

REPUBLIC OF KENYA



REPORT

**THE NATIONAL ASSEMBLY
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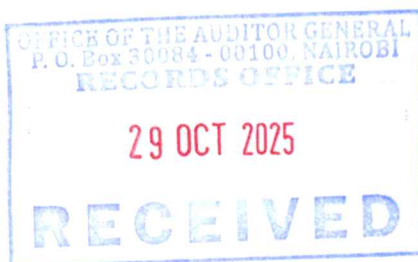
ON

**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY AND
INNOVATION**

**FOR THE YEAR ENDED
30 JUNE, 2025**

2





NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

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**Annual Report and Financial Statements
for the year ended June 30, 2025.**

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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
CS	Cabinet Secretary
DG	Director General
CBK	Central Bank of Kenya
CSR	Corporate Social Responsibility
CTBTO	Comprehensive Nuclear – Test – Ban Treaty Organization
ICPAK	Institute of Certified Public Accountants of Kenya
IPSASB	International Public Sector Accounting Standards
KEPSA	Kenya Private Sector Alliance
NCST	National Council of Science and Technology
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SPAS	Staff Performance Appraisal system
STI	Science, Technology and Innovation
WB	World Bank

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The National Commission for Science, Technology and Innovation (NACOSTI) is a state corporation established under the Science, Technology and Innovation Act, 2013 (Revised 2014). The mandate of the Commission is to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto. NACOSTI is the successor to the National Council for Science and Technology that was established under the Science and Technology Act, Cap 250 of the Laws of Kenya in 1977. The Act established the National Council for Science and Technology (NCST), a semi-autonomous agency, to advise on, coordinate and promote matters of research, science and technology.

The Commission's headquarter is in Nairobi County. In order to enhance efficiency and effectiveness in implementation of its mandate, the Commission is structured in seven (7) functions reporting to the Director General as listed below.

- (i) Directorate of Advisory, Standards and Licensing
- (ii) Directorate of Compliance, Monitoring and Evaluation
- (iii) Directorate of Corporate Services
- (iv) Planning, Partnership, and Resource Mobilization Department
- (v) Internal Audit Department
- (vi) Supply Chain Management Department; and
- (vii) Corporation Secretary and Legal Services Department

(b) Principal Activities

Mandate:

The objective of the Commission is to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

Vision:

A Dynamic and Transformational Science, Technology, and Innovation System/Sector

Mission:

To regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

Functions:

The functions of the Commission are stipulated in Section 6(1) of the Act as follows:

- a. develop, in consultation with stakeholders, the priorities in scientific, technological and innovation activities in Kenya in relation to the economic and social policies of the Government, and the Country's international commitments.
- b. lead inter-agency efforts to implement sound policies and budgets, working in collaboration with the county governments, and organizations involved in science, technology and innovation within Kenya and outside Kenya.
- c. advise the national and county governments on the science, technology and innovation policy, including general planning and assessment of the necessary financial resources.
- d. liaise with the National Innovation Agency and the National Research Fund to ensure funding and implementation of prioritized research programmes.
- e. ensure co-ordination and co-operation between the various agencies involved in science, technology and innovation.
- f. accredit research institutes and approve all scientific research in Kenya.
- g. assure relevance and quality of science, technology and innovation programmes in research institutes.

- h. advise on science education and innovation at both basic and advanced levels.
- i. in consultation with the National Research Fund Trustees, sponsor national scientific and academic conferences it considers appropriate.
- j. advise the Government on policies and any issue relating to scientific research systems.
- k. promote increased awareness, knowledge and information of research system.
- l. co-ordinate, monitor and evaluate, as appropriate, activities relating to scientific research and technology development.
- m. promote and encourage private sector involvement in scientific research and innovation and development.
- n. annually, review the progress in scientific research systems and submit a report of its findings and recommendations to the Cabinet Secretary.
- o. promote the adoption and application of scientific and technological knowledge and information necessary in attaining national development goals.
- p. develop and enforce codes, guidelines and regulations in accordance with the policy determined under this Act for the governance, management and maintenance of standards and quality in research systems; and
- q. undertake, or cause to be undertaken, regular inspections, monitoring and evaluation of research institutions to ensure compliance with set standards and guidelines.

(c) Key Management

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

No.	Designation	Name
1	Board of Directors	Prof. Raphael Munavu -Up to October 5, 2024 Dr. Gideon Kivengea Ms. Rachel Shibalira -Up to October 5, 2024 Prof. Dickson Andala Prof. Francis Muregi -Up to October 5, 2024 Dr. Tony Omwansa Dr. Indeje Wanyama
2	Accounting officer	Prof. Walter Oyawa -Up to 30.04.2025 Dr. David Ngigi -From 01. 05.2025
4	Director, Advisory, Standards & Licensing	Dr. David M. Ngigi
3	Director, Corporate Services	CPA Gideon K. Kirui

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Key Entity Information and Management (continued)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 20xx and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General/CEO	Prof. Walter O. Oyawa - Up to 30 th April, 2025
	Ag. Director General / CEO	Dr. David M. Ngigi – From 1st May, 2025
2.	Director, Corporate Services	CPA Gideon K. Kirui
3.	Director, Advisory, Standards and Licensing (DASL)	Dr. David M. Ngigi
4.	Deputy Director Agriculture Environment and Natural Resource	Dr. David Njubi - Up to 20 th August 2024
5.	Deputy Director, Biological and Health Sciences	Dr. Benson K. Mburu
6.	Deputy Director, Research, Standards and Licensing	Mr. Godfrey Kalerwa
7.	Deputy Director, Humanities and Social Sciences	Ms. Margaret Muthee
8.	Deputy Director, Physical, Industrial, Computing and Engineering	Mr. Cyrus Kamau - Up to 15 th September 2024
9.	Manager, Legal Services & Corporation Secretary	Mr. Abdallah Bii - Up to 16 th March 2025
10.	Manager, Supply Chain Management	Ms. Yasmin Hussein
11.	Manager, Human Resource Management	Ms. Jennifer Murgor
12.	Manager, Internal Audit & Risk Management	CPA Shadrack Toroitich
13.	Deputy Director, Institutional Registration & Accreditation	Ms. Christine Apakoreng'
14.	Ag. Finance & Accounts Manager	CPA. Eunita Ogindo - 22 nd July 2024 – 21 st January 2025)
15.	Ag. Deputy Director, Physical, Industrial, Computing & Engineering Science	Mr. Stephen Situma - 19 th June 2025 – 18 th December 2024

(e) Fiduciary Oversight Arrangements

Finance and General-Purpose Committee of the Board

The Committee comprises of members of the Board and is responsible for establishing policies, procedures, and controls for financial governance in the Commission. The Committee undertakes financial planning, budget approvals, expenditure approvals and review of financial reports.

Composition of Finance and General-Purpose Committee

No.	Name	Designation	Period up to ...
1.	Prof. Francis W. Muregi	Chairperson	Up to 5 th October 2024
2.	Dr. Wanyama Indeje – Representing CS - NT	Member	
3.	Dr. Gideon Kivengea – Representing PS SDHER	Member	
4.	Prof. Walter Oyawa – DG/CEO NACOSTI	Secretary	Up to 30 th April 2025

Audit and Risk Management Committee of the Board

The Committee comprises of members of the Board. It assists the Board in the oversight of the integrity of the financial operations of the Commission, the performance of the Commission's internal audit function and the external auditors and compliance by the Commission with legal and regulatory requirements.

Composition of Audit and Risk Management Committee of the Board

No.	Name	Designation	Period up to
1.	Ms. Rachel Shibalira	Chairperson	5 th October 2024
2.	Dr. Wanyama Indeje – Representing CS NT	Member	
3.	Dr. Tonny Omwansa	Member	
4.	CPA Shadrack K. Toroitich	Secretary	

(f) The Commission's Headquarters

NACOSTI Headquarters Building
Upper Kabete, Off Waiyaki Way
P.O. Box 30623-00100
Nairobi, KENYA

(g) The Commission's Contacts

Tel.: +254 20 2241349
+254 20 3310571
E-mail: dg@nacosti.go.ke
Website: www.nacosti.go.ke

(h) The Commission's Bankers

1. Kenya Commercial Bank Ltd.

Kipande House Branch
P.O. Box 30012-00100
Nairobi, Kenya
Tel.: +254 20 3340161

2. NCBA Bank Ltd.

City Centre Branch
P.O Box 44599-00100
Nairobi, Kenya
Tel.: +254 20 2888000

Key Entity Information and Management (continued)

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

- (j) Principal Legal Adviser
The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board of Directors/Council

Ref.	Board of Directors
1.	 Prof. Shaukat Ali Abdulrazzak (From 17TH April 2025) The Principal Secretary (PS), State Department for Science, Research, and Innovation Prof. Shaukat brings over 30 years of experience as a university professor, administrator, and advisor in science, technology, and innovation. He was formerly the Director for the Division for Africa at the International Atomic Energy Agency (IAEA). At IAEA, he facilitated technical cooperation across 48 African countries in key areas such as food and agriculture, health and nutrition, industrial applications, radiation technology, water and environment, energy planning and nuclear power, knowledge development, management, and safety. He previously served as Chief Executive Officer of the Kenya National Commission for Science, Technology and Innovation (2008–2014), Vice-Chancellor of Umma University, and Deputy Vice-Chancellor at Egerton University. He also held several leadership roles, including Governor of the International Centre for Genetic Engineering and Biotechnology (ICGEB), and Chairperson of the Kenya Marine and Fisheries Research Institute, Chair of the African Technology Policy Studies network, and Commissioner of the African Commission on Nuclear Energy. He was a board member of the Kenya Medical Research Institute (KEMRI), LAPSET Corridor Project, and the Kenya National Economic and Social Council. He is a Fellow of the World Academy of Sciences, the African Academy of Sciences, and the Japan Society for the Promotion of Science. He has published extensively in international journals and presented at numerous scientific conferences and symposiums. He has also been an Editorial Board member and reviewer of several International referred journals. His undergraduate studies were at Egerton University, Kenya. He later enrolled for his MSc and PhD Agricultural Sciences, at the University of Aberdeen, UK and later went for his Post Doctorate from Shimane University, Japan.
2.	 Principal Secretary, State Department for Higher Education and Research Dr. Beatrice Muganda Inyangala (Up to 16th April 2025) Dr Beatrice Muganda Inyangala is the Principal Secretary, State Department for Higher Education and Research, Ministry of Education, Kenya Government. Her areas of expertise are public policy, gender inclusivity, quality assurance, teaching methodology, governance and fundraising. Prior to her current appointment, she served as the Deputy Executive Director and the Director of Higher Education at the Partnership for African Social and Governance Research (PASGR). Dr Muganda led the Pedagogical Leadership in Africa (PedaL) project, working closely with multiple partners in distinct contexts to drive sustainable change in the delivery of university programmes to strengthen graduate competencies. She oversaw the training of more than 1000 teaching staff in 60 universities on the African continent in innovative pedagogies. Dr. Muganda is an accomplished educationist with programme planning, design and implementation expertise. She has facilitated formal partnerships among African universities, with Northern partner universities and international knowledge networks around innovative projects that promote excellence, relevance and access in higher education at both masters and doctoral levels. Dr. Muganda has extensive knowledge of issues, challenges and opportunities in African higher education and has proactively engaged various policy actors in higher education transformation. She has also been involved in education policy debates globally: EU-Africa policy dialogues, Wilton Park dialogues, The Africa-America Institute, London School of Economics Africa Summit, Africa Sciedev, University World News, Guardian Global Development Professionals Network, and the Association of African Universities. She has contributed

to Kenya's national policy documents such as the Medium-Term Framework on Education and Training for Vision 2030, and the National Manpower Survey.

She holds a B.Ed and M. Phil in Planning and Economics of Education from Moi University, a PhD from the University of Athens, and has received further training at the International Institute of Educational Planning in Paris.

**The PS SDHER is represented on the Commission's Board by Dr. Gideon Mbithi Kivengea
Dr. Gideon Mbithi Kivengea – Board Member**



DoB: 01st September 1970

Date of Appointment: 07th January 2022

Dr. Kivengea is currently serving as a Deputy Director of Research in the State Department for Higher Education and Research.

He has held various responsibilities including serving as a Board member in Kenya National Innovation Agency and serving as a Council member in the Maasai Mara University

Dr. Kivengea holds a Bachelor of Science Degree from Moi University, Master of Science Degree from University of Nairobi and PhD, Degree in Science (Hydrobiology) from the University of Nairobi.

His professional training includes a Distinction in Project Planning and Management, a Certificate in Senior Leadership Development Programme and Certificate in Senior Management Course among many other short term training courses.

He has published eight Research Publications in peer referred journals and exposure on Fellowship in University of Bremen - German.

**Cabinet Secretary, The National Treasury and Economic Planning
Hon. CPA John Mbadi Ng'ongo, EGH- Member (From August 8, 2024)**



Hon. CPA John Mbadi is the Cabinet Secretary (CS) for The National Treasury and Economic Planning. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassu Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout

his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with 28 years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitrators.

Hon. Mbadi's contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH). His skills span planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills. His areas of interest include politics, reading, and soccer.

	 The CS National Treasury is represented on the Commission's Board by Dr. Wanyama Indeje. Dr. Indeje Wanyama – Board Member DoB: 05th September 1969 Date of Appointment: 14th November 2021 Dr. Indeje Wanyama was appointed a member of the Board on 14th November 2021 as a representative of the Cabinet Secretary, The National Treasury and Planning. He is a skilled finance professional with more than 10 years of corporate finance and management. The finance guru has a PhD in Management Science, having studied in Shanghai University of Finance and Economics. Further, he holds an MSc in Economic Policy Analysis from Addis Ababa University, Ethiopia, has a BA (Economics) and is a Certified Public Accountant of Kenya. Dr. Wanyama is an expert in financial systems development, fiscal management and financial reporting, with proven record of developing and implementing financial and operational controls. He's knowledgeable in the application of economic principles and procedures for analyzing financial information in relation to supply and demand, investment, industrial productivity, taxes, among other policy related issues. The seasoned professional started out as an Economist/Planning Officer in the Ministry of Education and rose to become Deputy Director –Financial and Sectoral Affairs Department in the Ministry of Finance/The National Treasury. He previously served as Deputy Chief Finance Officer at the State Department of Livestock for two years; Assistant Director of Budget-Budgetary Supply Department in the Ministry of Finance/The National Treasury for a period of six years; and as Senior Finance Officer in the Ministry of Finance-Budgetary Supply Department for five years. He has worked as a lecturer at the United States International University and was a Lead Consultant in the development of the Strategic Plan for the Office of the Controller of Budget 2012-17, and in the recruitment of staff for the same Office. Other key accomplishments include preparation of Strategic Plan for the Ministry of Water and Irrigation for the Government of Southern Sudan. Dr. Wanyama has also authored and co-authored research publications in finance and policy related areas. Other special assignments include his appointment as a member of Inter-Ministerial Task Force responsible for organizing the United Nations Public Service Day. He was also a member of secretariat of Public Administration Sector Working Group (PA SWG). The PA SWG, outlines sectoral policy priorities for the Public Administration Sector, and gives the budgetary estimates to be included in the overall Medium Term Expenditure Framework (MTEF) and the annual budget.
4.	 Prof. Raphael M. Munavu, BA, MSc, PhD, OGW, EBS – Independent Member DoB: 01st August 1947 Date of Appointment: 06th October 2021 Term ended on: 05th October 2024 Raphael Munavu is a Professor Emeritus in the Department of Chemistry, University of Nairobi, Chairman of the Presidential Working Party of Education Reforms in Kenya from (September 2022 to present) Prof. Munavu attended Kalamazoo College (B.A. 1967-1970), Wayne State University (M.Sc. 1970-1972), and the University of Detroit (Ph.D. 1972-1975) in the USA. His specialization is in Organic, Environmental, and Industrial Chemistry. Prof. Munavu has had an illustrious career in academia and public service for the last 35 years. He served as the Chairman of the Kenya National Academy of Sciences (KNAS) for 19 years (2002- 2021), Chancellor of Laikipia University for five years (February 2013 – February 2018), and Commissioner at the Constitutional Commission on Revenue Allocation (CRA) for six years (December 2010 – December 2016). He was the Dean of the Faculty of Science at the University of Nairobi (1987-1990), founding Principal of Laikipia College of Egerton University (1990-1992), Vice-Chancellor of Egerton University (1992-1994)

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	Deputy Vice-Chancellor (Administration and Finance) at the University of Nairobi (1994-1998) and Vice-Chancellor of Moi University (July 14th, 1998 to September 19th, 2002). In addition to regular administrative responsibilities, Prof Munavu spearheaded the establishment of International Programs Offices at the University of Nairobi (1995) and at Moi University (1999) and Privately Sponsored Students Programs at Moi University (1998). Prof. Munavu has published over ninety (90) refereed and commissioned papers and supervised twenty-one (21) postgraduate students. He has written extensively on the role of Higher Education, Chemistry, Science, Technology, and Innovation in socioeconomic development. He has also undertaken many consultancies on the environmental impacts of utilizing various natural resources. Prof. Munavu is extensively experienced in management and public service. He has held numerous high-impact leadership positions in the education sector. He was appointed Chairman of the Kenya National Examinations Council (KNEC) and served in that capacity for ten years (2000-2010). He also served as Hon. Secretary of the Association of Faculties of Science of African Universities (AFSAU, 1986-1992), a Member of the Presidential Task Force on Public Universities Inspection Board (PUIB, 2005-2007) and the Strategy for University Education in Kenya (2006-2008). Prof. Munavu was the founding Chairman of the Council of the Southeastern University College (SEUCO), the precursor of South Eastern Kenya University (SEKU) from 2008 to 2013. Prof. Munavu has been conferred with the following National Honours: Order of the Grand Warrior (OGW, 1994), and the Elder of the Burning Spear (EBS, 2001) for his services in the Higher Education Sector. In 2000. He was conferred with an honorary doctorate of Humane Letters, Honoris causa (D.Litt) by Kalamazoo College (USA) in 2001 in recognition of his role in entrenching successful inter-university linkages between universities in Kenya and other foreign universities. He was also awarded the Hon. Doctor of Science degree by Laikipia University in 2013. His social vision is to serve society by facilitating novel wealth-creating, empowering and capacity-building initiatives based on education, national heritage, indigenous knowledge, science and technology. He also champions value-adding enterprises based on readily available natural resources and human capacities in Kenya. Prof. Munavu chaired the Technical Committee of the Board.
5.	Ms. Rachel Shibalira, MSc, LLB (Hons), Dip (Law) – Independent Member  DoB: 08th October 1972 Date of Appointment: 06th October 2021 Term ended on: 05th October 2024 Ms. Rachel Shibalira was first appointed a member of the Board on 6th December 2017 and reappointed on 8th October 2021 vide Gazette notice Number 208. Ms. Shibalira holds MSc in Environmental Planning and Management from Kenyatta University, Bachelor of Law from Babasaheb Ambedkar University and Diploma in Law from Kenya School of Law. Ms. Shibalira is a member of Law Society of Kenya and also International Commission of Jurists. She has represented the Government of Kenya in negotiating international conventions and protocols in the area of environment. She has also worked with several countries in the African region helping them define policies and laws on issues of Science and Technology. She has served nationally as a Chairperson of the Biosafety Appeals Board. Ms. Shibalira chairs the Audit and Risk Management Committee of the Board.

