

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

Paper Laid
Paper Laid on the
Table of the House
by ~~Chairman~~ ^{Leader of majority}
~~Party~~ ^{Party} ~~on~~
on Wednesday
17/6/2015



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL BIOSAFETY AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE 2014**

V. 11.



Attachment 49

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

2014



KENYA NATIONAL AUDIT OFFICE
P.O. Box 30084 - 00100,
NAIROBI.

NATIONAL BIOSAFETY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014

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

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

(c) Key Management

The Authority's day-to-day management is under the following key officers:
Chief Executive Officer as the head of the Authority and the Accounting Officer assisted by two Directors, namely;

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

(d) Fiduciary Management

The key Management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	-Dr Willy K. Tonui
2.	Director, Finance & Administration	-Dr Julius K. Itunga
3.	Director, Technical Services	-Prof. Dorington O. Ogoyi
4.	Chief Legal & Corporate Affairs officer	-Ms Anne G. Kamau

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements includes:-

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

(f) Entity Headquarters

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

(g) Authority's Contacts

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

(h) Authority's Bankers

Kenya Commercial Bank
Kipande House Branch
Kenyatta Avenue
Nairobi, KENYA




(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. THE BOARD OF MANAGEMENT

1. Director's passport-size photo and name, and key profession/academic qualifications	A description of Director's date of birth, key qualifications and work experience
 <p>Prof. Janesio Kinyamario, PhD, OGW Chairman, Board of Management</p>	<p>He holds a PhD in Plant Ecology from the University of Nairobi, a Master of Science in Range Management from Texas A&M University, USA and a Bachelor of Science in Biological Sciences from the University of Nairobi. He is a professor at the University of Nairobi Department of Botany, with over 25 year of experience in teaching and research. Prof. Kinyamario has served in leadership positions in a number State Corporations and at the United Nations agencies.</p>
 <p>Prof. Moses Limo, PhD Board Member</p>	<p>He holds a PhD in Biochemistry from the University of Nairobi, a Master of Science in Biochemistry from University of Trondheim, Norway and a Bachelor of Science in Chemistry and Biochemistry from the University of Nairobi. He is a professor at the Egerton University Department of Biochemistry and Molecular Biology, with over 30 year of experience in teaching and research. Prof. Limo has served in leadership positions in a number of public institutions and at the Egerton University.</p>
 <p>Ms. Paloma Fernandez Board Member</p>	<p>Ms. Paloma Fernandes holds a Bachelor of Art in Economics from the Chowgule University of Art and Science – Goa, India. She is currently the Chief Executive Officer of the Cereal Millers Association of Kenya having worked in the grain industry for the past 7 years. She has over 20 years of cumulative experience in corporate administration.</p>



Dr. Joyce Jefwa, PhD
Board Member

She holds a PhD in Botany from the University of Pretoria, South Africa, Msc in Soil fertility from the University of Kent United Kingdom, Bachelor of Education (Science) Botany major and Zoology from Kenyatta University and A Postgraduate certificate in Biosafety and Biotechnology from Gent University Belgium. She is currently a Senior Lecturer in Botany in the department of Biological Sciences at the School of Pure and Applied Science, Pwani University; She previously worked at the Museum of Kenya with over 25 year of experience in teaching and research. Dr. Jefwa has served in leadership positions in a number of public institutions and UN bodies.



Mrs. Dorcas Kamunya
Board Member

She holds a Bachelor of Science in Nutrition from Kenyatta University and a Postgraduate Diploma in Food and Nutrition Security from Wageningen University, Netherlands. She is currently pursuing a Master of Science in Applied Nutrition at the University of Nairobi. Mrs Kamunya has over 10 years of experience in the field of food nutrition and consumer health advocacy. She is a member of Kenya Nutritionists and Dieticians Institute (KNDI)

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Dr. Evans Sikinyi, PhD
Board Member

He holds a PhD in Horticulture from Iowa State University, Ames, Iowa, U.S.A., a Master of Science in Plant Breeding from the University of Nairobi and a Bachelor of Science in Agriculture from the University of Nairobi. He is currently the Chief Executive Officer of the Seed Trade Association of Kenya (STAK). He is also a Member of the Intellectual Property Committee (IPC) of the International Seed Federation (ISF), a member of the WEMA product deployment team, AATF and also a Member of the Technical Working Group for Agribusiness & Financial Services under the Agricultural Sector Coordinating Unit. Previously Dr. Sikinyi served at senior leadership positions at KEPHIS and a number of Tasks – Force/Working groups at the National and International levels.



