee, the health and work environment committee, security committee and communication committee make sure that all aspects of security and continuity is enhance by implementing the policies in place

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Note 22. Related party Balances

The Authority and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel.

Key management remuneration

	2017	2016
	Shs	Shs
CEO's compensation	7,250,000	7,250,000
Director's compensation	5,983,680	5,983,680
Total	13,233,680	13,233,680

Note 23. Events after the reporting period

There are no material non-adjusting events after the reporting date.
There were no contingent liabilities in the year.

Note 24. Ultimate and Holding Entity

The Authority is a state corporation under the Ministry of Agriculture. Its ultimate parent is the Government of Kenya.

Note 25. Currency

These financial statements are presented in Kenya Shillings (Kshs')

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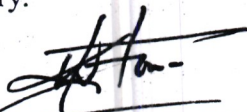
XVII. - PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Financial performance with regard to Kshs. 10,136,775 deficit.	The Authority will seek more funding from both the government and development partners.	Accounting Officer	Not resolved.	2016/2017 Budget Proposal

Guidance Notes:

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



Willy K. Tonui, PhD, RBP, EBS
 Chief Executive Officer



Dr. Mary Amuyunzu Nyamongo
 Chairman, Board of Directors

25/9/17

Date.....

25/09/2017

Date.....

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VIII. Appendix 1: PROJECT IMPLANTED BY THE AUTHORITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)
1	N/A	N/A	N/A	N/A	N/A
2					

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual per quarter	Sources
1	None	N/A	N/A	N/A	N/A	N/A	N/A
2							
3							

Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department of Agriculture			
FY 16/17			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	04/08/2016	11,072,140	FY 16/17
	22/08/2016	11,072,140	FY 16/17
	04/11/2016	22,144,280	FY 16/17
	31/01/2017	22,144,280	FY 16/17
	04/04/2017	22,144,280	FY 16/17
	27/06/2017	20,000,000	FY 16/17
	Total	108,577,120	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	None	0	
	Total	0	
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	None	0	
	Total	0	
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	None	0	
	Total	0	

The above amounts have been communicated to and reconciled with the parent Ministry

Director Finance and Administration
 National Biosafety Authority

Head of Accounting Unit
 Ministry of Agriculture

Sign

Sign

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XX. Appendix 3: RECORDING OF TRANSFER FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Agriculture	04/08/2016	Recurrent	11,072,140	11,072,140					11,072,140
Ministry of Agriculture	22/08/2016	Recurrent	11,072,140	11,072,140					11,072,140
Ministry of Agriculture	04/11/2016	Recurrent	22,144,280	22,144,280					22,144,280
Ministry of Agriculture	31/01/2017	Recurrent	22,144,280	22,144,280					22,144,280
Ministry of Agriculture	04/04/2017	Recurrent	22,144,280	22,144,280					22,144,280
Ministry of Agriculture	27/06/2017	Supplementary	20,000,000	20,000,000					20,000,000
Total			108,577,120	108,577,120	0	0	0	0	108,577,120