6.	Prof. Francis Wamakima Muregi, PhD – Independent Member  DoB: 20th August 1971 Date of Appointment: 06th October 2021 Term ended on: 05th October 2024 Prof. Francis Wamakima Muregi was first appointed a member of the Board on 6th December 2017 and reappointed on 8th October 2021 vide Gazette notice Number 208. He is a PhD holder in medical sciences from Hamamatsu University School of Medicine, a Master of Science, Biochemistry (Biotechnology Option) and BSc. Biochemistry/Chemistry from Kenyatta University. Prof. Muregi has worked at Kenya Medical Research Institute for more than 10 years. He is currently the Director for Research and Development at Mount Kenya University. He is also serving as a member of the Social and Human Sciences Programme and Expert Committee of Kenya National Commission for UNESCO (KNATCOM). Prof. Muregi chairs the Finance and General-Purpose Committee of the Board.
7.	Prof. Dickson M. Andala, PhD – Member  Prof. Dickson Andala is a member of the Board by virtue of being the Chief Executive Officer National Research Fund (NRF). DoB: 02nd April 1979 He has a PhD in Materials Chemistry from Binghamton University and Postdoctoral Fellowship Pennsylvania State University, USA. He is a Lead Expert with NEMA; DOSH and CBRN and a reviewer of several local and international journals. He has served in various senior leadership/management positions including an Associate Professor of Materials / Inorganic Chemistry, Multimedia University of Kenya; Director to the Kenya Nuclear Regulatory Authority (KNRA), African Materials Research Society (AMRS) boards, Executive Committee Member to Africa Crystallographic Association (AfCA); Chairman Chemistry Department, Multimedia University of Kenya. Membership to various Professional Associations including African Academies of Science (AAS), Kenya National Academy of Sciences (KNAS); Materials Research Society of Kenya, Kenya Chemical Society (KCS).
8.	Dr. Tonny K. Omwansa, PhD – Member  Dr. Tonny K. Omwansa is a member of the Board by virtue of being the Chief Executive Officer of Kenya National Innovation Agency (KENIA). DoB: 01st September 1977 He is the co-author of “Money, Real Quick: Kenya’s disruptive mobile money innovation”. He holds a PhD in Information Systems in which he researched on the adoption of mobile financial services at the base of the pyramid in Kenya. Besides consultancy in technology issues, he has conducted extensive research in mobile transactions in Africa and published various reports including use of airtime transfers, mobile banking, virtual currencies as well as

	regulation of mobile transactions. His research interests are in the design, adoption and impact of low-cost technologies in developing countries. His various research assignments have been commissioned by organizations like the GSMA, Bill and Melinda Gates foundation, Rockefeller Foundation and Economic Commission of Africa. He is a recipient of the prestigious Bellagio Fellowship from the Rockefeller Foundation where he worked on the book on mobile money, published in 2012.
9.	 Prof. Walter O. Oyawa, PhD - Director General/Chief Executive Officer - Up to 30th April 2025 DoB: 23rd August 1965 Prof. Walter O. Oyawa, is currently the Director General of the National Commission for Science, Technology & Innovation (NACOSTI). He is a Professor of Civil Engineering, a holder of a PhD in Civil Engineering, and a holder of Executive MBA. He is a Registered Professional Engineer, a Lead Expert-NEMA and a reviewer of several international journals. In addition to his current position as Director General of NACOSTI, Prof. Oyawa has served in various senior leadership/management positions including having been the Principal/CEO of Multimedia University College, Deputy Commission Secretary at the Commission for University Education (CUE), pioneering Ag. Principal of the College of Engineering & Technology at JKUAT, Director of a Research Centre-SMARTEC at JKUAT, Chairman of the Department of Civil Engineering at JKUAT, Board member of several boards, among others. He is endowed with vast experience in research/scholarly work, as evidenced by; extensive publications in peer reviewed journals, several awards and research grants, keynote lectures and conference papers, and supervision of numerous postgraduate students. His research interest is in the area of sustainable construction materials and technologies.
10.	 Dr. David Ngigi – Ag. Director General/Chief Executive Officer - From 1st May 2025 DoB 10th March, 1973 Dr. David Ngigi is a distinguished Entomologist with over 22 years of professional experience in both Public and Private Sectors. He is a known Champion for Science, Technology and Innovation in Kenya. He has served as the Head of the Institutional Registration and Accreditation Department at NACOSTI. In that capacity he has successfully spearheaded national initiatives towards attainment of aspirations of STI Act of 2013 that include mainstreaming STI in Government Agencies, strengthening research ethics oversight in the country, and facilitating the establishment of new research institutions. Earlier, Dr. Ngigi successfully coordinated NACOSTI's initiatives to operationalize the Government Science Technology and Innovation (STI) Fund that was set to intensify innovations and promote uptake of STI output in priority areas in line with Vision 2030 aspirations. Through his leadership the STI Fund grew to nurture and support over 1,800 research and Innovation projects, solidifying his commitment to propelling Kenya's scientific landscape forward. He was one of the pioneer members of the secretariat that was tasked to operationalize the current National Research Fund (NRF), the successor of the STI Fund. He made a significant contribution in supporting the Board of Trustees to set-up organization structures, build linkages and spearheaded resource mobilization to support research and Innovation in Government priority areas.

4. Key Management Team

No.	Management	Details
1.	 Prof. Walter O. Oyawa, PhD - Prof. Walter Oyawa is the Director General and Chief Executive Officer of the National Commission for Science, Technology & Innovation (NACOSTI). He is a Professor of Civil Engineering, a holder of a PhD in Civil Engineering, and a holder of Executive MBA. He is a Registered Professional Engineer, a Lead Expert-NEMA and a reviewer of several international journals.	Director General/Chief Executive Officer (Up to April 30th, 2025)
2.	 Dr. David Ngigi - Dr. David Ngigi is the Director, Advisory, Standards and Licensing. He holds a PhD in Entomology, MSc in Agricultural Entomology and BSc in Zoology. He is a member of Bioethics Society of Kenya.	Ag. Director General (From May 1st 2025) and Director, Advisory, Standards and Licensing
3.	 CPA Gideon K. Kirui – CPA Kirui holds a Master of Business Administration degree, a Bachelor of Commerce Degree (Accounting) and is a member of the Institute Certified Public Accountant of Kenya (ICPAK) and the Institute of Certified Secretaries.	Director Corporate Services
4.	 Dr. David Njubi, PhD – Dr. Njubi holds a PhD in Animal Genetics, MSc in Animal Production, MSc in Information Systems, and a BSc in Agriculture.	Deputy Director Agriculture Environment and Natural Resource (Up to 20th August 2024)
5.	 Dr. Benson M. Kinyagia Dr. Kinyagia is the head of Biological and Health Sciences Department. He holds a PhD in Pesticide Science and Safety, A Master of Science in Botany (Plant Pathology) and Bachelor of Education (Botany and Zoology). He is a Lead-Expert at NEMA and a member of Environmental Institute of Kenya (EIK).	- Deputy Director, Biological and Health Sciences.
6.	 Mr. Godfrey P. Kalerwa - Mr. Kalerwa is the head of Research Standards and Licensing Department. He holds an EMBA (Strategic Management, MSc in Natural Products Chemistry, BSc. (Chemistry, Mathematics). He is a Member of Kenya Chemical Society (KCS) and Kenya Institute of Management (KIM).	Deputy Director, Research Standards and Licensing

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7.	 Ms. Margaret Muthee Ms. Muthee is the head of Humanities and Social Sciences Department. She holds a Bachelor of Arts in Anthropology and a Master of Arts in Development Studies. She has undertaken various specialized courses in senior management, results-based monitoring and evaluation, corporate governance, finance for non-finance managers, human rights and science and innovation diplomacy.	- Deputy Director, Humanities and Social Sciences.
8.	 Mr. Cyrus Kamau – Mr. Kamau is the head of Physical, Industrial, Computing and Engineering Department. He is a graduate in BSc. computer science major and MSc. Information systems (IS). Fellow, Computer Society of Kenya (FCSK), member of the Association of Computing Practitioners, Kenya (M-ACPK), Institute of Electrical and Electronics Engineers (MIEEE), and Association of Computing Machinery (MACM).	Deputy Director, Physical, Industrial, Computing and Engineering (Up to 15th September 2024)
9.	 Mr. Abdallah Bii – Mr. Bii is the head of Corporation Secretary and Legal Services Department. He holds a Bachelor of Social Legislation degree from Marathwada University, Bachelor of Laws from Babasaheb Ambedkar University and Diploma in Law from Kenya School of Law. He also holds a Postgraduate Diploma in International Studies from the University of Nairobi. He is a member of Law Society of Kenya (LSK) and the Institute of Certified Secretaries (ICS).	Corporation Secretary and Manager, Legal Services (Up to 16th March 2025)
10.	 Ms. Yasmin Hussein - Ms. Hussein is the head of Supply Chain Management Department. She holds a MSc in Procurement and Logistics and a Bachelor of Commerce Degree with specialization in Operations Management. She is a member of the Kenya Institute of Supplies Management (KISM) and a Professional Member of the Chartered Institute of Purchasing and Supplies (CIPS)	Manager, Supply Chain Management
11.	 CHRP Jennifer Murgor - CHRP Murgor is the head of Human Resource Management Department. She holds a Master of Business Administration degree, a Bachelor of Arts Degree and is a member of the Institute Human Resource Management (IHRM).	Manager, Human Resource Management

12.	 CPA Shadrack K. Toroitich - CPA Toroitich is the head of Internal Audit and Risk Management Department. He holds a master's degree in business administration (Finance)- University of Nairobi, Master of Science in Oil & Gas Management (Distinction) - Abertay University-UK, bachelor's degree in business management (Finance & Banking) -Moi University. A member of Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Internal Auditors -IIA, a holder of a certificate in Project Monitoring & Evaluation, Forensic Investigation, Data Analysis & Cybersecurity	Manager, Internal Audit & Risk Management
13.	 Ms. Christine Apakoreng' Ms. Apakoreng is the head of Institutional Registration and Accreditation Department. She holds a Master of Educational Administration and Planning from CUEA, bachelor's degree in education (Home Economics) from Kenyatta university; Diploma in Education Management from KEMI and Certificate in Senior Management course from KSG	Deputy Director, Institutional Registration and Accreditation
14.	 Dr. Stephen M. Situma Holds a Ph.D. in Nano chemistry from Technical University of Kenya a Master of Science in Chemistry, a bachelor's in education science both from Kenyatta University and A postgraduate Diploma in monitoring and Evaluation from Mt. Kenya University Several professional trainings including project planning and management, Environmental Impact Assessment and Audit, public policy formulation and implementation, Strategic leadership development, and Senior management course.	Ag. Ag. Deputy Director and Principal Research Scientist in Physical Industrial, Computing and Engineering schedule (19 th June 2025 – 18 th December 2024)
15.	 CPA Eunita Ogindo CPA Ogindo holds a Master of Business Administration (Finance) from Kenyatta university, a Bachelor of Commerce Degree (Finance) Degree, a member of the Institute Certified Public Accountant of Kenya (ICPAK) and Association of Women Accountants of Kenya (AWAK).	Ag. Manager, Finance and Accounts – (22nd July 2024 – 21st January 2025)

5. Chairman's Statement

The National Commission for Science, Technology and Innovation (NACOSTI) is mandated to steer scientific advancement and technological development in the Country through its mandate of regulating and assuring quality in STI and to advising the Government on the same. In the year ended 30th June 2025, the Commission commenced implementation of its third Strategic Plan covering the period 2024 – 2028. In this period, the Commission focuses on four Key Results Areas (KRA) with specific strategic objectives. These Key result Areas and strategic objectives are as follows:

KRA 1: Regulation, Advisory and Promotion

- 1) To regulate the science, technology and innovation sector
- 2) To develop advisories on science, technology and innovation
- 3) To promote science, technology and innovation for socio-economic development

KRA 2: Surveillance and Compliance

- 1) To strengthen compliance with policy and regulatory framework and assure quality of research, science, technology and innovation in the country
- 2) To strengthen regulatory and quality assurance frameworks

KRA 3: Planning, Partnership and Resource Mobilization

- 1) To strengthen planning for the science, technology and innovation sector
- 2) To strengthen capacity for resource mobilization
- 3) To ensure and promote co-operation and synergies between various agencies involved in science, technology and innovation

KRA 4: Institutional Capacity and Corporate Positioning

- 1) To strengthen institutional capacity
- 2) To enhance resource mobilization and optimization
- 3) To enhance corporate positioning

The above objectives together with the Medium-Term Plan IV (MTP IV) for the period 2023-2027 and the Government's Bottom-Up Economic Transformation Agenda guided the operations of the Commission during the year.

To facilitate regulation of research, the Commission has reviewed request for registration of research institutions and recommended those that meet the set requirement to the Cabinet Secretary for registration. Twelve (12) research institutions were recommended for registration in the Financial Year 2024/2025. Additionally, the Commission licenses all research projects on the Country and a total of 12,339 research licenses were issued during the Financial Year.

Towards knowledge sharing and utilization of research outputs, the Commission during the Financial Year held various conferences, workshops and other fora. These were aimed at bringing together players in the sector to engage and share lessons on on-going research projects and outputs of research. They also served as a source of information utilized by the Commission to develop advisories to the Government and other stakeholders on matters of STI.

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The term of the independent members of the Board of NACOSTI lapsed on 5th October 2024 leaving only the directors who represent institutions. The Commission is awaiting the appointment on new members to replace the ones whose time lapsed.

The Commission acknowledges the immense support it receives from the Parent Ministry, the Ministry of Education, and the Government as a whole through financing of its programs and guidance as well as policy support in the execution of its mandate.

Signed for Chairman

By: PROF. D. ANDALA Sign 

6. Report of the Chief Executive Officer

The National Commission for Science, Technology and Innovation (NACOSTI) is established through the Science, Technology and Innovation (STI) Act of 2013 (Rev. 2014) to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters, related thereto. This key mandate is realized through seventeen (17) functions as stipulated in Section 6(1) of the Act, which may be grouped into four categories, viz, Regulation/Quality Assurance, Advisory Services, Coordination, and Promotion. The programs undertaken in the Year ended 30 June 2025 were therefore geared towards enabling the Commission deliver on this mandate and undertake the stated functions.

i) Research Licensing, Monitoring and Evaluation

NACOSTI endeavoured to maintain the integrity of Kenya's research, science, technology and innovation ecosystem through research licensing, monitoring and evaluation. The Commission is guided by the Science, Technology and Innovation Act, 2013 and the Science, Technology and Innovation (Research Licensing) Regulations, 2014.

During the review period, the Commission recorded a steady increase in the number of research licenses issued. These efforts were driven through the following interventions:

a) Authorization of Research Activities

NACOSTI processed and granted Research Licenses in accordance with the governing legal frameworks. The licensing process ensured that all research conducted within the country met established standards and ethical requirements, promoting integrity and accountability in research. The Commission has ensured the full automation of the application and processing of the research permits including utilization of the Government e-citizen system.

b) Promotion of Regulatory Awareness

To enhance compliance and promote responsible research conduct, NACOSTI undertook deliberate efforts to increase awareness about the existing regulatory requirements. This has been done through sensitization sessions during conferences, workshops and exhibitions.

c) Monitoring and Evaluation of Licensed Research

The Commission actively monitored licensed research projects with the aim of assessing adherence to licensing conditions, ensuring ethical compliance, and promoting accountability within the national research landscape.

Overall, NACOSTI has made notable strides in reinforcing Kenya's research ecosystem by streamlining licensing processes, fostering accountability, and improving access to research information. These achievements have positioned the Commission to effectively support the country's broader science, technology, and innovation agenda in the coming years.

ii) Registration of Research Institutions

Section 17 (1) of the Act requires all research institutions operating in Kenya to be registered. It is an offence to establish or operate research institutes without authority. Prospective and existing research institutions complied with and applied for registration. During the year, the Commission received and processed applications from institutions wishing to be registered as research institutions.

iii) Accreditation of Institutional Scientific and Ethics Review Committees

NACOSTI has delegated the task of reviewing research proposals for scientific and ethical clearance to accredited Institutional Scientific and Ethics Review Committees (ISERCs). This is to ensure that research conducted in the country observes high standards of research ethics. To have Institutional Scientific Ethical Review Committee an institution must apply through NACOSTI. In the course of the year, management processed and accredited a number of institutional scientific and ethics review committees.

iv) Science Technology and Innovation Mainstreaming

The Commission continued as the specialized agency in the implementation of the Performance Contract Indicator on science, Technology and Innovation (STI) indicator. STI Mainstreaming transcends beyond research and therefore it is aimed at ensuring that all Ministries Departments and Agencies (MDAs) entrench science, technology and innovation into national production system and for connected purposes as per the provision in the (STI) Act 2013 (Rev. 2014). By undertaking embracing STI Mainstreaming, MDAs are destined to significantly contribute to strengthening Kenya's global competitiveness.

Data provided by MDAs is precious to enhance Kenya's Global competitiveness in the various rankings all of which are direct or indirect measures of National Prosperity and National Security as well as enhanced public good and well-being of citizenry

v) Science Technology and Innovation (STI) Certification Course

Taking cognizance of STI as a game-changer in ensuring robust national security and sustainable prosperity, NACOSTI launched STI Certification course (in eight Modules) aimed at sharpening a competent workforce to fast track the attainment of Bottom -Up Economic Transformation Agenda (BETA). The in-person training courses are occasioned by stakeholders request for the same. Taking cognizance of the crucial role of emerging trends in science, technology and innovation in the transformation and empowerment of humanity.

vi) Partnerships, Collaboration and International Commitments

NACOSTI collaborated with national and international organizations in delivering its mandate. The Commission is national Focal Point in six international obligations:

- The International Centre for Genetic Engineering & Biotechnology (ICGEB)
- The Biological and Toxins Weapons Convention mainly referred as Biological Weapons Convention (BWC)
- AFRA (African Regional Cooperative Agreement for Research, Development and and Training related to Nuclear Science and Technology
- The Comprehensive Nuclear- Test-Ban Treaty Organization (CTBTO)
- The East African Science and Technology Commission (EASTECO)

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The Commission's management is grateful to the Ministry of Education, in particular the State Department for Higher Education and Research, and the Board of NACOSTI for the continued support for the implementation of NACOSTI Programmes. The management also recognizes the effort of all NACOSTI staff who have shown dedication and commitment to duty throughout the Financial Year.



Dr. David M. Ngigi, PhD.
Ag. Director General/CEO

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

NACOSTI has four (4) Key Results Areas (KRA). During the FY 2024/2025, the Commission continued with the programs as set out in its Strategic Plan which covers the period from 2023 to 2027. This Strategic Plan focused the four (4) Key Result Areas (KRAs) each backed by specific strategic objectives. These Key result Areas and strategic objectives are as follows:

KRA 1: Regulation, Advisory and Promotion

1. To regulate the science, technology and innovation sector.
2. To develop advisories on science, technology and innovation.
3. To promote science, technology and innovation for socio-economic development.