Dr. Ellie Onyango Osir, PhD
Board Member

He holds a PhD in Biosciences from the University of Arizona (USA). He did his post-doctoral training at the University of Washington (Seattle, Washington, USA) and Harvard University., Bachelor of Science in Biochemistry (First Class) from the University of Nairobi. He is currently a Senior Program Specialist, Information and Networks at International Development Research Center (IDRC). Dr. Osir manages research projects on information and networks, and science, technology and innovation (STI) policy in Sub-Saharan Africa and Southeast Asia. Prior to joining IDCR, he worked for 16 years as a principal research scientist in Africa on the applications of biotechnology to address various plant, animal and human health-related pests and diseases.



Dr Edwardina Ndhine, PhD
 Rep of NACOSTI CEO

Trained as a Zoologist at the Makerere University, Uganda and attained Master of Science in Applied Physiology and Cellular Biology from University of Nairobi, Bachelor's Degree in Chemistry, Botany and Zoology from University of Jabalpur, India.

Currently, the Head of Biological Sciences Schedule at the National Commission for Science, Technology and Innovation (NACOSTI) and Board Member to create in consultation with stakeholders enabling environment for science and technology development and application, use and innovations. Until 2013, a member of Board of Management at the Centre for Mathematics, Science and Technology Education in Africa (CEMASTEA) with a vision on icon of professional teacher development. Life member of "Maendeleo ya Wanawake" with a mission to improve the quality of life of the rural communities through various interventions empowering especially women and youth in Kenya for sustainable livelihoods.



Dr. Goerge Ombakho, PhD, OGW
 Rep of PS Science & Technology

He holds a PhD in Plant Breeding and Genetics from Texas A&M University, USA, a Master of Science in Plant Breeding and Genetics from the University of Nairobi and a Bachelor of Science from the University of Nairobi. He is currently the Director of Research Management and Development at the Ministry of Education Science & Technology. He is also a founder member of the Plant Breeders Association of Kenya (PBAK). Previously Dr. Ombakho served at senior leadership positions at Kenya Agricultural Research Institute (KARI) with over 28 years of experience.



Dr Rees Murithi Mbabu
Rep of Director DVS

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



Mr Abed Kagundu
Rep of MD KEPHIS

He holds a Master of Science in Plant Pathology from the University of Nairobi, a Master of Science in Biosafety of Plant Biotechnology from the University of Ancona, Italy and a Bachelor of Science in Forestry from the Moi University. He is a PhD Candidate in Plant Health Management at Jomo Kenyatta University of Agriculture & Technology. He is currently the Head of Phytosanitary and Biosafety Department at the KEPHIS. Mr. Kagundu has served at senior leadership positions at KEPHIS with over 11 years of experience in research and phytosanitary management. He has been a Chairman and member of various committees and taskforce on quality standards and risk assessments.



Mr Daniel Mutua
Rep of PS Treasury

He is an MBA holder from Maastricht School of Management and has extensive experience and training both locally and internationally. A Board member in EPZA and ICDC and chairman Mbusyani Secondary School.

Mr Mutua is currently the Ag. Deputy Director of investment at the National Treasury. He has over 24 years' experience in public sector management especially in public finances and corporate governance.



Mr Robert Kilonzo
 Rep of Chief Public Health Officer

He holds a Master of Science in Food Safety and Quality from the University of Nairobi; Bachelor of Science in Environmental Health from Moi University and Diploma in Environmental Health. He is currently the acting Chief Public Health at the Ministry of Health. Mr. Kilonzo has served at senior leadership positions at the Ministry of Health with over 10 years of experience in Food Safety and Quality Control in Kenya. He also serves as a committee member in several National Committees on food safety and quality control.



Mrs Margaret Aleke
 Rep of CEO KEBS

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

She has worked with Kenya Bureau of Standards for 30 years, has experience in standards development and quality assurance.

She participates in development of regional (EAC) and international standards (Codex and ISO)



Mrs Jane Otadoh
 Rep of PS Agriculture

She holds a Master of Science (Plant Biotechnology) from the University of Nairobi and a Bachelor of Science in Agriculture from Andrews University (Michigan, USA) conferred at University of Eastern Africa (Baraton). She has worked for the Ministry of Agriculture the last 28 years. She is trained in Strategic Leadership Development Program (KIA Nairobi, 2011) and Corporate Governance for Directors (Centre for corporate Governance, 2010)

She has participated in the development of policy documents such as short version of the Strategy for revitalization of Agriculture (SRA), Seed policy, National Biotechnology Awareness Strategy, Biosafety Act of 2009 and Standards on genetically modified organisms and derived products.



Dr. Ayub Macharia, PhD
Rep of MD, NEMA

Dr Ayub Macharia Ndaruga holds a PhD in Environmental Education from Rhodes University, South Africa (2004); Masters of Science in Strategic Leadership (California Miramar University), Masters of Environmental Science (Kenyatta University) and a Bachelor of Education (Science – Kenyatta University). Also holds 2 Post Graduate Diplomas in Pedagogy of Online Learning and on E-Course development and Online Course Leadership from Global Virtual University, UNEP and HSH-Norway.

Dr. Macharia has worked in several institutions such as secondary school teacher for Biology and Geography (3 years), Education officer at the National Museums of Kenya (7 years); Environmental Sciences Lecturer at Kenyatta University (3 years). He has won 2 awards; the Mainstreaming Environment and Sustainability in Africa (MESA) award by UNEP in 2007; and the Environmental Leadership Award (2008) by Eastern Africa Environmental Network.



Since 2006, Dr Macharia works as the Director, Environmental Education, Information and Public Participation at the National Environment Management Authority (NEMA) in Kenya.



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

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

III. MANAGEMENT TEAM

Name and brief profile	Main area of responsibility
 <p>Willy K. Tonui, PhD, RBP Chief Executive Officer</p> <p>He holds a BSc (Biological Sciences and Chemistry) from Kurukshetra University (India), MSc and PhD in Immunology (specialty in recombinant vaccine development) from Kenyatta University (Kenya) and did his Post-doctoral training at the School of Veterinary Medicine at Colorado State University, USA. He is a registered Biosafety Professional (RBP). He has held senior positions in Kenya Medical Research Institute (KEMRI).</p>	<p>The Chief Executive Officer and the Accounting Officer of the Authority</p>
 <p>Julius K. Itunga, PhD, CPA(K), CPS(K) Director, Finance and Administration</p> <p>He holds a PhD in Business Administration from Jomo Kenyatta University of Agriculture and Technology (JKUAT), MBA (Strategic Management) and Bachelor's degree in Finance both</p>	<p>The Director of Finance and Administration and handles all matters finance and administrative functions.</p>

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from the Catholic University of Eastern Africa (CUEA). He is a Certified Public Accountant of Kenya (CPAK), Certified Public Secretary of Kenya (CPSK) and a member of the Institutes of Certified Public Accountants of Kenya (ICPAK) and Certified Public Secretaries of Kenya (ICPSK). He has previously held senior positions in Telkom Kenya and Agricultural Development Corporation.



Prof. Dorington O. Ogoyi
Director, Technical Services

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

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



Ms Anne G. Kamau
Chief Legal & Corporate Affairs Officer

She holds an Bachelor of Laws degree from the University of Nairobi and a Master in Business Administration(MBA) from Moi University. She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. She previously held senior positions at the National Cereals and Produce Board and the State Law Office.

She is the Chief Legal and Corporate Affairs Officer and is in charge of legal and corporate affairs matters at the Authority.

IV. CHAIRMAN'S STATEMENT



It is with great pleasure that I submit to you all on behalf of the Board of Management of National Biosafety Authority (NBA) Annual Report and Financial Statements for the Year ended 30th June, 2014.

The government recognizes the importance of Biotechnology and Biosafety in enhancing Kenya's economic growth and development. This has been encapsulated in key economic blueprints that include the Kenya Vision 2030, Mid Term Development Plan I and II, among others. The National Biosafety Authority continues to implement these national goals through its Strategic Plan 2011- 2015.

The period under review coincided with the end of the term of the inaugural Board and the transition to a New Board of Management in April 2013. I wish to recognize the immense contribution of the Inaugural Board and wish the new Board every bit of success.

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

In Brief, during the year in review, the Authority held the 2nd Annual Biosafety Conference that attracted worldwide participation, attained and launched ISO 9001:2008 and enhanced services at entry points namely JKIA, Mombasa port, Namanga and Busia. The Authority also acquired an Enterprise Resource Planning System (ERP) that has improved the Authority's business processes.