KRA 2: Surveillance and Compliance

1. To strengthen compliance with the policy and regulatory framework, and assure quality of research, science, technology and innovation in the country.
2. To strengthen Regulatory and Quality Assurance Frameworks

KRA 3: Planning, Partnership and Resource Mobilization

1. To strengthen planning for the science, technology and innovation sector
2. Strengthen capacity for resource mobilization
3. To ensure and promote co-operation and synergies between the various agencies involved in science, technology and innovation

KRA 4: Institutional Capacity and Corporate Positioning

1. To strengthen institutional capacity
2. To enhance Resource Mobilization and optimization.

The Commission develops its annual work plans based on the above four Key Result Areas. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the FY 2024/2025 period for its four strategic pillars, as indicated in the table below:

KRA 1:		Regulation, Advisory, and Promotion		
Objectives	Strategy	KPI	Activities	Achievements
To regulate the science, technology and Innovation sector	License/approve all scientific research in Kenya Target: - 10,000 Research Licenses.	No. of licensed research.	Evaluate, and defer/reject/ License/ approve scientific research proposals in Kenya	A total of 12,339 research licenses were reviewed and issued during the period.
	Monitoring and Evaluation of four (4) Registered Institutions	No. of research institutions monitored and evaluated	Co-ordinate, monitor, and evaluate, as appropriate, activities relating to scientific research and technology development	Seven (7) registered research institutions (Turkana Basin Institute, KEFRI, KIRDI, KALRO, ICI., Innovation for Poverty Action, APHRC) were inspected, monitored, and evaluated
	Register/accredit 3 research institutions	No. of Registered Research Institutions.	Evaluate, and defer/reject/ register/ accredit all applications submitted for Registration of Research Institutions in Kenya	33 registered Institutions in the country. 12 institutions recommended to the CS for the grant of registration certificates
	Accredit four (4) new Institutional Scientific and Ethical Review Committees (ISERCs)	No. of Accredited ISERCs	Evaluate the progress of selected registered/accredited research institutions in Kenya	- Forty-eight (48) accredited ISERCs in the country - During the F/Y under review, 7 ISERCs were accredited, and 7 institutions renewed their ISERC accreditation licenses
			Coordinate activities of Institutional Scientific and Ethical Review Committees, and the National Scientific and Ethics Committee	Held meetings of the National Scientific and Ethics Committee, which reviewed reports from the Institutional Scientific and Ethical Review Committees (ISERCs)
To develop advisories on science, technology and innovation.	Advise the national government on science, technology and innovation Develop and disseminate two (2) policy briefs/advisories	No. of advisories to the national and county governments Report on Kenya's competitiveness Institutions' performance on identified measures	Undertake Annual review of the progress of science, technology and innovation and submit a report	The Advisories were disseminated and distinguished lectures organized during the 4th Multisectoral conference

			Develop advisories on science education	Two advisories developed on; i. IP Rights ii. Indigenous knowledge
			- Advise the Government on key policies and any issues relating to scientific research systems, as well as on emerging issues - Carry out a study on how the Country has performed in global rankings - Assess how various institutions in Kenya have performed in various matrices	Prepared a report on the “State and progress in scientific research systems” and submitted it to the Cabinet Secretary. A key document to inform the Government on issues relating to RSTI
			Establish Science and Technology Education Centre	- Coordinated the establishment and operationalization of the Regional Research Centre at Egerton University. - Drafted a Memorandum of Understanding between NACOSTI and ICGEB.
	Reviewing reports from 200 MDAs and private sector research institutions to assess the number of academic publications in Scopus-indexed journals, active patents, plant breeders' rights, and commercialized products/services	Framework developed	Develop STI Mainstreaming and infusion Framework, and Capacity Building programmes for MCDAs, and Private Sector entities	A high-level meeting held as part of a NACOSTI training module on STI IP Rights, Transfer, and Commercialization, brought together key stakeholders from industry and academia.
			Coordinate STI Mainstreaming in Programmes and Projects of Ministries, Departments and Agencies	Module 7 on STI IP Rights, Transfer and commercialization and Module 1 Training on STI Mainstreaming in MDAs were undertaken during the year under review.
		Report	Build human capacity for STI Mainstreaming and infusion through STI Professional Certification Programmes	- Mainstreaming Sensitizations - Reviewed and analysed reports of 297 MDAs.
	In consultation with the National Research Fund Trustees, sponsor national scientific and academic conferences, it considers appropriate		Organize annual multisectoral conference on STI	Organized the 4th Multisectoral conference
			Organize annual High-Level Ministerial and Governors Dialogue on STI	- Participated in the annual governors' meeting, - Engagement meetings during the regional sensitisation visits in the North Rift and Nyanza regions.
	Targets: - Organize One (1) Multisectoral conference,		Organize annual exhibitions on STI	Exhibitions held at the 4th multi-sectoral conference
			Organize annual science and Technology Education, and Olympiad	Organized an Olympiad programme during the 4th multi-sectoral conference.

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	Organize three regional outreach and awareness campaigns on RSTI Organize one STEM mentorship of STI Olympiad programme			Coordinated the establishment of Research Resource Centre at Egerton and published four STIR bulletins.
	Promote knowledge creation, storage and dissemination		Create RSTI repository for RSTI activities in Kenya	Repository of licensed projects updated.
	Targets: - Maintaining a database or repository of licensed research projects Organize One (1) Multisectoral Conference		Disseminate R&D outcomes	- Exhibitions during multisectoral conference, KIWI, ASK shows (Mombasa, Nairobi, Kitale, Eldoret) - The 4th Multi-Sectoral Conference was undertaken.
KRA 2:	Surveillance and Compliance			
Objectives	Strategy	KPI	Activities	Achievements
To strengthen compliance with the policy and regulatory framework, and assure quality of research, science, technology and innovation in the country	Undertake surveillance, regular inspections, monitoring and evaluation of activities in the STI Sector to ensure compliance with set standards and guidelines	No. of surveillance, regular inspections, monitoring, and evaluation of activities in the STI Sector undertaken to ensure compliance with set standards and guidelines	Undertake surveillance, regular inspections, monitoring and evaluation of research activities in Kenya, and ensure compliance with laws, set standards, regulations, and guidelines	- M&E of 23 licensed projects and inspection of research institutions done - Guidelines developed
	Targets: - Monitor and evaluate eight (8) licensed projects Inspect three (3) Research Institutions Monitor and evaluate the implementation of STI Priorities Mainstream National STI Priorities in Institutional STI Strategies in MDAs		Undertake surveillance, regular inspections, monitoring and evaluation of ISERCs	- Inspection of seven (7) research institutions - Accredited 6 ISERCs
			Monitor and evaluate the implementation of STI Priorities	- Implementation of National STI Priorities was monitored and evaluated. - Status report on implementation of National STI Priorities in programmes of MDAs undertaken and submitted to the CS
KRA 3:	Planning, Partnership and Resource Mobilization			
Objectives	Strategy	KPI	Activities	Achievements
Strengthen capacity for	Organize forums in partnership with County governments	Number of fora	Fora organized and held	Engaged with the County Government of Uasin-Gishu and Kisumu counties to foster strategic collaborations.

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resource mobilization	Targets: - Organize regional outreach and awareness campaigns on RSTI			Participated in the 10th international day for women and girls in Science, (STEM) 2025 Celebration in Nyamira County.
	Organize engagement forums on RSTI with County Government			
	Organizing two forums to create awareness or train MDAs, Researchers, Inventors and Innovators on Research, Science, Technology and Innovation: Integrity, Security, Protection/IP Rights, Licensing, Commercialization and Extension	No. of fora	Fora held	Capacity building was held bringing together NACOSTI, Security Agencies and county focal persons Two regional forums were conducted in the North Rift Economic bloc and Lake region bloc RSTI Training Module on Intellectual Property (IP) and commercialization. ISERC Assessment forums of 8 institutions were held.
	Coordinate and support the National Research, Technology and Innovation Committee (NARTIC)	Publish Knowledge Management Framework	Develop Knowledge Management Framework	Knowledge Management framework developed
	Coordinate and implement three (3) existing international obligations.	Coordinate and implement the activities of CTBTO, AFRA and ICGB	Status report on the 3 international obligations developed	Status report of 3 international obligations done (CTBO, AFRA and ICGB)
KRA 4:	Institutional Capacity and Corporate Positioning			
Objectives	Strategy	KPI	Activities	Achievement
To strengthen institutional capacity	Enhance Human Resource Capacity Targets: - Undertake Institutional Skills Gap Analysis Undertake Staff Training Needs	Carry out Skills Gap Analysis Undertake staff training needs	Carry out capacity building trainings Carry out staff training needs assessment	Capacity building training carried out One (1) training needs assessment carried out and outcome implemented.

	Coordinate staff performance management	Employee performance management	Undertake annual staff performance appraisal	Annual performance appraisal undertaken during the year under review
	Target: - Coordinate Institutional Performance Contract	Annual Performance Contract developed	Develop the annual performance contract	Annual Performance Contract for FY 2024/25 was developed and signed
	Enhance resource mobilization and prudent utilization of financial resources	Approved Financial Management Manual	Review Financial Management Manual	Finance manual reviewed
	Enhance institutional automation/digitization	Approved Procurement plan	Develop and implement digitization action plan	The Commission has completed the digitization of the E-procurement portal which is now available on the E-citizen platform. Others include software, security features, HPC functioning, RIMS upgrade, ERP

8. Corporate Governance Statement

The objectives of NACOSTI are stipulated in the Science Technology and Innovation Act, 2013. The Mission of the Commission is to improve the quality of life of Kenyans by integrating science and technology in social and economic developments. It regulates, assures quality, promotes, coordinates and advises the government on matters science, technology, innovation and research. To fulfil its mandate, the Chairperson and members of the board assume the ultimate responsibility to ensure that the Commission is accountable to the public, that the Commission follows relevant rules and regulations and meets the highest standards of corporate governance. The Management exercises due care in ensuring that the Commission's affairs are carried out in the best interest of the Government and the Public.

Board Structure and Composition

The Commission is governed by a Board of nine (9) members with the Chief Executive Officer as its Secretary. The Chairperson and three independent members of the Board of the National Commission for Science, Technology and Innovation are appointed by the Cabinet Secretary, Ministry of Education upon recommendation by a selection panel. In addition, a representative of the Cabinet Secretary, the National Treasury; the Principal Secretary, Ministry of Education, State Department for University Education and Research; a representative of KEPSA; the Chief Executive Officer, National Research Fund; and the Chief Executive Officer, Kenya National Innovation Agency (KENIA) are also members of the Board. The members of the board and the management poses a range of requisite qualifications and experience to manage the Commission and work in provision of Chapter 6 of the Constitution.

The Board that was in charge during the FY 2024/2025 period was the third Board of the Commission which was appointed on 6th October 2021 vide Gazette Notice Number 208, and their term ended on 5th October 2024. The position of the Chairperson of the Board and a representative of KEPSA remained vacant, hence the board was composed of seven (7) members and the CEO as the secretary. From 6th October 2024 up to the date of this report, the Commission had no sitting board and has been waiting for the appointment of the next board.

Board Charter

There is a board charter that provides guidelines to the board in exercising its mandate. The charter was adopted by the Commission in accordance with Mwongozo Code of Governance for State Corporations and is complimentary to the requirements regarding the board and the board members contained in applicable Kenyan laws and regulations. The charter is available to board members.

Appointment and removal of Directors

The process of appointment and removal of Directors of the Commission is done as stipulated in the STI Act, 2013

Roles and Responsibilities of the members of the Board include but not limited to the following:

- i. Formulating and approval of Commissions Vision, Mission and Core Values, strategy and work plans.
- ii. Approval of the annual budget and financial statements.
- iii. Approval of operational policies and manuals

The Chairperson is responsible for the overall Commission's leadership and effectiveness; ensures that key tasks of the Commission are properly understood by the members and the secretariate; and assumes overall responsibility for all the Commission's decisions, severally with other members.

The Director General of the Commission doubles as the Secretary to the Board and the head of the Commission's secretariate. He is responsible for the overall leadership and day-to-day management of the Commission's operations; efficient and effective management of the Secretariat; performance management, operational controls, ethical conduct and good corporate governance.

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Board remuneration

The Board and its committees meet regularly in accordance with quarterly schedules. Board members are paid sitting allowance as prescribed in payment regulations to board members. Each member is paid sitting allowance for meetings attended on behalf of the Commission. In addition, the duly appointed chair of the board is also entitled to a monthly Honoraria.

The Board established the following three (3) Committees:

- a. Finance and General-Purpose Committee
- b. Technical Committee
- c. Audit & Risk Management Committee

The functions of these committees are as follows:

- a. Finance and General-Purpose Committee.
 - i. Reviewing the Commission's Budget, capital expenditure, investment strategies and procurement plans.
 - ii. Reviewing and recommending for approval the operating financial results of the Commission.
 - iii. Reviewing and recommending to the Board appropriate Human resources plans, policies, career guidelines and organization structure and their implementation mechanisms.
 - iv. Ensuring the Commission conducts its affairs in compliance with applicable laws and regulations.
- b. Technical Committee
 - i. Overseeing and reviewing the technical programs of the Commission
 - ii. Setting and reviewing the performance targets of the Commission
- c. Audit, Risk Management & Compliance Committee
 - i. Reviewing the Commission's risk management strategies
 - ii. Assisting in enhancing internal controls to improve efficiency, transparency, and accountability.
 - iii. Reviewing audit issues raised by internal and external auditors.

Membership of Board Committees

No.	Finance and General -Purpose Committee	Technical Committee	Audit, Risk Management & Compliance Committee
1.	Prof. Francis Muregi - Chair	Prof. Raphael Munavu - Chair	Ms. Rachel Shibalira - Chair
2.	Dr. Gideon Kivengea	Dr. Gideon Kivengea	Dr. Indeje Wanyama
3.	Mr. Wanyama Indeje	Dr. Dickson Andala	Dr. Tonny Omwansa
4.	Prof. Walter O. Oyawa, PhD	Prof. Walter O. Oyawa, PhD	CPA Shadrack K. Toroitich

The Board and its Committees held the following meetings during the Financial Year

Nature of Meeting	Full Board	Finance and General-Purpose Committee	Technical Committee	Audit, Risk Management & Compliance Committee
Scheduled Meetings	2	2	0	1
Special Meetings	0	0	0	0
Total	2	2	0	1

During the year, the Commission held a total of Five (5) meetings comprising of eight (2) ull board, Five (2) Finance and General Purpose, Three (0) Technical Committee and Five (1) Audit, Risk Management & Compliance.

Below table indicates the number and type of meeting attended by each board member for the year ended 2024/25.

S/NO	Name	Full Board	F&GP Committee	Technical Committee	Audit & Risk Management Committee	Special meetings of the board
1.	Prof. Raphael Munavu	2	0	0	0	0
2.	Dr. Gideon Kivengea	2	2	0	0	0
3.	Mr. Wanyama Indeje	2	2	0	1	0
4.	Ms. Rachel Shibalira	2	0	0	1	0
5.	Dr. Tonny Omwansa	2	0	0	1	0
6.	Prof. Francis Muregi	2	2	0	0	0
7.	Prof. Dickson Andala	2	0	0	0	0
8.	Prof. Walter Oyawa (DG/CEO)	2	2	0	0	0

Statement of Compliance and conflict of interest

To the best of the Commissions and the managements knowledge, no person, employee, or agent acting on behalf of the Commission, with the knowledge or authority of the Commission or management, committed any offence under the Prevention of Corruption Act or indulged in any unethical behaviour in the conduct of the Commission's business, or been involved in money laundering, or any practice or activity contrary to national laws or international interventions.

Code of Conduct

Each member of the Board derives his/her authority and position from a legitimate nomination procedure. However, on becoming a member, he/she becomes bound by the overriding fiduciary duty to act in good faith in pursuit of the best interest of the Commission as a whole. In the discharge of their duties, members operate within the collective framework of a collective Board as guided by Mwongozo Code of Governance for State Corporations.

Risk Management

The members of the Board and the management of the Commission are committed to a process of enterprise risk management that guides in the identification of strategic and operational risks through a structured, systematic, proactive, and integrated process. This is done through a risk management framework, which enables management to focus in a comprehensive and holistic manner on all risks faced by the Commission. A risk management policy established by the Commission is one of the important steps in ensuring that the management identifies and manages all risks, and further that the members of the Board provide an oversight, as well as policy direction in managing risks.

Risk management structure and roles

The risk management structure of the Commission comprises of the audit Committee, the management team, and a risk committee at the secretariate level comprising of representatives from each department. The audit Committee's mandate is to monitor implementation of risk management framework established by the Commission. It also ensures that risk management system implemented by management meets the requirements set out in the policy. The commission has an independent Internal Audit and risk department whose function is to provide independent assurance to the Commission and management through structured audits, reviews, testing and other techniques, carrying out risk-based audits, reporting on effectiveness and efficiency of risk management process as well as reporting on the Commission's compliance with the risk policy. Continuous risk assurance audits were conducted during the year to review the Commissions risk status.

9. Management Discussion and Analysis

9.1. Strategic Objective

The Commission is currently implementing its third strategic plan (2023/2024 -2027/2028) which is in line with the implementation of the Government's Bottom – Up Economic Transformation Agenda (BETA) and The Fourth Medium Term Plan (MTP_IV 2023-2027) of Vision 2030. The goal of the strategic plan has guided the Commission in the last two (2) years in implementing its activities to realize the stated objectives in the Four (4) KRAs.

KRA 1: REGULATION, ADVISORY AND PROMOTION

Strategic Objective 1: To regulate the science, technology and innovation sector

Strategic Objective 2: To develop advisories on science, technology and innovation

Strategic Objective 3: To promote science, technology and innovation for socio-economic development

KRA 2: SURVEILLANCE AND COMPLIANCE

Strategic Objective 1: To strengthen compliance with the policy and regulatory framework, and assure quality of research, science, technology and innovation in the country.

Strategic Objective 2: To strengthen Regulatory and Quality Assurance Frameworks

KRA 3: PLANNING, PARTNERSHIP AND RESOURCE MOBILIZATION

Strategic Objective 1: To strengthen planning for the science, technology and innovation sector

Strategic Objective 2: Strengthen capacity for resource mobilization

Strategic Objective 3: To ensure and promote co-operation and synergies between the various agencies involved in science, technology and innovation

KRA 4: INSTITUTIONAL CAPACITY AND CORPORATE POSITIONING

Strategic Objective 1: To strengthen institutional capacity

Strategic Objective 2: To enhance Resource Mobilization and optimization

Strategic Objective 3: To enhance corporate positioning

The implemented activities in the year supports the key result areas (KRAs) in the Commission's strategic plan

9.2. Operation Performance Analysis

The Commission's mandate as per the Science, Technology and Innovation (STI) Act of 2013 is to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters, related thereto. This mandate is realized through seventeen (17) functions as stipulated in Section 6(1) of the Act, which may be grouped into four categories, viz, Regulation/Quality Assurance, Advisory Services, Coordination, and Promotion. In the Year ended 30 June 2025, the Commission developed workplans and programs geared towards enabling the Commission deliver on this mandate and undertake the stated functions. Activities undertaken during the Financial Year towards the Commission's core mandate are discussed below.

9.2.1. Regulation, Advisory and Promotion

- During the Financial Year, the Commission worked on strengthen policy and regulatory framework in the RSTI activities in the Country. This went hand-in-hand with enhancing compliance with regulatory requirements. Towards this end, the Commission engaged stakeholders on the need for guidelines for registration, licensing and regulation of researchers in Kenya. The Commission also continuously sensitized researchers, students, research institutions, universities, other Government MDA's and the general public on the provisions of the STI Act as relates to regulation of RSTI. This sensitization was done through conferences, workshops, meetings, website and the NACOSTI Bulletin.

- The Commission is mandated license and approve all Scientific research in Kenya as per STI (Research Licensing) Regulations, 2014. A total of research **12,339** licenses were granted during the year ended 30th June 2025 which the regional spread and past trends as follows:

Nationally	Licenses granted				
	2024/2025	2023/2024	2022/2023	2021/2022	2020/2021
Kenyan/EAC Citizens	11,771.00	9,142.00	7,700.00	6,532.00	4,895.00
African non-EAC Citizens	183.00	125.00	125.00	97.00	75.00
Non-African Nationals	385.00	360.00	362.00	354.00	183.00
TOTAL	12,339.00	9,627.00	8,187.00	6,983.00	5,153.00

- In ensuring relevance and quality of research, the commission regulates research institutions through registration and accreditation of research institutes. In FY 2024/2025, a total of twelve (12) research institutes were recommended for grant of certificates of registration in the FY 2023/2024.
- The Commission continuously scans the RSTI environment for emerging trends and issues for which it should advise the Government, other policy makers and the general public on interventions and responses. During the Financial Year, the Commission developed three (3) policy briefs in consultation with leading scientists.
- In an effort to embed Science, Technology and Innovation (STI) in the public service, the Commission spearheaded the implementation of the indicator on STI Mainstreaming as part of the 21st Performance Contract Cycle in FY 2024/25. The overall objective was foster a culture of incorporating STI in the day-to-day activities of the participating MDAs. Over 339 MDAs committed to implementing and reporting on the activities under this indicator and the Commission supported through capacity building on the development of STI strategies and on data collection and reporting. Valuable data has been collected from the quarterly reports from these MDAs and this will provide input into the report on the status of STI in the country.

9.2.2. Surveillance and Compliance

- Section 23 of the STI Act, 2013 on monitoring and evaluation, requires the Commission to at least once in every three years, conduct an evaluation of each research institute established under the STI Act for purposes of assessing and evaluating the quality of activities and products of such an institution. Towards this end, seven (7) registered research institutions were inspected, monitored and evaluated during the Financial Year 2024/2025. Additionally, the Commission carried out monitoring and evaluation of 23 licensed multidisciplinary projects.
- To enable the Commission to reach a wider base of researchers, the task of reviewing research proposals for ethical clearance is delegated to accredited Institutional Scientific and Ethics Review Committee (ISERCs). At the beginning of the Financial Year 2024/2025, there were thirty-nine (42) accredited ISERCs in the country. Due to increased research activities, various institutions apply for accreditation of ISERCs within their institutions and others to renew their accreditation licenses to which the Commission responds by accessing for suitability and if found fit, accredited and licenses renewed. During the Financial Year 2024/2025, Seven (7) new ISERC institutions were accredited.

9.2.3. Planning, Partnership and Resource Mobilization

Strategic international and local collaborations and linkages in research, science, technology and innovation, enhances shared benefits in the output of RSTI activities. The Commission therefore works towards enhancing collaboration and partnership in research, science and technology. In the Financial Year

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2024/2025, the Commission established collaborative partnerships and entered into Memorandum of Understanding (MoUs) with various institutions.

The above new partnerships added into already existing collaborations and partnerships. Some of these emanate from international commitments and treaties where NACOSTI is the focal point on behalf of the Government of Kenya and also from direct agreements with the Commission. Amongst the partners and treaties dealt with during the Financial Year are Biological Weapons Convention (BWC), International Centre for Genetic Engineering and Biotechnology (ICGEB), African Regional Cooperative Agreement for Research, Development and Training related to Nuclear Science and Technology (AFRA/IAEA), Comprehensive Test-Ban Treaty Organization (CTBTO) and East African Science and Technology Council (EASTECO).

9.2.4. Institutional Capacity and Corporate positioning

NACOSTI plays a crucial role in promoting, coordinating, and regulating the country's research and development efforts in STI sector. To strengthen its institutional capacity and enhance its corporate positioning, NACOSTI focuses on several strategic areas that aim to align its activities with national development goals, promote innovation, and position itself as a key player in global scientific discourse.

A. Institutional Capacity Building

NACOSTI aims to strengthen its internal capacity to effectively execute its mandate, which involves:

i) Human Resource Development

Staff Training and Development: Providing continuous training and professional development opportunities to build expertise in key areas such as science policy, research regulation, data management, and innovation strategies.

Recruitment and Retention of Talent: Recruiting skilled personnel to enhance the organization's capability to manage and regulate STI activities and ensuring a conducive working environment for retention.

ii) Infrastructure and Technology

Improved Infrastructure: Upgrading physical and technological infrastructure to support research regulation, data collection, and analysis. This includes advanced IT systems for managing data on research licensing and innovation tracking.

Digital Transformation: Leveraging digital platforms for efficient research data collection, processing, and dissemination, as well as creating public access portals for information on scientific research and innovation.

iii) Policy and Strategic Planning

Policy Frameworks: Developing and implementing policies that promote STI activities in line with Kenya's Vision 2030 and other national development plans.

Strategic Partnerships: Strengthening collaborations with local and international academic institutions, research bodies, and the private sector to boost innovation and research capacity.

iv) Research Funding and Grant Management

Capacity to Manage Grants: Enhancing mechanisms for managing research grants and ensuring transparency and accountability in fund allocation to support impactful research.

Resource Mobilization: Actively seeking external funding and partnerships to support its activities, including through international research grants and development partnerships.

B. Corporate Positioning

To position NACOSTI as a leader in science, technology, and innovation regulation and promotion, the organization focuses on the following strategies:

i) Branding and Visibility: Public Awareness Campaigns: Raising awareness about the importance of science and innovation through public campaigns, workshops, conferences, and media engagements.

Brand Identity: Developing a strong, recognizable corporate identity that reflects its role in driving national development through science and technology.

ii) **Stakeholder Engagement**

Collaboration with Key Stakeholders: Engaging actively with government ministries, universities, research institutions, industry players, and civil society to position NACOSTI as the central hub for STI activities in Kenya.

International Collaborations: Building partnerships with global organizations such as UNESCO, the African Union (AU), and other international STI bodies to align with global best practices and attract international investment and attention.

iii) **Thought Leadership and Advocacy:**

Thought Leadership: Establishing NACOSTI as a thought leader in STI policy development, research ethics, and innovation governance by hosting high-profile events and publishing papers on science policy and innovation.

Advocacy for STI: Actively advocating for increased investment in STI sectors, pushing for science-based policy making at all government levels, and encouraging private sector engagement in scientific research and innovation.

iv) **Monitoring and Evaluation:**

Performance Metrics: Implementing a robust monitoring and evaluation framework to track the outcomes of funded projects and STI initiatives, and to demonstrate the impact of science and innovation on national development goals.

Feedback Mechanisms: Creating feedback loops with stakeholders to continuously improve service delivery and policy implementation based on lessons learned and emerging challenges.

C. Alignment with National and Global Agendas

NACOSTI's institutional and corporate strategies are aligned with broader national development goals such as Kenya's Vision 2030, the Big Four Agenda, and global frameworks like the Sustainable Development Goals (SDGs). Key alignment efforts include:

i) Promotion of Research in National Priority Areas:

- Supporting and regulating research that addresses key national issues such as food security, affordable healthcare, housing, and industrialization.
- Facilitating research that supports environmental sustainability, climate change adaptation, and disaster management.

ii) International Scientific Diplomacy

- Participating in international scientific collaborations and forums to position Kenya as a leader in STI in the region.
- Leveraging international platforms to attract global attention and partnerships, thereby enhancing Kenya's contribution to global scientific and technological advancements.

iii) Innovation and Commercialization of Research

- Research-to-Market Initiatives: Encouraging the commercialization of research outputs by supporting innovation hubs, startup ecosystems, and linking research with industry needs.
- Technology Transfer: Facilitating technology transfer from research institutions to the industry, ensuring that scientific discoveries lead to marketable products and services

iv) Ethics and Regulation

- Research Ethics: Strengthening regulatory frameworks to ensure that research conducted in Kenya adheres to ethical standards, particularly in sensitive areas such as health research, biotechnology, and data privacy.
- Licensing and Accreditation: Streamlining processes for research licensing and accreditation of research institutions to enhance transparency and foster a conducive environment for scientific inquiry.

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9.3. Financial Performance Analysis

9.3.1 Approved budget analysis

The main source of funding for the Commission's activities is GoK budgetary allocation. The Commission also generates funds internally and has collaborative research projects for which it works with collaborative research partners. The Commission had an approved budget of Ksh. 338,159,112 vis-a-vis Ksh. 260,415,533 in the previous financial year comprising of Ksh. 168,076,000 for Personal emoluments, Ksh. 18,000,000 for Board of the Commission Expenses, Ksh. 182,583,112 for use of goods and Services.

Table 9.3.1 a) Comparative Approved Budget for FY2024/2025 and FY FY2023/2024

No.	Details	2024/2025	2023/2024	2022/2023
		Kshs.	Kshs.	Kshs.
1	GoK Recurrent Grants	248,159,112	170,415,533	207,841,804
2	Research Permits	57,291,400	57,076,955	57,076,955
3	Rental Income	30,708,600	30,708,600	30,708,600
4	Other Incomes	2,000,000	2,214,445	2,214,445
	TOTAL	338,159,112	260,415,533.00	297,841,804.00

9.3.1 b) Analysis of Budget against Actual performance Comparison

NO	Details	Annual Budget	Actual Realised	Variance	% Variance
		Kshs.	Kshs.	Kshs.	Kshs.
1	GoK Recurrent Grants	248,159,112	248,159,112	-	0%
2	Research Permits	57,291,400	56,829,029	(462,371)	-1%
3	Rental Income	30,708,600	32,622,759	1,914,159	6%
4	Other Incomes	2,000,000	1,999,907	(93)	0%
	TOTAL	338,159,112.00	339,610,807.30	1,451,695.30	0%

The Commission also operates Collaborative Projects Research Grants where the Collaborative research partners give grants through the Commission to fund specific research projects in the country. In the FY 2024/2025, the Commission received a total of Ksh. 59,159,481.20 against the previously projected budget s of Ksh. 30,500,000.

9.3.2 Income Analysis

While the approved budget of the FY2024/2025 was Ksh. 338,159,112, the Commission realized Ksh. 339,610,807.30 consisting of Ksh. 248,159,112 from GoK Recurrent Grants and Ksh. 89,376,695 from Internally generated revenue. Additionally, the Commission also received from Collaborative partners Ksh. 59,159,481.20 hence total collections of Ksh. 398,770,289 in the year under review.

Table 9.3.2 a): Exchequer receipts and Comparison with the previous 5 financial years

Description	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Exchequer Transfers	248,159,112	170,415,533	207,841,804	202,841,804	172,841,804

Table 9.3.2 b): Internally generated revenue Comparison with the previous financial years

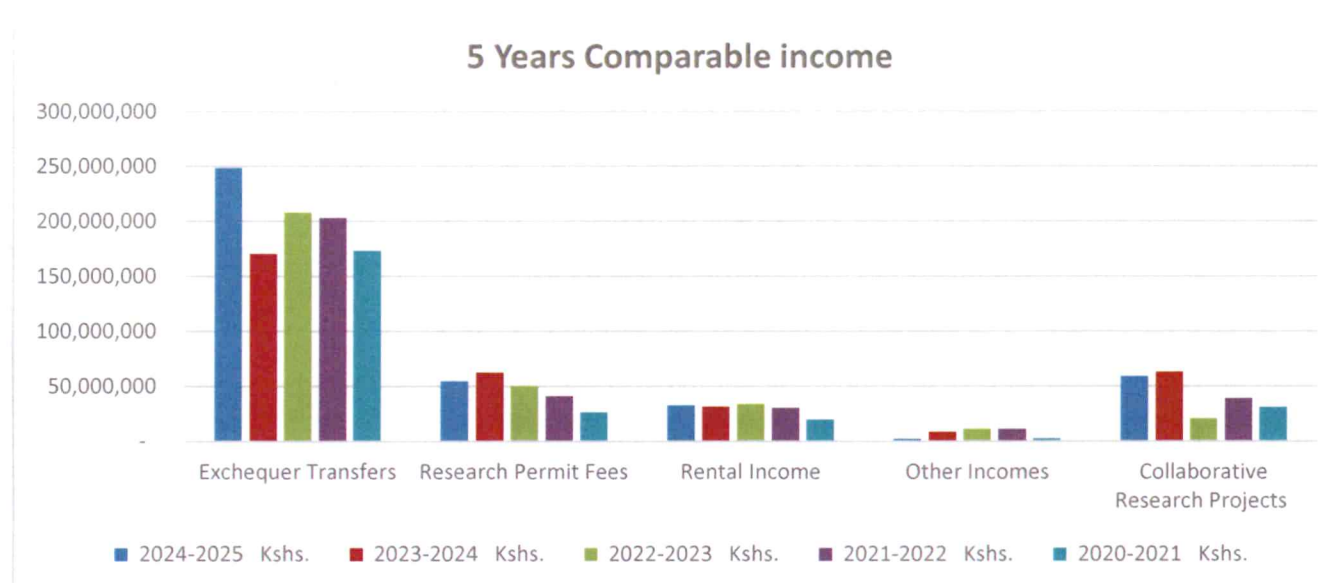
Description	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Research Permit Fees	54,754,029	62,484,165	49,939,164	40,905,876	26,189,106
Rental Income	32,622,759	31,298,678	33,874,055	30,132,155	19,376,250
Other Incomes	1,999,907	8,490,755	11,101,012	11,011,641	2,244,723
Total A-i-A	89,376,695	102,273,597	94,914,231	82,049,673	47,810,079

Table 9.3.2 c): Collaborative Research Projects Comparison with the previous financial years

Description	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Collaborative Research Projects	59,159,481	63,205,323	20,503,858	38,949,938	30,809,070

Table 9.3.2 d): Total Income Comparison with the previous financial years

Description	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Exchequer Transfers	248,159,112	170,415,533	207,841,804	202,841,804	172,841,804
Research Permit Fees	54,754,029	62,484,165	49,939,164	40,905,876	26,189,106
Rental Income	32,622,759	31,298,678	33,874,055	30,132,155	19,376,250
Other Incomes	1,999,907	8,490,755	11,101,012	11,011,641	2,244,723
Collaborative Research Projects	59,159,481	63,205,323	20,503,858	38,949,938	30,809,070
Total A-i-A	396,695,289	335,894,454	323,259,893	323,841,415	251,460,953

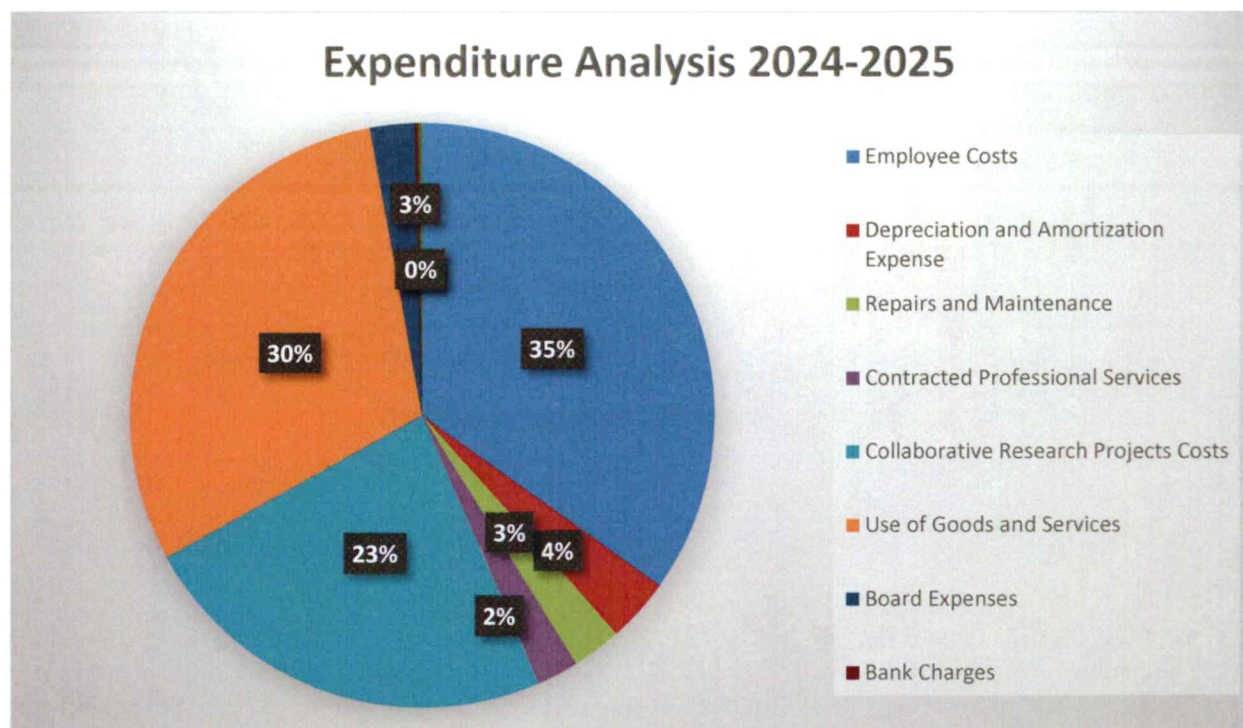


9.3.3 Expenditure Analysis

The Commission incurred a total of Ksh. 422,217,391 in expenditure and provisions in the year under review vis-a-vis Ksh. 333,171,685 in the previous FY 2023/2024. Out of the total expenditure, Ksh. 147,411,664 was used towards compensation to employees, Ksh. 10,468,079 was spent towards Board of the Commission expenses, Ksh. 98,917,988 was used towards Collaborative research projects while the rest being used towards payments of goods and services.

Table 9.3.3.a: Expenditure Comparison in the previous five (5) years

Description	2024-2025 Kshs.	2023-2024 Kshs.	2022-2023 Kshs.	2021-2022 Kshs.	2020-2021 Kshs.
Employee Costs	147,411,664	140,051,805	123,287,232	125,114,661	138,506,238
Depreciation and Amortization Expense	14,959,158	15,235,260	15,488,945	6,823,283	8,474,027
Repairs and Maintenance	11,555,971	9,681,714	10,138,568	8,438,560	4,911,980
Contracted Professional Services	9,824,187	7,634,199	6,810,184	6,074,299	5,849,257
Collaborative Research Projects Costs	98,917,988	30,411,961	32,360,787	46,554,610	27,385,768
Use of Goods and Services	127,373,930	109,629,339	119,004,485	99,670,821	68,609,773
Board Expenses	10,468,079	18,638,445	11,198,618	9,756,624	4,434,889
Bank Charges	706,413	888,962	900,636	763,347	565,058
Audit Fees	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Expenses	422,217,391	333,171,685	320,189,455	304,196,205	259,736,989



9.4. Review of Economy

STI is a key enabler and driver of the Bottom-UP Economic Transformation Plan, 2022-2027. In line with the provisions of the STI Act, the Commission has approved 12-point Priorities in scientific, technological, and innovation activities in Kenya in relation to the country's economic and social policies and international commitments.