Capacity building was one of the other key areas that we did exceptionally well during the period. We managed to train more than half of our staff and Board members in various fields. Some of our staff members were trained on Strategic Leadership Development and Senior Management courses at the Kenya School of Government while other were trained at Master's and Diploma level academic programmes. The Board of Management team was trained on Corporate Governance so as to equip them with basic governance skills in their oversight and advisory roles.

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

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


Prof. Jenesis Ikindu Kinyamario, OGW
Chairman, Board of Management

V. REPORT OF THE CHIEF EXECUTIVE OFFICER



The Year under review was a remarkable one for the National Biosafety Authority (NBA). In the Year under review, the Authority registered remarkable progress towards fulfilling her mandates as required in the Biosafety Act 2009 and the Strategic Plan 2011-15.

In the Year under review, NBA attained Certification of ISO 9001:2008 Quality Management System (QMS) and adopted integrated Enterprise Resource Planning (ERP) Software. In brief, attainment of QMS, investment in Technology and high speed computing has significantly improved our decision making, coordination, analysis, and visualization of our business processes and service delivery.

As part of sustaining our efforts in promoting stakeholder awareness and participation in Biosafety, NBA hosted the second Biosafety Conference in Kenya. The Conference brought together diverse stakeholders in the various fields of policy, biotechnology, biosafety and biosecurity, research, agriculture, public and animal health, environment, engineering, industry, academia and the media fraternity under one Conference theme "*Raising public Awareness and participation in Biosafety for National Development and Realization of vision 2030*". The Conference was a huge success in that we hosted over 200 participants including 30 parliamentarians from Uganda, delegates from USA, Australia, Tanzania and Zambia. The highlight was a Biosafety Recognition Awards 2013 ceremony where we celebrated extraordinary individuals and institutions who have made significant contributions to help others in the field of Biosafety in Kenya and beyond.

Concerns on safety of GMOs is still an important topic worldwide as evidenced by the recent decision by the Cabinet to institute a ban on all GM food until such a time that there is sufficient information, data and knowledge demonstrating that GM foods are not a danger to public health. In response to public demands and expectations, the NBA Management declared the Year 2013 as the "*Year of National Biosafety Advocacy*" in Kenya. Advocacy efforts around the 2013 Year served to advance the NBA strategic objective of supporting Institutional capacity in Kenya. Our stakeholder consultative meetings in the year revealed that there is still a lot to do to demystify GMOs in Kenya. To successfully move forward NBA developed a Communication Strategy. This strategy seeks to address pertinent issues in Biosafety communication and bridges the gap between NBA and its stakeholders.

Since its inception, NBA has gained recognition nationally and regionally. Last year we were able to host policy makers from several partners and countries including Uganda, Zambia and South Sudan to learn from each other. This is the direction in which NBA will continue to promote.

Finally, what I believe was the most important event last year was the Human Resource Development of NBA employees. It is important for all members of NBA to be skilled and experienced in handling

all situations that may arise during their day to day work. It is also important to provide tools of work and a safe work environment. And as a result of our human resource and expansion strategy we now have offices at important border points at Mombasa, JKIA, Busia and Namanga.

All these efforts enabled the Authority to register a great improvement rated **Very Good** consistently during the 2013-2014, 2012-2013 and 2011-2012 Performance Contract evaluation compared to **Fair** in 2010-2011.

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



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

VI. CORPORATE GOVERNANCE STATEMENT

The Board of Management

The Board establishes broad corporate policies for the Authority, and sets the strategic direction and oversees Management with a focus on enhancing service delivery to effectively implement her mandate. The Board is also responsible for the corporate governance of the Authority.

Size of the Board

The Biosafety Act No. 2 of 2009 provides for the size of the Board. According to the Act, the Board consists of seventeen (17) members comprising of the Chairman appointed by the Cabinet Secretary, the Principal Secretary responsible for Science and Technology, the Principal Secretary responsible for Finance, the Principal Secretary responsible for Agriculture, the Director General for National Environmental Management Authority, the Managing Director for Kenya Bureau of Standards, the Managing Director for Kenya Plant Health Inspectorate Services, the Director for the Department of Veterinary Services, the Secretary for the National Commission for Science Technology and Innovation, the Chief Public Health Officer, six(6) other persons appointed by Cabinet Secretary of whom at least two shall be of either gender, and the Chief Executive Officer appointed by the Board who shall be the Secretary to the Board.