Kenya's commitment to integrating STI into its economic framework is evident through its policies and strategic initiatives aimed at fostering innovation and enhancing productivity. While the country has made strides in developing its STI capabilities, addressing systemic challenges in education, funding, and industry collaboration will be crucial for realizing the full potential of its innovation system. The ongoing efforts to strengthen R&D, improve education, and promote technology commercialization are vital steps towards transforming Kenya into a knowledge-based economy.

9.5 Review of STI Sector

Kenya's STI sector is crucial for the country's economic development and transformation. The government has recognized the importance of STI in achieving its Vision 2030 development goals, which aim to create a competitive and sustainable economy. However, several challenges persist that hinder the full realization of STI's potential.

Kenya's STI policy framework is anchored in the National Science, Technology and Innovation Act of 2013, which established key institutions such as the National Commission for Science, Technology and Innovation (NACOSTI), the Kenya National Innovation Agency (KENIA), and the National Research Fund (NRF). These bodies are tasked with regulating the STI sector, promoting innovation, and facilitating research funding, respectively.

Despite the establishment of these frameworks, the STI policy is still in draft form and has not been fully adopted, which limits its effectiveness. Additionally, there is a noted lack of sustainable funding for STI initiatives, and coordination among the various agencies involved is weak. This fragmentation leads to inefficiencies in the management of STI activities and hampers collaboration between research institutions and the industry.

The STI sector is seen as a driver for economic transformation, particularly in agriculture, industry, and services. However, Kenya faces significant challenges, including Low Technology Readiness. The country has been ranked low in global innovation indices, indicating a need for improvement in technology readiness and innovation capacity. Weak Linkages: There is a disconnect between academia and industry, resulting in a mismatch between the skills produced by educational institutions and the needs of the job market. This gap restricts the commercialization of research and innovation. Intellectual Property Concerns: Fear of losing intellectual property rights hampers knowledge sharing and dissemination among researchers, which is essential for fostering innovation. Fragmented Research Efforts: Research institutions often operate in silos, leading to a lack of synergy in STI efforts across the country.

To address these challenges, several initiatives are underway. For instance, programs aimed at linking industry with academia are being developed to enhance collaboration and ensure that research outputs meet market needs. The government is also encouraged to fast-track the adoption of the STI policy framework and increase funding for STI activities. Moreover, the establishment of KENIA aims to improve linkages among knowledge generation institutions and other stakeholders, which is critical for enhancing the utilization of research and innovation in the economy.

Science, Technology and Innovation (STI) is a key enabler and driver of the Bottom-UP Economic Transformation Plan, 2022 – 2027. In this regard and line with the provisions of the Science, Technology and Innovation (STI) Act, the Commission has approved 12-point Priorities in scientific, technological and innovation activities in Kenya in relation to the economic and social policies of the Government, and the country's international commitments. This is achieved by aligning STI programmes to government priorities through eg STI Mainstreaming in MDAs

In conclusion, while Kenya has made strides in developing its STI sector, significant work remains to be done to create a cohesive and effective system that can drive economic growth and development. Addressing the identified challenges will be essential for harnessing the full potential of science, technology, and innovation in the country.

9.6. Key Projects and investments decisions being implemented/planned.

At the close of the FY 2024/2025 there was no key projects or investment decision being implemented. However, the Commission plans to install one remaining one lift in the office block as well as carry out moderations in the conference facility in a bid to operationalization of the conference facility.

9.7. Compliance with Statutory Requirements

The Commission has complied with various laws and constitutional provisions, which include the constitution, ST&I Act, 2013, PFM Act, 2012, PFM Regulations, 2015, Income Tax Act, NSSF Act and the National Hospital Insurance Fund (NHIF) Act, among others.

9.8. Major Risks facing the Commission.

The Commission is implementing its second strategic plan 2023/2024-2027/2028. The strategic plan identified and analysed various risks: Strategic risk; Operational risk; Reputational risk; Compliance risk; and Legal risk. The Commission further adopted various mitigation measures against the identified risks. In the FY 2024/2025, the Commission continued to implement mitigation measures against the identified and emerging risks. However, budget constraints remains a major challenge.

The major risks identified are as follows:

KRA	STRATEGIC OBJECTIVE	RISK AND DESCRIPTION	LIKELIHOOD (L/H/M)	IMPACT (L/H/M)	OVERALL RISK LEVEL (L/H/M)	MITIGATION MEASURE(S)
KRA 1	Strategic Objective 1: To regulate the science, technology and innovation sector	Inadequate awareness on the STI Act	M	M	M	Undertake awareness creation
	Strategic Objective 2: To develop advisories on science, technology and innovation	Inadequate human capital	H	H	H	Recruit and replace exited staff
	Strategic Objective 3: To promote science, technology and innovation for socio-economic development	Rapid Technological change	H	H	H	Capacity building, networking, and conference attendance
KRA 2	Strategic Objective 1: To strengthen compliance with the policy and regulatory framework, and assure quality of research, science, technology and innovation in the country.	Weak Monitoring and Evaluation (M&E) framework	L	L	L	Develop guidelines form M&E
	Strategic Objective 2: To strengthen Regulatory and Quality Assurance Frameworks	Inadequate human capital	H	H	H	Recruit and replace exited staff.
KRA 3	Strategic Objective 1: To strengthen planning for the science, technology and innovation sector	Resistance to change	M	M	M	Building capacity for culture change and teamwork
	Strategic Objective 2: To strengthen capacity for resource mobilization	Resistance to change	M	M	M	Building capacity for culture change and teamwork
	Strategic Objective 3: To promote co-operation and synergies between the various agencies involved in science, technology and innovation	Resistance to change	M	M	M	Building capacity for culture change and teamwork
KRA 4	Strategic Objective 1: To strengthen institutional capacity	Inadequate financial resources	H	H	H	Enhance Resource mobilization
	Strategic Objective 2: To enhance Resource Mobilization and optimization	Delayed capitation	H	H	H	Engage with the parent Ministry and the National Treasury

KRA	STRATEGIC OBJECTIVE	RISK AND DESCRIPTION	LIKELIHOOD (L/H/M)	IMPACT (L/H/M)	OVERALL RISK LEVEL (L/H/M)	MITIGATION MEASURE(S)
	Strategic Objective 3: To enhance corporate positioning	Weak internal and external communications structures	M	M	M	Review and implement Communication strategy

9.9. Material Arrears in Statutory/financial Obligations

The Commission has been constructing its headquarters building as the key development project. The building was handed over to the Commission by the contractor in March 2017 and the Commission moved into the offices in June 2017. There were however pending payments due to the Contractor which had arisen due to budget limitations. The Commission has made efforts to settle pending bills based on availability of funds. As at the end of the Financial Year, the amount outstanding are claims by the main contractor and some subcontractors. The amount claimed by the contractors is however at variance with the workings of the Project Supervisors, State Department for Public Works. Whereas the Project Supervisors indicate the claims total Kshs. 154.961million, the main contractor is claiming Kshs. 362 million, which continues to accrue interest on delayed payments. The main contractor declared a dispute on these claims and filed for arbitration of the dispute. The contractor later escalated the same dispute to the High Court. The Commission is awaiting the outcome of the case filed by the Contractor.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The success of national programmes is largely affected by global economic trends. For the year under review, the global economy was defined by policy uncertainty, financial shifts, inflation dynamics, monetary policies and labour market changes. World geopolitics was strongly affected by the Russia-Ukraine conflict which disrupted supply chains and slowed down economic growth. Because of these, leaders were encouraged to embrace policies that prioritised agility, budget tightening, shock absorption and build resilience amidst economic volatility and supply fragilities as some of the strategies to achieve sustainability. Worldwide, nations were tasked to commit to programmes that promoted the sustainable development goals and climate change. Nationally, Kenya's economic growth slowed, which was attributable to weaker agricultural sector due to poor rains, a contraction in construction and challenges in accessing credit. Other factors affecting Kenya's economy were difficulties in accessing credit in the private sector which hindered investment, anti-tax protests which disrupted economic activity and business sentiment, reduced public spending due to ongoing fiscal consolidation. The country directed its efforts towards implementing the Bottom-Up Transformation Agenda (BETA), highlighting housing, manufacturing, agriculture for food security and Universal Health as key cornerstones. Awake to this global state of affairs and guided by the national blueprint, the Commission established partnerships and linkages with other stakeholders regarding Science, Technology and Innovation in Kenya towards sustainable development. The Commission maintains continuous engagements with stakeholders in the sector both locally and internationally. One key forum that brings the stakeholders together is the now institutionalised Multi-Sectoral Conference on Science, Technology and Innovation, which brings together Scientists and industry players to promote priorities that contribute to wealth creation. For the year under review, the Conference was held in May 2025. The Commission also conducted regional outreach events across the country, whose aim was to sensitise government partners on the security implications of research, and recruit partners into the research monitoring and compliance ecosystem.

Additionally, a risk management policy established by the Commission is one of the important steps in ensuring that the management identifies and manages all risks, and further that the members of the Board provide an oversight, as well as policy direction in managing risks that may affect sustainability of the Commission. The management has sustained the operations of Enterprise Resource Planning (ERP) System and through partnership with Amband system developers, key processes relating to registration of research institutions and issuance of research licenses in the Research Management Information System (RIMS) has been automated as a mitigation to technological risks. The Commission has also established resource mobilization policy, established, and operationalized resource mobilization committee to mitigate towards financial risks facing the Commission and identify alternative revenue generation streams. It is partially due to the efforts of this Committee that the Commission's internally generated revenue has been increasing. Audit & Risk management committee of the board as well as the Internal Audit & Risk Management department of the Commission are fundamental component of the Commission's sustainability strategy. The sustenance of business continuity programmes such as biometric installation at the data centre, use of antivirus, SSL certificate for the website, firewall installation, cloud and offsite backups and Multi-factor authentication for email access during the year, 2023-2027 strategic plan development and launch of May 2024, staff training plan (TNA and impact assessments) and staff awareness have been enhanced in the year to ensure the Commission's sustainability. The efforts undertaken towards the implementation of the Strategic Plan for the year under review saw the Commission awarded an excellent score on the Performance Contract for the first time ever by the Public Service Performance Management Unit.

However, the Commission continued to be faced with a serious staff shortage. With a staff establishment of 98, it had only a complement of 56 in post. It was also faced with a worrying staff turnover during the year under review. Staff stagnation and noncompetitive pay have also reduced staff motivation. In addition, the Commission did not have a substantive Board chair during the year under review, leading to a gap in

leadership and decision making. The Commission is however engaged in active consultations with relevant partners to address the situation.

The Commission has a service charter that ensures it provides services in a transparent, timely, and accountable manner. The commission advertised all its procurement contracts through the Public Procurement Information Portal and published all its contracts in the same portal. The presidential directive on preference and reservation requires that the commission sets aside at least 30% of its budget be reserved for enterprises owned by Youth, Women, and Persons with Disabilities (PWDs) known as the AGPO program. The commission ensured that at least 30% of its procurement value that year went to Youth, Women, and PWD-owned enterprises. PWDs also received at least 2% of the reserved. The Commission has complied with this requirement and the same was reported in the PPIP Portal and the Commission's performance contract.

ii) *Environmental performance*

Article 42 of the Kenyan Constitution (2010) assures every person the right to a clean and healthy environment, which ought to be protected for the benefit of present and future generations. Article 69 further commits the state to ensure sustainable exploitation and conservation of the environment and natural resources and shall work to ensure a tree cover of 10% of Kenya's land area. The state shall gradually work towards the elimination of processes and activities that endanger the environment. These Constitutional commitments find expression in the National Environment Policy 2013, which seeks to provide a framework for an integrated approach to sustainable management of Kenya's environment and natural resources. The guidance on tree cover is reinforced by the Presidential Directive on National tree Planting Campaign of 21st December 2022, under which the government commits to plant 15 Billion trees by the year 2032 in order to achieve a forest cover of 30%. In pursuit of this, during the period under review, the Commission planted and grew 2,100 tree seedlings, which was conducted at University of Nairobi, Upper Kabete Campus. The event brought together Commission staff, University staff, Kenya Forest Service staff and our service providers in cleaning. Other environmentally friendly programmes included the adherence to the e- waste guidelines by engaging the ICT Authority when disposing e- waste and enforcing the ban on asbestos material. The Commission also maintains an Effluent Treatment Plant for the discharge and treatment of its solid waste. Other solid waste is managed by our contracted cleaning service provider, who collects garbage for disposal at NEMA and County approved sites. Attempts to go paperless also gathered traction for the period under review, with promotion of emails and digitisation of some services like registration of Research Institutions and Accreditation of ISERCS. The Commission has also continued to service its vehicle and other equipment like the standby generator as per the manufacturer's specifications in order to control emission of harmful gases. The Commission is therefore committed to embracing and enhancing programmes meant to foster environmental preservation and protection activities to ensure sustainability in the long run.

iii) *Employee welfare*

The Commission is an equal opportunity employer and does not discriminate on the basis of recruitment and selection process, gender, race, religion, ethnicity or any other form of discrimination. The Constitutional requirement on mainstreaming of gender and persons with disabilities as stipulated in Article 232 of the Constitution is observed alongside other policies issued by the National Cohesion and Integration Commission.

The HR policies are reviewed as and when necessary but at least every three (3) years so as to be in harmony with legislation and organizational and technological changes.

All staff trainings are based on identified training needs. The Commission recognizes the need for training and development of all employees in order to ensure effective delivery of its broad mandate. It offers training opportunities to all its employees in order to improve their work performance and personal development. Its policy on training ensures continuous upgrading of core competencies, knowledge, skills and attitudes of employees including their ability to assimilate technology to enable them to create and seize opportunities for career growth, social advancement, economic growth and development.

Staff Performance Appraisal system (SPAS) is based on the principle of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including employee development, career progression, placement, rewards and sanctions.

The Commission has provided a healthy and conducive working environment to all employees (policy on safety and compliance with OSH –Act of 2007-OSHA). The HR policy requires all Heads of functional areas to take responsibility to minimize the risk of sickness transmission by taking the appropriate first Aid and universal infection control precautions at the workplace.

Additionally, the Commission ensures that addiction to drugs or substance are treated like any other disease; An employee who is determined to have drug and substance abuse problem will be rehabilitated using the appropriate mechanisms. The Commission undertakes to provide both inpatient and outpatient rehabilitation services within the limits that will be provided in the medical insurance scheme.

The Commission also has continued to ensure maintenance of a clean and smoke-free working environment. Accordingly, no person is permitted to smoke any tobacco or tobacco products while on the Commission's premises except in the designated smoking area.

The Commission provides medical covers for staff members (outpatient and inpatient) that includes last expenses in the event of a demise of a staff member, spouse and up to four (4) dependent children. Issues related to gender have been embedded in the policy on Gender Mainstreaming in the Commission.

Further, the Commission has continued to provide delegated and furnished room/space for nursing mothers which serves both the Commission's staff and other staff from sister SAGAs housed under the NACOSTI Plaza. In support of the universal health initiatives, the Commission organized health clinics during the year where free medical check-up were conducted. The Commission's offices is registered place of work with the ministry of labour and thus in compliance with Occupational Safety and Health Act of 2007, (OSHA.)

Performance appraisal is an on-going process throughout the performance period with a mid-year performance review which accords both the supervisor and appraisee the opportunity to jointly review the progress made by the appraisee in accomplishing the assignments agreed on at the beginning of the appraisal period

iv) Market place practices-

a) Responsible competition practice.

The Commission ensures responsible competition practices by adherence to Clear and Transparent Procurement Policies and Regulations. It is guided by the Public Procurement and Asset Disposal ACT 2015 and the Public Procurement and Asset Disposal Regulations 2020. The Commission adheres to the requirement of Access to Government Procurement Opportunities (AGPO) directive requiring a 30% of all procurement activities to be set aside for businesses owned by women, youth, and persons with disabilities. Most contracts are advertised publicly to invite as many qualified bidders as possible through the Public Procurement Information Portal. Bidding documents clearly state evaluation criteria, timelines, and technical specifications to prevent ambiguity or favouritism. The Commission ensures fair competition by utilizing its e procurement portal to manage tenders, which promotes transparency, traceability, and fairness in submitting and evaluating bids. All persons involved in procurement must declare any conflicts of interest and adhere to strict Code of Conduct and ethical practises.

b) Responsible Supply chain and supplier relations

The Commission is guided by the Public Procurement and Asset Disposal ACT 2015 and the Public Procurement and Asset Disposal Regulations 2020. The Commission

maintains good business practices and treats its suppliers responsibly through a set of structured, transparent, and ethical principles that govern procurement and supplier management. This ensures public trust, value for money, and a fair environment for all suppliers. It ensures competitive procurement processes through open and fair bidding by advertising procurement opportunities publicly, transparent evaluation criteria and providing feedback to unsuccessful suppliers. The Commission also maintains professional relationships with Suppliers through respect and courtesy, non-discriminatory practices: and performance-based continuity.

The Commission honours suppliers' contracts through formal agreements, performance management and contract amendments which is handled transparently through proper procedures. Suppliers are also not unfairly penalized for delays or issues beyond their control. The Commission also respects payment practices through timely payments of within 30 days subject to availability of funds after invoice approval, clear payment processes and avoiding unnecessary delays, this has been enabled through our ERP System

c) *Responsible marketing and advertisement or Responsible engagement with the citizens.*

The commission emphasizes the importance of responsible marketing and advertisement as part of its broader mandate to promote ethical standards in science, technology, and innovation. This approach aligns with our goal of fostering sustainable socio-economic development through responsible practices. The existing guidelines strive to focus on ensuring that marketing and advertising efforts are truthful, socially responsible, transparent and seek to avoid misleading information while promoting ethical standards.

d) *Product stewardship or Awareness creation*

The Commission through product stewardship require that products are developed, used, and disposed of in a manner that minimizes environmental impact and promotes sustainability. This occurs where regulations are in place to ensure compliance with environmental and safety standards; Promotion of sustainable practices in product development and lifecycle management and enhancing institutional capacity and partnerships to support these initiatives.

Pursuant to STI regulation 2014, the Commission has put in place conditions for application of research permits. All persons granted research license must abide by these conditions. All research license applications are done online through the Research Information Management System (RIMS) which ensures that only licensing personnel can access the researcher's information. This ensures confidentiality of any information availed by researchers. Further, granted permits have security features such as Quick Response (QR) Code to confirm authenticity of the permits and to safeguard applicants against fraud such as forging of research permits.

v) *Corporate Social Responsibility / Community Engagements*

The Commission has continued to support the Government initiated Internship program to enable new graduates gain work experience through engagement of recent graduates as interns and those still in college in work attachments. During the Financial Year 2024/2025, the Commission availed internship opportunities to three (3) recent graduates in various fields of training and three (3) students who required work-place attachment as part of their university training programs. - Need Interns and attachments/ short term contracts?

The Commission appreciates that global warming is a big environmental threat and seeks to join the concerted efforts towards its alleviation. Towards this end the Commission has continued to observe tree planting where the Commission participated in planting Two thousand One hundred (2,100) tree seedlings at University of Nairobi Kabete Campus. Medicinal, indigenous and fruits trees were planted, and steps undertaken to nurse the seedlings to ensure a high rate of survival.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Commission's affairs.

i) Principal activities

The principal activities of the Commission are to regulate, assure quality, promote, coordinate and advise on science, technology, innovation and research.

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on page 1-4

iii) Directors

The members of the Board of Directors who served during the year are shown on page ix. During the year the term of the board ended on 5th October 2024. The Commission is currently awaiting for appointment of the next board

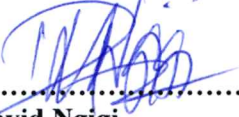
iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. However, the Commission did not make any surplus during the year for the FY hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2025.

By Order of the Board


.....
Dr. David Ngigi
Ag. Director General/CEO

Annual Report and Financial Statements for the year ended June 30, 2025.

12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2025. 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 Commission; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

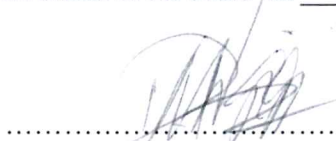
The Directors accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Commission's financial statements give a true and fair view of the state of the Commission's transactions during the financial year ended June 30, 2025, and of the Commission's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Commission's financial statements were approved on behalf of the board on 29/08/2025 and signed on his behalf by:


.....
Name PROF. D. ANDARA
for Chairperson of the Board/Council


.....
Name: **Dr. David Ngigi**
Ag. Director General/CEO

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Commission for Science, Technology and Innovation set out on pages 1 to 43, which comprise of the

Report of the Auditor-General on National Commission for Science, Technology and Innovation for the year ended 30 June, 2025

statement of financial position as at 30 June, 2025, 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.

Basis for Qualified Opinion

1. Non-Reconciliation of e-Citizen and National Commission for Science, Technology and Innovation Revenue Records

The statement of financial performance reflects revenue from licenses and permits amount of Kshs.56,829,029 as disclosed in Note 7 to the financial statements. Included in this amount is Kshs.54,754,029 relating to research permit fees paid through the e-Citizen platform and integrated with the Commission's Enterprise Resource Planning (ERP). Further, the e-Citizen revenue accountability statement for the year ended 30 June, 2025 reflects Kshs.33,465,530 and Kshs.416,760 in respect of amounts transferred and payable respectively to the Commission, all totalling Kshs.33,882,290, resulting in an unexplained and unreconciled variance of Kshs.20,871,739.

In addition, It was noted that the platform receives payments for permit fees which is posted to the ERP which in turn remits the amount received to the Commission's bank account every two (2) to three (3) days. However, no reconciliation between the e-Citizen platform and the Commission's ERP amounts was provided for audit. Further, it was noted that e-Citizen batches receipts. Although Management requested through the platform for the provision of statements to facilitate reconciliation, the platform had not provided schedules detailing revenue collected as at the time of concluding the audit in October, 2025.

In the circumstances, the accuracy and completeness of research permit fees amounting to Kshs.54,754,029 could not be confirmed.

2. Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit of Kshs.23,447,103 which reduced the Commission's accumulated reserves to Kshs.137,605,438(2024: Kshs.161,052,541). However, the statement of financial position reflects current liabilities and current assets balances of Kshs.210,987,196 and Kshs.94,775,142, respectively, resulting to a negative working capital of Kshs.116,212,054. Management has however not made a disclosure of this material uncertainty relating to the going concern.

In the circumstances, the material uncertainty casts doubt on the Commission's ability to continue as a going concern and the ability to pay debts as and when they fall due.

3. Misstatement of Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.1,465,959,813 as disclosed in Note 25 to the financial statements. As previously reported, included in this balance is work in progress amount of Kshs.1,341,252,770 relating to certified works on the building which has not been capitalized. The project supervisor, the State Department for Public Works, issued the Commission with a certificate of substantial completion allowing it to move into the building in May, 2017 and to partially release 50% of the retention money. Management explained the delay in capitalization was due to disputed claims by the contractor relating to additional claims on account of penalties and interest on delayed payments. However, no depreciation is being charged despite the building being in use.

In addition, review of the project status report dated 19 January, 2020, indicated that total certified works amounted to Kshs.1,297,971,643, therefore exceeding the contract sum by Kshs.306,980,653 or 31%. Management attributed the excess amounts to variations due to cost fluctuations above the Bills of Quantity provisions, interest on delayed payment and contractual claims already provided in Clause 23.3 of Conditions of Contract and penalties due to contractual breaches on the part of the Commission. During the year under review, the main contractor presented claims for penalties, interest and contractual sums amounting to Kshs.362,000,000 which was however at variance with the State Department for Public Work's computed amount of Kshs.154,961,000. Further, a Pending Bills Committee appointed by the Principal Secretary, State Department for University Education and Research has not finalized negotiations with the contractor to waive their claims for interest on delayed payments. The main contractor has declared a dispute on these claims and the Commission is waiting for the outcome of the legal process. Further, value for money has not been realized from the investment in the office block.

In the circumstances, the accuracy, valuation and completeness of property, plant and equipment balance of Kshs.1,465,959,813 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual revenue and expenditure on a comparable basis amounts of Kshs.430,390,532 and Kshs.379,960,641, respectively resulting to an under-utilization of Kshs.50,429,891 or 12% of the actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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 effect of 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.

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Commission in 2024/2025 revealed that the following matters remained unresolved:

S/No.	Audit Issues
1	Netting of overdrawn cash book balances
2	Un-Surrendered Excess Appropriation-In-Aid
3	Failure to Maintain an Updated Fixed Assets Register
4	Internal Control Weaknesses - Failure to Conduct Formal Risk Assessment
5	Irregularities in Board Expenses

Other Information

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Adherence to the Prescribed Financial Reporting Template

According to the Public Sector Accounting Standards Board requirements, the financial statements should be signed by the Head of Finance. However, it was noted that the financial statements were signed by the Director of Corporate Services.

In the circumstances, the financial statements do not comply with presentation requirements of the Board.

2. Long Outstanding Receivables

The statement of financial position reflects accounts receivables from exchange and non-exchange transactions balances of Kshs.22,598,493 and Kshs.10,570,022 respectively as disclosed in Notes 22 and 23 to the financial statements. Included in the balances are accounts receivables from exchange and non-exchange transactions balances of Kshs.696,000 and Kshs.3,000,000 respectively which have been outstanding for more than one (1) year. Further, there was no policy on the impairment of long outstanding receivables, casting doubt on the fair statement of the receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.3,696,000 could not be confirmed.

3. Long Outstanding Trade Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.210,987,196 as disclosed in Note 27 to the financial statements. The balance includes an amount of Kshs.173,072,820 that has been outstanding for over three (3) years, as previously reported, attributed to a legal dispute, and may therefore continue to attract additional interests due to non-payment. This was contrary to Regulation 42(1) of the Public Finance Management (National Government) Regulations, 2015 which provides that; ... (a) debt service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Understaffing of the National Commission for Science, Technology and Innovation

Review of the Commission's human resource records revealed that the Commission had fifty-six (56) employees in-post against the approved establishment of ninety-eight (98) employees, resulting to a staff deficit of forty-two (42).

In the circumstances, lack of adequate human resources may negatively affect employees' service delivery, resulting to non-achievement of organizational strategic goals and objectives.

2. Lack of a Duly Constituted Board

Records provided for audit review indicated that NACOSTI Board comprises nine (9) members. However, it was noted that during the year under review, four (4) members retired and had not been replaced, leaving only five (5) substantive members. As such, the Board was not duly constituted as required by Section 6(1) of the Science, Technology and Innovation Act, 2013 which establishes the National Commission for Science, Technology and Innovation (NACOSTI) and provides for the composition of its Board to consist of nine (9) members, including a Chairperson appointed by the Cabinet Secretary, representatives from specified ministries and professional bodies, and the Director General as an ex-officio member.

In the circumstances, the Board was not able to achieve the minimum quorum prescribed for conducting official business and deliberations, thereby constraining its ability to provide effective oversight and strategic direction to the Institution.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 October, 2025

National Commission for Science, Technology and Innovation
Annual Report and Financial Statements
for the year ended June 30, 2025.

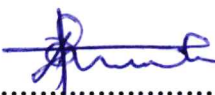
14. Statement of Financial Performance for the year ended 30 June 2025

Description	Note	2025	2024
		Kshs.	Kshs.
Revenue from Non-Exchange Transactions			
Government Recurrent Grants	6	248,159,112	170,415,533
Licenses and permits	7	56,829,029	62,484,165
Collaborative Research Projects	8	59,159,481	63,205,323
Revenue from Exchange Transactions			
Rental Income	9	32,622,759	31,298,678
Other Income	10	1,999,907	8,490,755
Total Revenue		398,770,289	335,894,454
Expenses			
Employee Costs	11	147,411,664	140,051,805
Depreciation and Amortization Expense	12	14,959,158	15,235,260
Repairs and Maintenance	13	11,555,971	9,681,714
Contracted Professional Services	14	9,824,187	7,634,199
Collaborative Projects Cost	15	98,917,988	30,411,961
Use of Goods and Services	16	127,373,930	109,629,339
Board Expenses	17	10,468,079	18,638,445
Bank Charges	18	706,413	888,962
Audit Fees	19	1,000,000	1,000,000
Total Expenses		422,217,391	333,171,685
Surplus/(Deficit) before tax		(23,447,103)	2,722,769
Surplus/(Deficit) for the period		(23,447,103)	2,722,769

The notes set out on pages 8 to 49 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


.....
Name: Dr. David Ngigi
Ag. Director General/CEO

Date 28/10/2025


.....
Name: CPA Gideon Kirui
Director Corporate Services
ICPAK M/No: 4005

Date 28/10/2025


.....
Name: Prof. D. ANSARA
for Chairman of the Board

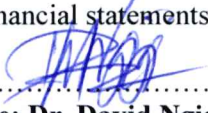
Date 28/10/2025

National Commission for Science, Technology and Innovation
Annual Report and Financial Statements
for the year ended June 30, 2025.

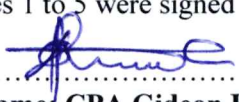
15 Statement of Financial Position as at 30 June 2025

Description	Note	2025 Kshs.	2024 Kshs.
Assets			
Current Assets			
Cash and cash equivalents	20	50,429,891	1,695,486
Prepayments	21	6,919,626	29,916,867
Receivables from Exchange Transactions	22	22,598,493	11,834,437
Receivables from Non-Exchange Transactions	23	10,570,022	48,423,977
Inventories	24	4,257,110	5,242,458
Total Current Assets		94,775,142	97,113,226
Non-Current Assets			
Property, Plant and Equipment	25	1,465,959,813	1,469,627,914
Intangible Assets - ERP Software	26	12,832,198	19,248,298
Total Non-Current Assets		1,478,792,011	1,488,876,212
Total Assets		1,573,567,153	1,585,989,438
Current Liabilities			
Trade and other payables	27	210,987,196	199,962,378
Total Current Liabilities		210,987,196	199,962,378
Net Assets			
Revaluation Reserves	28	86,886,293	86,886,293
Revenue Reserves	29	137,605,438	161,052,541
Capital Grants	30	1,138,088,226	1,138,088,226
		1,362,579,957	1,386,027,060
Total Net Assets and Liabilities		1,573,567,153	1,585,989,438

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

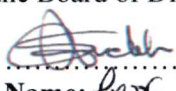

Name: Dr. David Ngigi
Ag. Director General/CEO

Date 28/10/2025


Name: CPA Gideon Kirui
Director Corporate Services

ICPAK M/No: 4005

Date 28/10/2025


Name: Prof. D. Andara
for Chairman of the Board

Date 28/10/2025

16. Statement of Changes in Net Assets for the year ended 30 June 2025

Details	Capital Grants	Revaluation Reserves	Revenue Reserves	TOTAL
	Kshs	Kshs	Kshs	Kshs
1st July 2023	1,138,088,226	86,886,292	172,556,762	1,397,531,280
				-
Additional Capital	-	-	-	-
Surplus/(Deficit) for the period	-	-	2,722,769	2,722,769
30th June 2024	1,138,088,226	86,886,292	175,279,531	1,400,254,049

PRIOR YEAR ADJUSTMENT

Income Tax for the Previous year paid			(14,226,990)	
---------------------------------------	--	--	--------------	--

As at 1st July 2024 (Previous FY)	1,138,088,226	86,886,292	161,052,541	1,400,254,049
				-
Additional Capital	-	-	-	-
Surplus/(Deficit) for the period	-	-	(23,447,103)	(23,447,103)
As at 30th June 2025 (Current FY)	1,138,088,226	86,886,292	137,605,438	1,376,806,946

Note:

Prior year adjustment is due to paid tax for the FY 2020/2021 and 2021/2022, this arose from a tax assessment by KRA on rental Income. During the year under review, the Commission made settlement for the income tax for the years up to FY 2021/2022 totalling to Ksh. 14,226.990.00.

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17. Statement of Cash Flows for the year ended 30 June 2025

Details	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Cash and Cash equivalents at the beginning of the Year		1,695,486	87,937,524
Cash flows from Operating Activities			
Receipts			
GoK Recurrent Grants	6	278,966,080	136,608,566
Licences and Permits	7	56,829,029	60,306,007
Collaborative Research Projects	8	58,607,948	58,930,168
Rental Income	9	26,685,393	32,482,321
Other Income	10	7,606,596	8,365,635
Total Receipts		428,695,046	296,692,695
Payments			
Employee Costs	11	147,242,388	141,038,689
Repairs and Maintenance	13	12,368,926	9,737,854
Contracted Services	14	10,241,187	7,260,408
Collaborative Projects Expenses	15	76,564,513	54,880,436
Use of goods and services	16	103,489,679	135,160,751
Board Expenses	17	10,468,079	18,638,445
Bank Charges	18	706,413	888,962
Audit Fees	19	1,000,000	1,000,000
Total Payments		362,081,185	368,605,545
Net Cash flows from Operating Activities		66,613,861	(71,912,850)
Cash flows from Investing Activities			
Purchase of Property, Plant and Intangible Assets	25-26	(3,652,466)	(14,329,188)
Cashflows from Financing Activities			-
Taxation Settlement		(14,226,990)	
Net cash flows from Financing Activities			-
Net Increase/(Decrease) in cash and cash equivalents		48,734,405	(86,242,037)
Cash and Cash Equivalents at the end of the Year		50,429,891	1,695,486

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

Details	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	Percentage of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Recurrent Grants	248,159,112		248,159,112	278,966,080	30,806,968	112%
Internally generated revenue	90,000,000		90,000,000	92,816,505	2,816,505	103%
Collaborative Research Projects	30,500,000	28,430,168	58,930,168	58,607,948	(322,220)	99%
Total Income	368,659,112	28,430,168	397,089,280	430,390,532	33,301,253	108%
Expenses						
Employee Costs	168,076,000		168,076,000	147,242,388	20,833,613	88%
Repairs and Maintenance	12,000,000		12,000,000	12,368,926	(368,926)	103%
Contracted Professional Services	9,800,000		9,800,000	10,241,187	(441,187)	105%
Use of goods and Services	109,381,164		109,381,164	103,489,679	5,891,485	95%
Board Expenses	18,000,000		18,000,000	10,468,079	7,531,921	58%
Bank Charges	800,000		800,000	706,413	93,587	88%
Audit Fee	1,000,000		1,000,000	1,000,000	-	100%
Collaborative Projects Cost	30,500,000	28,430,168	58,930,168	76,564,513	(17,634,346)	130%
Payment of Income Tax	14,226,990		14,226,990	14,226,990		
Acquisition of Assets (Computers)	4,874,958		4,874,958	3,652,466		
Total Expenses	368,659,112	28,430,168	397,089,280	379,960,641	15,906,147	96%
Surplus/(Deficit)	-	-	-	50,429,891		

Budget notes

1. The Commission had pending receivable due to GoK recurrent grants for the FY 2023/2024. Out of the pending receivables, the Commission received Ksh. 30,806,968.00 in the Month of July 2024 therefore making the total receipt in the current financial year to Ksh. 278,966,080.00, Ksh. 30,806,968.00 above the year's budget of Ksh. 248,159,112
2. Cash received under Internally generated revenue exceeded the budget amount due to a slight increase in collections on rent receivables in the year
3. The Commission has previously experienced staff turnover due to retirements and exit due to personal reasons. In addition, replacements have not been done to the positions whose holders have left. In this regard, the budget under employees' cost has been underutilized by Ksh. 20,833,613
4. Repairs and Maintenance payment exceeded the budget by Ksh.351,226 due to increase in prepaid expenses for the next FY 2025/2026
5. During the year under review, the Commission contracted Kenya police for additional security, this resulted in increase of contracted Security Services.
6. The Term of the Board of the Commission ended on 5th October 2024. This resulted in under utilization of the Board expenditure budget by Ksh. 7,531,921.00
7. The Commission had crossed over the FY 2023/2024 with payables on Collaborative research projects, especially the 3rd Multisectoral Conference on STI which was conducted towards the end of the FY. The payables have been settled in the current financial year. The Commission also had various activities under the Collaborative research projects including, CTBTO regional trainings, 4th Multisectoral Conference on STI and STI Module trainings conducted in the year under review hence increasing the paid expenditure and necessitating the budget adjustment in the FY 2024/2025
8. The Commission also made payment due to KRA on income tax for the period up to 2023.