Board Structure and Appointment of Members

The Biosafety Act provides that the Chairman and all Board Members other than those representing offices shall be appointed on a three (3) years term by the Cabinet Secretary, but shall be eligible for reappointment for a further term of three (3) years. The appointment of the Chairman, Independent Members and the Chief Executive Officer shall be by name and by notice in the Kenya Gazette. The members of the Board appointed by the virtue of their office may attend Board meetings in person or designate a representative to attend on their behalf.

Board Committees

All the three Board Committees including Technical, Finance & Administration and Audit are established with written terms of reference outlining their respective authority and duties.

Meetings of the Board

Regular meetings of the Board shall be held at such times and places as determined by the Board and special meetings shall be held at other times as the Board may determine appropriate. The Board shall meet at least four (4) times in every financial year. The Chairperson shall preside at every meeting of the Board at which he/she is present, but in his/her absence, the members shall elect one of their number who shall, with respect to that meeting and the business transacted thereat, have all the powers of a chairperson.

The Board considers all relevant facts and circumstances and makes independent determination in all matters.

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Unless a unanimous decision is reached, a decision on any matter before the Board shall be by a simple majority of votes of the members present and in the case of an equality of votes, the chairperson shall have a casting as well as a deliberative vote.

Disclosure of Interest

If a member of the Board has any interest direct or indirect in any matter which is subject of consideration at a meeting of the Board, the member shall, at the meeting disclose the fact to the Board and shall take no part in the consideration or discussion of or vote on any question with respect to the matter.

Vacation of Office

A member of the Board, other than those by virtue of their office shall vacate office on any of the following grounds:-

- Upon the expiry of his/her appointment
- Upon death
- If adjudged bankrupt
- If sentenced for any offence against any written law to a term of imprisonment of six months or more
- If convicted of an offence involving fraud, dishonesty or moral turpitude
- Absent without permission of the Chairperson of the Board from three successive meetings of the Board of which he/she has received notice
- Upon notice in writing of his intention to resign his office
- If in the opinion of the Board, he/she becomes by reason of mental or physical infirmity incapable of performing his duties as a member of the Board

Board Attendance

The Board held 4 regular meetings in the year and attendance was as follows:

	Name	No. of Meetings Held	No. of Meetings attended
1.	Prof. Jenesio Ikindu Kinyamario	4	4
2.	Ms. Dorcas W. Kamunya	4	4
3.	Dr. George Ombakho	4	3
4.	Ms. Paloma Fernandes	4	4
5.	Dr. Rees N. Murithi	4	3
6.	Mr. Abed Kagundu	4	4
7.	Mrs. Jane Otadoh	4	3
8.	Dr. Ellie Onyango Osir	4	3
9.	Mrs. Margaret Aleke	4	4
10.	Prof. Moses Limo	4	4
11.	Sikinyi Evans Olonyi	4	3
12.	Daniel Mutua	4	3
13.	Joyce Mnyazi Jefwa	4	4

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14.	Robert Kilonzo	4	3
15.	Mrs. Edwardina Ndhine	4	3
16.	Dr. Willy K Tonui	4	4
17.	Dr. Ayub Ndaruga Macharia	4	4