Statement of Reconciliation of the Budget and the actuals as per the Financial Statements

GoK Recurrent Grants	Kshs	Kshs
Accrued GoK Grants B/f		33,806,968
Budget For the Year as per FSS	248,159,112	248,159,112
Accrued GoK Grants C/F	(2,999,999)	(2,999,999)
Balance as per the budget/cash flow	245,159,113	278,966,080

Collaborative Research Project Grants	Kshs	Kshs
Accrued Project Grants b/f		4,275,156
Project Income as per FSS	59,159,481	59,159,481
Less Accrued project Income	(4,826,689)	(4,826,689)
Balance as per the budget/cash flow	54,332,792	58,607,948

Rental Income	Kshs	Kshs
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Accrued Rent b/f		11,834,437
Rent Income as per FSS	32,622,759	32,622,759
Less Accrued Rent c/f	(17,771,803)	(17,771,803)
Balance as per the budget/cash flow	14,850,956	26,685,393

Other Incomes	Kshs	Kshs
Accrued Other income b/f		13,126,312
Other Income as per FSS	1,999,907	1,999,907
Less Accrued Other income c/f	(7,519,623)	(7,519,623)
Balance as per the budget/cash flow	(5,519,716)	7,606,596

Employees Cost	Kshs	Kshs
Gratuity payable b/f		6,149,894
Salaries for the Year as per FSS	147,411,664	147,411,664
Less Gratuity Payable c/f	(5,473,382)	(5,473,382)
Less other Payables C/f	(845,789)	(845,789)
Balance as per the budget	141,092,493	147,242,388

Repairs and Maintenance	Kshs	Kshs
Balance as per the financial statements		11,555,971
Add accrued motor vehicle expenses b/f	357,283	357,283
less Prepaid Licenses b/f	(413,424)	(413,424)
Less Accrued expenses c/f	(38,421)	(38,421)
Add Prepaid Expenses c/f	907,517	907,517
Balance as per the budget	812,955	12,368,926

Contracted professional Services	Kshs	Kshs
Balance as per the financial statements		9,824,187
Add accrued contracted services b/f	748,806	748,806
Less Accrued c/f	(331,806)	(331,806)
Balance as per the budget	417,000	10,241,187

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Use of goods and Services	Kshs	Kshs
Balance as per the financial statements		127,373,930
Add Accrued Expenses b/f	1,048,320	1,048,320
Add Prepaid Expenses c/f	4,631,558	4,631,558
Less Accrued Expenses c/f	(29,564,129)	(29,564,129)
Balance as per the budget	(23,884,251)	103,489,679

Collaborative Project Expenses	Kshs	Kshs
Balance as per the financial statements		98,917,988
Less Prepayments b/f	(24,353,475)	(24,353,475)
Add Prepayment c/f	2,000,000	2,000,000
Balance as per the budget	(24,353,475)	76,564,513

Assets Acquisition	Kshs	Kshs
Balance as per the financial statements		4,874,958
Add Payable b/f	342,000	342,000
Less Payables c/f	(1,564,492)	(1,564,492)
Balance as per the budget	(1,222,492)	3,652,466

19. Notes to the Financial Statements

1. General Information

National Commission for Science, Technology and Innovation (NACOSTI) was established by and derives its authority and accountability from the Science, Technology and Innovation (STI) Act, 2013. The Commission is wholly owned by the Government of Kenya and is domiciled in Kenya. The Commission's principal activity is to promote, coordinate and to regulate the progress of STI in the country

2. Statement of Compliance and Basis of Preparation

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

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

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The Commission rents out office space to other state corporations where the lease agreement stipulates payment of rent in quarterly basis. IPSAS 43 will be applicable in measurement of the underlying asset.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The Commission has no intention of selling any of its non-current assets. Therefore, it is highly unlikely that IPSAS 44 will be applied. However, in any case the need will be established, the standard will then be applied.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The commission does not hold heritage or infrastructure assets hence the standard has no impact to the Commission
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: - Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. - Clarifying transaction costs guidance to enhance consistency across IPSAS.

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	iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. The commission will implement IPSAS 46 in due time in improving the measurement guidance
IPSAS 47: Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. The commission will adopt IPSAS 47 in due time. The Standard will change reporting and classification of revenue.
IPSAS 48: Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The Commission has no transfer expenses, hence the standard will have no impact to its reporting.
IPSAS 49: Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. The Commission does not operate a retirement benefit plan hence the standard will not affect its reporting.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: - Limited improvements to existing accounting practices for exploration and evaluation expenditures. - Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. - Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. The Commission's activities do not include exploration of mineral resources hence does not report on the same. The standard will not affect its reporting.

iii. Early adoption of standards

The Commission did not early – adopt any new or amended standards in the financial year

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly and communicated to the Commission on July 4, 2024. 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 Commission upon receiving the respective approvals in order to conclude the final budget. Accordingly, There were no additional appropriations to the Commission adjusted in the year under review.

The Commission's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section 18 of these financial statements.

c) Taxes

Current income tax

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

Deferred tax

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

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

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date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Commission* and the same taxation authority.

Sales tax

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use. **During the year under review, the Commission did not operate any Investment property**

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Commission 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.

The Commission's depreciation on Property Plant and Equipment are based on full cost at the year of acquisition. The various classes of assets and depreciation rates are indicated below: Reducing balance method of depreciation is applied for Property Plant and Equipment.

Asset Class	Depreciation rate	Mode of Depreciation
Motor Vehicle	25%	Reducing balance
Plant and Equipment	12.50%	Reducing balance
Computers	30%	Reducing balance
Furniture and Fittings	12.50%	Reducing balance

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**
**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**
f) Leases

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Commission*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. **During the year under review, the Commission did not operate any leased property.**

g) Intangible assets

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

The Commission's amortization of intangible assets are based on full cost at the year of acquisition. Straight line method of amortization is applied for the Commission's Intangible Assets.

Intangible Asset	Amortization Rate	Mode of Amortization
ERP software	20%	Straight line basis

h) Biological Assets

The Commission recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Commission, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur. During the year under review, the Commission did not own/recognize any biological Asset

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for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) **Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit. During the year under review, the Commission did not incur expenditure toward research and development.

j) **Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. **The Commission does not have any hedge relationships and therefore the new hedge accounting rules have no impact on its financial statements.** A financial instrument is any contract that gives rise to a financial asset of one Entity and a financial liability or equity instrument of another Entity. At initial recognition, the Commission measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) **Financial assets**

Classification of financial assets

The Commission classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Commission's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the Commission has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

The Commission classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

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

k) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Commission*.

l) Provisions

Provisions are recognized when the *Commission* 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 *Commission* 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.

m) Social Benefits

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

n) Contingent liabilities

The *Commission* 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.

o) Contingent assets

The *Commission* 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 *Commission* 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.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Nature and purpose of reserves

The Commission creates and maintains reserves in terms of specific requirements. The Commission creates and maintains two reserves: Revenue and revaluation reserves.

The revenue reserve: contains accumulated surpluses in previous financial periods, while

Revaluation reserve: relates to the Commission's land revalued gains. The Commission is currently undertaking assets revaluation which is expected to result into revaluation reserve.

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

The Commission provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Commission pays fixed contributions into a separate **Jubilee Insurance 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. The Commission has a defined pension contribution where employer contributes 20% of employee's basic salary while the employee contributes 10%. The trustee of these funds is Jubilee Insurance umbrella scheme, who collects and manages the fund on behalf of the Commission.

s) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed, and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance. In the year under review, the Commission did not incur borrowing costs as there was no borrowing.

u) Related parties

The Commission regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission, or vice versa. Members of key management are regarded as related parties and comprise Managers/Deputy Directors, Directors, Director General/CEO and the Board of Management.

Annual Reports and Financial Statements

for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Service concession arrangements

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

w) 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 and NCBA bank at the end of the financial year.

x) Comparative figures

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

y) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**
Notes to the Financial Statements (Continued)
6. Transfers from Other Government entities
Government Recurrent Grants

Description	2024-2025	2023-2024
	Kshs.	Kshs.
GoK Recurrent Grants	248,159,112	170,415,533
Total	248,159,112	170,415,533

GoK Recurrent grants are the Commission's major source of income. The Commission was allocated Ksh248,159,112 in the FY 2024/2025.

Transfers from Ministries, Departments and Agencies (MDAs)

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/D evelopment/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers
	As per bank statement				Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education – SDHER	26/08/2024	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	17/09/2024	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	03/10/2024	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	14/11/2024	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	09/12/2024	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	06/01/2025	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	13/03/2025	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	13/03/2025	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	14/04/2025	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	02/05/2025	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	19/06/2025	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Ministry of Education – SDHER	19/06/2025	Recurrent	20,679,926.00	20,679,926.00					20,679,926.00
Total			248,159,112.00	248,159,112.00	0.00	0.00	0.00	0.00	248,159,112.00

7. Licenses and Permits

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Research Permit Fees	54,754,029.10	62,484,165
Registration & Accreditation of Institutions	2,075,000.00	
Total	56,829,029.10	62,484,165

One of the Commissions mandates is to license all research studies conducted in Kenya. In this regard, the Commission receives Licensing fee from research permit applicants as A-i-A. The Commission also registers research institutions in Kenya, The new research institutions pay registration fees upon qualifying for registration.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**
Notes to the Financial Statements (Continued)
8. Collaborative Research Projects Income

Description	2024-2025	2023-2024
	Kshs.	Kshs.
EU Projects	1,116,803.60	895,448
CTBTO	26,687,103.10	24,623,756
Other Projects	31,355,574.50	37,686,119
Total	59,159,481.20	63,205,323

The Commission has collaborative research partners for which it partners with to finance specific research projects identified and specified in the partnership MOUs and STI projects. During the year, collaborative research project income was contributed by EU project partners, Comprehensive Test Ban Treaty Organization (CTBTO) and Other Projects majorly local collaborations e.g Multisectoral Conference on STI&R.

9. Rental Revenue

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Rent Income	26,098,200.00	25,493,600
Service Charge	6,524,559.00	5,805,078
Total	32,622,759.00	31,298,678

The Commission has leased out part of office space to other State corporations in which the tenants pay rent on a quarterly basis.

10. Other Incomes

Description	2024-2025	2023-2024
	Kshs.	Kshs.
STI Mainstreaming Training	-	1,604,608
ISERC Cost Sharing Charges	1,745,690.00	1,319,258
Bank Interest Income	410,835.70	-
Foreign Exchange gain/(Loss)	(156,618.50)	4,427,009
Other Income		1,139,880
Total	1,999,907.20	8,490,755

NCBA Bank Closing USD 150,125.98

Exchange Rate 30.06.2025 129.23

Amount in Kenya Shillings 19,401,425.94

Amount as per Cash Book 19,558,044.43

Foreign Exchange loss (156,618.49)

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**
Notes to the Financial Statements (Continued)
11. Employees Cost

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Basic Salary/ Salaries and Allowances	73,356,134.10	69,555,407
Acting Allowance	382,890.20	549,712
Entertainment Allowance	1,220,000.00	1,140,000
Transport Allowance	10,988,607.00	10,443,327
Extraneous Allowance	891,000.00	924,000
Domestic servant	240,000.00	240,000
Non - practising allowance	170,323.00	240,000
Leave Allowance	1,712,653.00	1,670,162
House Allowance	35,998,337.00	34,143,348
Wages - Contract Staff	1,961,125.00	4,816,641
Employer Contribution to Staff Pension Schemes	11,263,434.40	10,993,442
Employer Contribution to NSSF	2,184,288.00	1,143,720
Employer Contribution to NITA	34,350.00	37,000
Gratuity	5,064,400.20	2,683,223
Housing Levy	1,944,122.00	1,471,822
Total	147,411,663.90	140,051,804.80

Employee Costs comprise salaries and allowances paid to the Commission's staff during the year under review. In the current year, expenses were presented with each salary and allowance itemized on separate lines, whereas in the comparative year some salary and allowances were presented in summary form.

12. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Furniture and Fittings	1,871,394.50	2,138,737
Plant and Equipment	1,766,724.10	2,019,113
Motor Vehicle	2,693,027.50	3,590,703
Computers and Accessories	2,211,913.00	1,070,608
Intangible Assets - ERP Amortization	6,416,099.20	6,416,099
Total Depreciation and amortization	14,959,158.30	15,235,260

Depreciation and amortization relate to depreciation of the Commissions tangible assets and amortization of the Commission ERP System (Intangible Asset) for the year under review. The Commission uses reducing balance method to depreciate PPE while Straight line method is adopted for amortization of ERP Software. The following rates are applied for depreciation and Amortization.

Asset Class	Rate	Mode of Depreciation
Motor Vehicle	25%	Reducing balance
Plant and Equipment	12.50%	Reducing balance
Computers	30%	Reducing balance
Furniture and Fittings	12.50%	Reducing balance
ERP software	20%	Straight line basis

In the current year, depreciation expenses were presented with each asset class itemized on separate lines, whereas in the comparative year depreciation of PPE were presented in summary form.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**
Notes to the Financial Statements (Continued)**13. Repairs and Maintenance****Repairs and Maintenance**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Computers Repairs/& Software Maintenance	2,530,068.80	6,802,694
Software Licences and Renewals	5,408,907.80	
Building and Stations	1,932,728.00	62,250
Motor Vehicles	1,684,266.80	1,933,407
Furniture and Equipment	-	883,363
Total	11,555,971.40	9,681,713.60

The expenses relate to repairs and maintenance of the Commissions assets. This year's classification has separated computer repairs and software maintenance while in the comparative year, computer repairs and software maintenance were classified as one. Other maintenance consists of repairs on NACOSTI building and motor vehicles.

14. Contracted Professional Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Security Services	5,819,509.00	4,301,806
Cleaning and Garbage Collection	3,981,677.90	3,278,394
Other Contracted Services	23,000.00	54,000
Total	9,824,186.90	7,634,199

The Commission has contracted services for security, cleaning, and garbage collection. During the year under review, the Commission further engaged the services of the Kenya Police to reinforce security at the NACOSTI building, necessitated by increased occupancy arising from tenancy agreements. The additional cost of police security contributed to the rise in expenditure under Security Services

15. Collaborative Research Projects Costs

Description	2024-2025	2023-2024
	Kshs.	Kshs.
EU Projects	947,859.60	891,308
CTBTO	30,276,568.00	14,813,473
Other Projects	67,693,560.80	14,707,180
Total	98,917,988.40	30,411,961

The Commission has collaborative research partners for which it works with the partners to finance specific research projects identified and specified in the partnership MOUs. The expenses on these projects are determined by the partners through the MOUs and subsequent approvals of expenditures. There was increased activities under collaborative research projects in the year under review due to trainings conducted under C.T.B.T.O, IAEA and Multisectoral Conference on STI under other projects.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**
Notes to the Financial Statements (Continued)
16. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Utilities and Supplies	3,688,281.00	5,500,433
Printing, Advertising, Information Supplies and Services	3,659,386.50	3,168,661
Domestic Travel	33,389,949.00	29,334,584
Foreign Travel	5,803,673.40	10,531,276
Committee and Conferences	27,807,226.30	25,968,423
Staff Insurances and Medical	15,015,910.00	8,251,323
Motor Vehicle Insurance	964,862.00	1,043,186
Fuel, Oil and Lubricants	4,417,640.00	4,392,784
Training Expenses	8,792,241.80	6,193,547
Hospitality	1,745,640.00	1,782,597
Communication Supplies and Services	6,236,587.40	5,844,980
Office and General Supplies	3,397,884.90	300,562
Land Rent and Rates	403,625.00	201,812
Trade Shows and Exhibitions	8,414,179.00	4,010,151
Computer Supplies and Accessories	3,636,843.50	3,105,022
Total	127,373,929.80	109,629,339

The Commission had been previously affected by the extreme budget cut in the previous FY2023/2024 which necessitated postponing of previous years commitments to be settled in the current FY 2024/2025, as a result, there was a general rise in expenses associated to use of goods and services reported in the year under review.

17. Board Expenses

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Sitting Allowance	1,820,000.00	7,840,950
Lunch Allowance	94,000.00	180,000
Accommodation	4,068,194.00	9,561,711
Transport	2,010,495.00	387,270
Board Induction/Training expenses	2,475,390.00	668,514
Total	10,468,079.00	18,638,445

In the year under review, the Commission expenditure on board reduced due to the exit of the board on expiry of their tenure in the Year. The term of the board ended in 5th October 2024.

18. Bank Charges and Commission

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Bank Charges	706,413.40	888,962

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**
Notes to the Financial Statements (Continued)
19. Audit Fees

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Audit Fees	1,000,000	1,000,000

This is NACOSTI's provision to the Office of the Auditor General for the year under review

20. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Kenya Commercial Bank	30,950,055.18	(10,509,111)
NCBA Bank	19,401,425.94	11,924,495
Cash on Hand	78,410.00	280,102
Total	50,429,891	1,695,486

In the previous financial year, the Commission was severely affected by budget cut and delay in the disbursement of the 4th Quarter grants. Consequently, the Commission was unable to meet its obligations on time, leading to unpaid commitments arising from unpresented cheques and resulting in a negative cash book balance. During the year under review, the cash book has since been regularized

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		30,950,055	(10,509,111)
NCBA Bank		19,401,426	11,924,495
Sub- Total		50,351,481	1,415,384
b) On - Call Deposits		0	0
c) Fixed Deposits Account		0	0
d) Others (Specify)			
Cash In Hand		78,410.00	280,102
Mobile Money Accounts		0	0
Sub- Total		78,410.00	280,102
Grand Total		50,429,891	1,695,486

21. Prepayments

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Collaborative Research Projects	2,000,000	24,685,992
Office Consumable Receivable -Naivas	288,068	0
Prepayment of staff medical Cover	3,724,041	4,423,989
Prepayment of GPA/WIBA and GLA	644,353	570,267
KDK 086 Insurance Prepayment	215,809	184,997
KCT 201Y Insurance Prepayment	47,355	51,622
Total	6,919,626	29,916,867

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**
Notes to the Financial Statements (Continued)

Prepayments were in the previous year classified under receivables from non-exchange transactions - Other receivables from non-exchange transactions, the balance of which was Ksh. 44,370,430 for FY 2023/2024. In this report, Prepayments have been classified exclusively as prepayments and itemized to give the clearer picture. Accordingly, prior year prepayments have been matched and presented under this Note 21 with the total being Kshs. 29,916,867.49. The other receivables from non-exchange transactions opening balance have therefore reduced to Ksh. 14,453,562.51 as shown in Note 23 below.

22. Receivables from Exchange Transactions
a) Receivables from Exchange Transactions (Current)

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Rent Receivable	17,771,803.40	11,834,437
Other Receivables from Exchange Transactions	4,826,689.30	0
Total	22,598,492.70	11,834,437

Receivables from exchange transactions includes rent receivables from tenants and other receivables relating to the contribution towards attending Multisectoral Conference on STI and STI trainings conducted in the year.

(b) Receivables from Exchange Transactions (Long-term)

In the year under review, the commission did not have any long-term receivable

(c) Ageing analysis for Receivables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	21902492.7	97%	9,915,873	84%
Between 1- 2 years	0	%	1,222,564	10%
Between 2-3 years	696,000	3%	696,000	6%
Over 3 years		%		%
Total (a+b)	22,598,492.70	%	11,834,437	%

(d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

There were no impairment allowances on receivable from Exchange transactions in the year under review

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Notes to the Financial Statements (Continued)

23. Receivables from Non-Exchange Transactions

25: Receivables from Non-Exchange Transactions				
Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
Grants Receivable	2,999,999.45		33,806,968.00	
Staff Advances	50,400.00		163,447.00	
Other Receivables from non-exchange transactions	7,519,623.00		14,453,562.51	
Total receivables from non- exchange transactions	10,570,022.45		48,423,977.51	
Ageing Analysis- Receivables from non-exchange transactions	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	7570023.00	%	48,423,977	%
Between 1-2 years	2,999,999.45	%	0	%
Over 3 years	0	%	0	%
Total	10,570,022.45	%	48,423,977	%

There were no impairment allowances on receivable from non-Exchange transactions in the year under review

24. Inventories

Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
Consumable stores	4,257,109.56		5,242,458	
Total	4,257,109.56		5,242,458	

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25. a) Property, Plant and Equipment

Column1	Land & Buildings	Furniture & Fittings	Plant & Equipment	Motor Vehicles	Computers	W-i-P (Building)	Total
Depreciation Rate	0.00%	12.50%	12.50%	25.00%	30.00%	0.00%	
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost 1 July 2024	86,000,000	70,160,456	25,781,582	61,380,122	35,985,521	1,341,252,770	1,620,560,450
Disposals	-	-	-	-	-	-	-
Additions	-			-	4,874,958	-	4,874,958
Cost 30 June 2025	86,000,000	70,160,456	25,781,582	61,380,122	40,860,479	1,341,252,770	1,625,435,408
							-
Accumulated Depreciation 1 July 2024	-	55,189,299	11,647,789	50,608,012	33,487,436	-	150,932,536
Accumulated Depreciation on Disposals	-	-	-	-	-	-	-
Charge for the Year	-	1,871,395	1,766,724	2,693,027	2,211,913	-	8,543,059
Accumulated Depreciation 30 June 2025	-	57,060,694	13,414,513	53,301,040	35,699,349	-	159,475,595
Net Book Value 30 June 2025	86,000,000	13,099,762	12,367,069	8,079,082	5,161,130	1,341,252,770	1,465,959,813
Net Book Value 30 June 2024	86,000,000	14,971,156	14,133,793	10,772,110	2,498,085	1,341,252,770	1,469,627,914

NACOSTI building has a pending court case due to the claim by the contractors for interests and penalties due to delayed payments. The matter has since been escalated to High court. The commission is waiting for determination of the High Court. The cost of construction of the building has been represented as Work In Progress.

**Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)
Valuation

Land and buildings were valued by professional valuers from the government in the year 2011 in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). Further, the Commission has carried out assets valuation process and is currently awaiting report from the valuers – the ministry of lands and public works and subsequently board approval in order to be included in the annual reports of the Commission.

25 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation
	Kshs	Kshs
Land & Building	86,000,000.00	-
Plant And Equipment	25,781,581.70	13,414,513
Motor Vehicles, Including Motorcycles	61,380,122.00	53,301,040
Computers And Related Equipment	40,860,479.10	35,699,349
Office Equipment, Furniture, And Fittings	70,160,455.50	57,060,694
Work in Progress	1,341,252,769.77	-
Total	1,625,435,408.07	159,475,595.05

The Commission has did not identified items of Property, Plant and Equipment that are fully depreciated. However, the ongoing asset valuation exercise, once concluded, will facilitate this identification

26. Intangible Assets

Description	Period Ended 30th June 2025	Prior Year Period / Actual Audited 30th June 2024
Cost		
Cost 1 July 2024	32,080,496.00	32,080,496.00
Additions	-	-
Cost 30 June 2025	32,080,496.00	32,080,496.00
Amortization and impairment		
Accum Amortization & Impairment 1 July 2024	12,832,198.40	6,416,099.20
Charge for the Year	6,416,099.20	6,416,099.20
Accum Amortization & Impairment 30th June 2025	19,248,297.60	12,832,198.40
Impairment loss		-
At end of the period	19,248,297.60	12,832,198.40
Net Book Value 30 June 2025	12,832,198.40	19,248,297.60

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Notes to the Financial Statements (Continued)

27. Trade and Other Payables

Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
Provision for Audit Fees	1,000,000		1,000,000	
Milicons Ltd - WIP	173,072,820		173,072,820	
Gratuity Payable	5,473,382.24		6,149,894	
Other Trade Payables	31,440,993.55		19,739,663	
Total trade and other payables	210,987,195.85		199,962,378	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	37,914,375.80	18%	26,889,558	13%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	173,072,820.06	82%	173,072,820.06	87%
Total (tie to above total)	210,987,195.85		199,962,378	

Trade payable for over 3 years is due to the pending bills on Nacosti Plaza construction.

Prior year adjustment is due to paid tax for the FY 2020/2021 and 2021/2022, this was necessitated by tax assessment by KRA on rental Income. Due to the introduction of Rent revenue, the Commission became liable for Income tax, as such the Income tax obligation was added to the Commission in the KRA tax profile. During the year under review, the Commission made settlement for the income tax for the years up to FY 2021/2022 totalling to Ksh. 14,226,990.00 as follows:

FY 2020/2021	5,061,125
FY 2021/2022	9,165,865
TOTAL	14,226,990

This has now been correctly stated and prior year adjustments made to the financial statements as follows:

	Earlier reported	Adjustments	Current Statement
Revenue Reserve	175,279,531	(14,226,990)	161,052,541
Trade and Other Payables	185,735,388	14,226,990	199,962,378

28. Revaluation Reserve

Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
Land valued in February 2011	86,886,293		86,886,293	
Total	86,886,293		86,886,293	

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Notes to the Financial Statements (Continued)
29. Revenue Reserve

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Opening Balance	161,052,541	172,556,762
Income Tax provision (Prior Year adjustment)		(14,226,990)
Surplus/(Deficit) for the year	(23,447,103)	2,722,769
Total	137,605,438	161,052,541

Prior year adjustment is due to paid tax for the FY 2020/2021 and 2021/2022, this was necessitated by tax assessment by KRA on rental Income. Due to the introduction of Rent revenue, the Commission became liable for Income tax, as such the Income tax obligation was added to the Commission in the KRA tax profile. During the year under review, the Commission made settlement for the income tax for the years up to FY 2021/2022 totalling to Ksh. 14,226,990.00 as follows:

FY 2020/2021	5,061,125
FY 2021/2022	9,165,865
TOTAL	14,226,990

This has now been correctly stated and prior year adjustments made to the financial statements as follows:

	Earlier reported	Adjustments	Current Statement
Revenue Reserve	175,279,531	(14,226,990)	161,052,541
Trade and Other Payables	185,735,388	14,226,990	199,962,378

30. Capital Grants

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Opening Balance	1,138,088,226	1,138,088,226
Capital grants for the year		
Total	1,138,088,226	1,138,088,226

31. Employee Benefit Obligations

The Commission contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Commission's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at a maximum of KShs. 4320.00 per employee per month. Other than NSSF the Commission also has a defined contribution scheme operated by Jubilee Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance in the period in which they are incurred.

32. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. *The Commission did not make any surplus during the year and hence no remittance to the Consolidated Fund.*

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Notes to the Financial Statements (Continued)

33. Taxation

Description	2024-2025	2023-2024
	Kshs.	Kshs.
At beginning of the year	14,226,990	0
Income tax charge for the year (note 29)	0	0
Under/(over) provision in prior year/s (note 29)	0	0
Income tax paid during the year	(14,226,990)	0
At end of the year	0	0

Due to the introduction of Rent revenue, the Commission became liable for Income tax, as such the Income tax obligation was added to the Commission in the KRA tax profile. During the year under review, the Commission has made settlement for the income tax for the years up to FY 2021/2022 totalling to Ksh. 14,226,990.00

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Notes to the Financial Statements (Continued)
34. Cash Generated from Operations

	Note	2025	2024
		Kshs.	Kshs.
Cash flow from Operating Activities			
Surplus/(Deficit) for the year		(23,447,103)	2,722,769
Adjustments for items not involving cash movements			
Depreciation	11	14,959,158	15,235,260
Surplus before working capital changes		(8,487,944)	17,958,029
Working Capital Changes			
Decrease/Increase in Inventory	23	985,349	1,496,310
Increase in Accounts Receivables	22-23	50,087,140	(72,738,387)
Decrease/Increase in Accounts Payables	27	11,024,818	(19,669,803)
Net Cash flow from operating activities		53,609,363	(72,953,850)
Cash flow from Investing Activities			
Tax payment		-	
Changes in Fixed Assets	25-26	(4,874,958)	(13,288,188)
Increase/Decrease in Cash and Cash Equivalents		48,734,405	(86,242,038)
Cash and Cash Equivalents - Beginning		1,695,486	87,937,524
Cash and Cash Equivalents - Ending	19	50,429,891	1,695,486

Note: Prior year adjustment due to income tax of Ksh. 14,226,990 paid in the FY 2024/2025 relating to FY 2020/2021 and 2021/2022 has resulted in change in the opening balance of accounts payable by the same amount. Decrease/Increase in Accounts Payable has therefore changed from Kshs.(5,442,813) to (19,669,803).

35. Financial Risk Management

The Commission's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Commission's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Commission does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Commission's financial risk management objectives and policies are detailed below:

i) Credit risk

The Commission has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of

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allowances for doubtful receivables, estimated by the Commission's management based on prior experience and their assessment of the current economic environment.

ii) **Liquidity risk management**

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

iii) **Market risk**

The *Commission* has put in place an internal audit function to assist it in assessing the risk faced by the Commission on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Commission's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Commission's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Commission's exposure to market risks or the way it manages and measures the risk.

a) **Foreign currency risk**

The Commission has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Commission* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

iv) **Capital Risk Management**

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

Description	2025	2024
	Kshs	Kshs
Revaluation Reserve	86,886,293	86,886,293
Retained Earnings	137,605,438	161,052,541
Capital Reserve	1,138,088,226	1,138,088,226
Total Funds	1,362,579,957	1,386,027,060
Total Borrowings	0	0
Less: Cash and Bank Balances	(50,429,891)	(1,695,486)
Net Debt/(Excess Cash And Cash Equivalents)	1,312,150,066	1,384,331,574
Gearing	96%	100%

Note: prior year adjustment of retained earnings due to income tax paid of Kshs. 14,226,990 FY 2024/2025 for the period 2020/2021 and 2021/2022

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Notes to the Financial Statements (Continued)

36. Related Party Disclosures**Nature of related party relationships**

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *Commission*, holding 100% of the *Commission's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Commission*, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

Financial Risk Management

Description	2025	2024
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	32,622,759	30,973,878
Water sales to govt. Agencies		0
Others (specify) e.g. interest and bank charges		0
Total	32,622,759	30,973,878
B) purchases from related parties		
Purchases of electricity from KPLC	6,619,810	5,085,719
Purchase of water from govt service providers	9,931	0
Rent expenses paid to govt agencies	0	403,625
Training and conference fees paid to govt. Agencies	1,525,558	2,491,768
Total	8,155,299	7,981,112
b) Grants /transfers from the government		
Grants from national govt	248,159,112	207,841,804
Grants from county government	0	0
Donations in kind	0	0
Total	248,159,112	207,841,804
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total		
d) Key management compensation		
Directors' emoluments	6,136,680	6,261,128
Compensation to key management	43,910,580	33,519,903
Total	50,047,260	39,781,031

37. Events after the Reporting Period

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

38. Ultimate And Holding Commission

The Commission is a State Corporation formerly under the Ministry of Education – State department of Higher Education and Research but currently under the Office of the Prime Cabinet Secretary and the Ministry of foreign affairs. Its ultimate parent is the Government of Kenya.

39. Currency

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

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20. Appendices

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

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

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Netting of overdrawn Cash book balances	The statement of Finance position reflects bank balance of Ksh. 1,695,486 as disclosed in note 20 of the Financial Statements. The balance in net of overdrawn cash book balance of Ksh. 10,509,111 contrary to paragraph 48 of international public Sector Accounting Standards (IPSAS) 1 which provides that assets and liabilities shall not be offset unless required or permitted by an IPSAS.	By the close of the FY 2023/2024, the Commission was expecting the disbursement of the 4th quarter GoK recurrent grants of Kshs. 33,806,968, which had been indicated will be received before the close of the FY. In anticipation of this receipt, the Commission prepared and expensed payroll costs for the month of June 2024 in accordance with the IPSAS accrual basis of accounting. The disbursement of the GoK recurrent grants however delayed and the cheques for salaries were held by the Commission hence remaining as unrepresented cheques in the bank reconciliation statement by the close of the year. The expected grants were received early in July 2024 and the raised cheques were issued for presentation. The overdrawing was therefore to the extent of the unrepresented cheques as the actual KCB bank balance as at 30.06.2024 was positive Ksh. 6,784,787.20	Resolved	N/A
Misstatement of the Property, Plant and Equipment Balance	The statement of financial position reflects property, plant and equipment balance of Kshs 1,465,158,888 as disclosed in note 22 to the financial statements. As previously reported included in this balance is work in progress amounting to Kshs 1,341,252,770 relating to certified works on the building which has not been capitalized. The project supervisor, the State department for Public Works issued the Commission with certificate of	Delay in the capitalization was due to disputed claims by the contractor relating to additional claims on account of penalties and interest on delayed payments.	Not Resolved	The Commission is awaiting conclusion of the ongoing court case

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Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	substantial completion allowing it to move into the building in May 2017 and partially release 50% of the retention money. Management explained the delay in the capitalization was due to disputed claims on account of penalties and interest on delayed payments. However, no depreciation is being charged despite the building being put into use. In addition, review of the project status report dated 19 January 2020, indicated that total certified work amounted to Kshs 1,297,971,643 therefore exceeding the contract sum by Kshs 306,980,653 or 31%. Management attributed the excess amounts to variations due to cost fluctuations above the bills of quantity provisions, interest on delayed payment and contractual claims already provided in clause 23.3 of conditions of contract and penalties due to contractual breaches on the part of the Commission. Review of the current position in the year revealed that the main contractor presented claims for penalties, interests and contractual sums amounting to Ksh. 362,000,000 which was however at variance with the State Department for Public Works computed among of Ksh. 154,961,000. Further, a Pending Bills Committee appointed by the Principal Secretary, State department of University Education and Research has not finalized negotiations with the contractor to waive their claims for interest of delayed payments. The main contractor has declared a dispute on these claims, and the Commission is waiting for the outcome of the legal process. Further, value for money has not been realized from the investment in the office block. In the circumstances, the accuracy and fair statement of the property, plant and equipment balance of Kshs 1,465,158,888 as at 30 June, 2023 could not be confirmed.	The excess amount of Kshs 306,980,653 is attributable to cost fluctuations above the bills of quantity provisions, interest on delayed payment and contractual claims already provided in clause 23.3 of conditions of contract and penalties due to contractual breaches on the part of the Commission.		relating to the building so as to resolve this issue
Surrendered excess Appropriations -in-Aid	The Statement of Comparison of Budget and Actual amounts reflect internally generated revenue budget and actual of Kshs. 90,000,000 and Kshs, 101, 153,962 reflecting excess A-in-A of Kshs. 11,153,962. The excess A-in-A was not surrendered to the National Treasury.	The Commission operates on a very lean budget and every year, appeals for additional funding from the Government.it has therefore made a request for the collected funds to	Ongoing	Next Financial Year

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Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		support the budget of the subsequent year.		
Irregularities in management of petty cash	Examination of the petty cash book revealed that payments beyond the set limit of Kshs.15,000 were paid from the petty cash, totaling to Kshs.11,389,662. Further, it was noted that the petty cashbook was used to make provisions for expenditure, therefore exceeding the set float balance of Kshs.300,000. This is contrary to Section 9.3 of the Commission's Finance Manua	The Commission, in a few exceptional cases due to the prevailing changes of prices of office consumables exceeded the limit set under the finance manual. To address this challenge, the Commission has implemented the following measures so as to adhere to the set limits: • Adopted an online banking payment system, which allows for faster and more efficient transfer of funds, including for smaller amounts. The online banking payment system became effective in May 2025. • Updated the NACOSTI Finance and Procedure Manual, where one of the changes is increase in petty cash limit from Ksh. 15,000 to Ksh. 50,000 taking into consideration the changes in prices of basic items.	Ongoing	31.12.2025
Failure to Maintain a Comprehensive Fixed Assets Register	The statements of financial position and as disclosed in Note 23 to the financial statements reflects property plant and equipment balance of Kshs.1,469,627,914. However, although the fixed assets register total amount agreed to the financial statements amount presented, it is not properly maintained as it shows opening balances amounts that are not detailed to show the respective assets. Further, the finance manual does not have guidelines on the capitalization threshold for assets acquired. In addition, the policy does not give clear guidelines on amortization rates for Intangible assets. In addition, intangible assets have been amortized on a straight-line basis contrary to reducing balance method used in depreciating the other assets leading to inconsistencies in applying of accounting policies.	The Commission is in the final stages of completing preparation of the asset register. The exercise has been ongoing in consultation with the Ministry of Lands, Public Works, Housing and Urban Development. The conclusion of the exercise and approval by the board will lead to the establishment of a comprehensive asset register. The valuation exercise has been completed awaiting the full report from the ministry and full constitution of the board for approval. This will form part of the subsequent financial reports. In	Ongoing	Upto 30/06/2026

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Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		addition, the Commission has in consultation of the representatives from the national treasury, updated the finance and procedures manual to incorporate intangible assets treatment and amortization rate as 30% straight line. The Finance and procedures manual is awaiting full constitution of the board for approval and subsequently incorporate in the financial reports.		
Understaffing in the Internal Audit Department	Review of the Commissions' staffing levels in the internal audit department revealed that the department has only two (2) staff. The current staff establishment, however, provides for four (4) staff in the department, which may not be adequate to ensure adequate risk management and governance.	The Commission has noted the observations on the limitations in its internal audit function which currently has only one staff member. In line with relevant circulars, management has requested the National Treasury through the Parent Ministry, to recruit additional staff so as to improve staff capacity in critical areas such as the Internal Audit function. The Commission is awaiting guidance from the National Treasury.	Ongoing	30/06/2026
Failure to Conduct Formal Risk Assessment	Review of the Commission's internal control and risk management environment revealed that the entity has in place a risk management policy. A risk assessment for the year under review was however not performed hence indicating weak internal controls to ensure detection and correction of possible misstatements of the financial statements and areas of non-compliance.	The observation is well noted, and management has provided a budget line during the current financial year 2024/25 to have departmental risk champions to monitor and ensure continuous risk assessment and therefore risk management. This will be an improvement from the annual approach where risk assessments is undertaken at the beginning of the year (July 2023), going forward where all stakeholders will be engaged on a continuous regular basis.	Resolved	N/A

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Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Irregularity in Board Expenses	The statement of financial performance reflects Board expenses of Kshs.18,638,445 as disclosed in Note 17 to the financial statements. Review of the expenditure and related documents revealed the following anomalies; i. Board expenses expenditure exceeded the budgeted amount of Kshs.18,000,000 by an amount of Kshs.638,445 hence unauthorized expenditure. ii. As previously reported, the Board chairperson had not been appointed as at the time of audit. The board therefore operated without a chairperson during the year under review. iii. The Board composition did not meet the 1/3 rule on gender balance. Out of the total nine (9) board members, only two (2) are female. In the circumstances, the Board's oversight role might be impaired by lack of a Board Chairman and Board's failure to comply with its almanac	The Commission is keeping track of all expenditure lines to ensure the marginal exceeding of the budget does not recur. It has also brought the matter of incomplete constitution of the Board to the attention of the Parent Ministry and is awaiting reconstitution of the Board.	ongoing	Awaiting reconstitution of the Board

.....
Director General/C.E.O

Date: 28/10/2025

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/ Developme nt/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers
	As per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receiva bles	Others - must be specific	
Ministry of Education – SDHER	26/08/2024	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	17/09/2024	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	03/10/2024	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	14/11/2024	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	09/12/2024	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	06/01/2025	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	13/03/2025	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	13/03/2025	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	14/04/2025	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	02/05/2025	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	19/06/2025	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Ministry of Education – SDHER	19/06/2025	Recurrent	20,679,926.00	20,679,926.00	0	0	0	0	20,679,926.00
Total			248,159,112.00	248,159,112.00	0.00	0.00	0.00	0.00	248,159,112.00