VII. CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

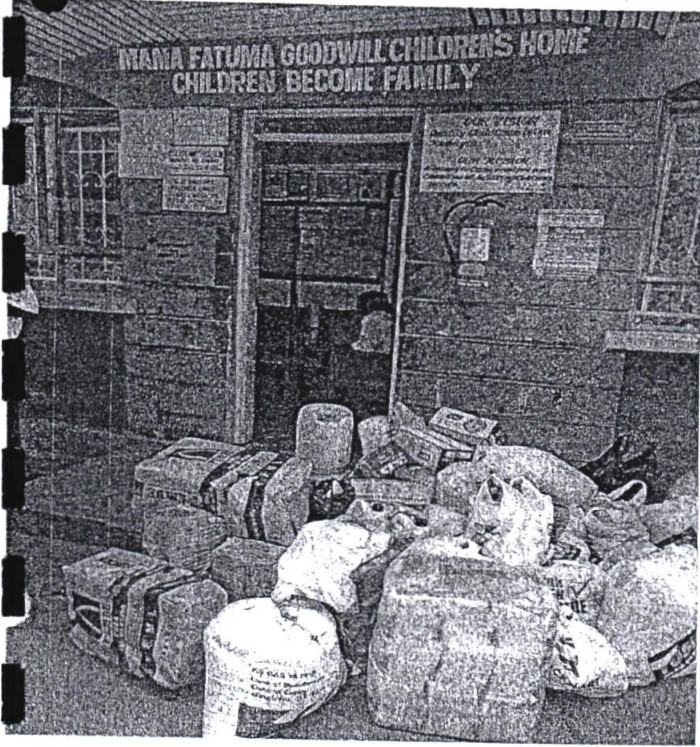
The Authority is sensitive to the community it operates in and therefore engages in CSR activities to boost the relationship between itself and the community. In the financial year 2013/14, we launched a greenhouse facility that we donated to Precious Blood Girls Riruta in the financial year 2012/13. The Authority planted over two thousand tree seedlings at both Nakeel Boys and Precious Blood Girls secondary schools. During the same period, we also visited Mama Fatuma Children's Home in Eastleigh, Nairobi and donated basic needs i.e. foodstuff and clothing to the orphans in the Home.



Tree planting at Nakeel Boys High School, Ongata Rongai



Greenhouse facility donated and tree planting at Precious Blood Girls, Riruta



A visit to Mama Fatuma Children's home in Eastleigh, Nairobi

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the National Biosafety Authority affairs.

Principal activities

The principal activities of the entity are to:-

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

Results

The results of the entity for the year ended June 30, 2014 are set out on page 25 to 42

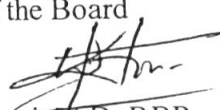
Directors

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

Auditors

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

By Order of the Board


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

Date:.....


REPUBLIC OF KENYA

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Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL BIOSAFETY AUTHORITY FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Biosafety Authority set out on pages 24 to 38, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts, 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

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

The Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

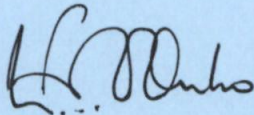
Basis for Qualified Opinion

Financial Performance

During the year under review, the Authority reported a deficit of Kshs.21,346,319.00 (2012/2013 deficit of Kshs.19,466,727.00) thereby depleting the accumulated surplus from Kshs.30,140,551.00 to Kshs.8,794,232.00 as at 30 June 2014. If not addressed, the continued deteriorating financial performance will adversely affect the operations of the Authority.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Biosafety Authority as at 30 June 2014 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with the Biosafety Act No. 2 of 2009.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 May 2015

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Board is responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Board is of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2014, and of the Authority's financial position as at that date. The Board further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority's financial statements were approved by the Board on 23rd September 2014 and signed on its behalf by:



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



Prof. Jenesio I. Kinyamario, PhD, OGW
Chairman, Board of Management

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X. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Revenue from non-exchange transactions			
Application fees	3	1,572,000	340,000
Recurrent government grant	4	115,614,000	120,000,000
		117,186,000	120,340,000
Revenue from exchange transactions			
Conference fees	5	1,722,934	2,055,552
Finance income – fixed deposit account interest	6	385,933	2,240,087
Other income- donor funds & sale of tender	7	973,236	5,717,126
		3,082,103	10,012,765
		120,268,103	130,352,765
Total revenue			
Expenses			
Employee costs	8	72,981,609	68,741,251
Remuneration of the board	9	18,274,201	20,792,784
Depreciation expense	10	7,272,373	7,838,118
Repairs and maintenance	11	2,259,580	2,463,410
Contracted services	12	4,753,438	7,341,379
General expenses	13	36,073,221	38,304,144
Project expenses	14	0	4,338,406
		141,614,422	149,819,492
		(21,346,319)	(19,466,727)
Surplus/(deficit) for the period			

The notes set out on pages 32 to 42 form an integral part of the Financial Statements

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XII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Assets			
Current assets			
Cash and cash equivalents	15	28,245,177	39,542,381
Receivables from exchange transactions	16	7,955,485	7,431,376
		<u>36,200,662</u>	<u>46,973,757</u>
Non-current assets			
Property, plant and equipment	17	18,270,390	25,318,480
		<u>18,270,390</u>	<u>25,318,480</u>
Total assets		<u>54,471,052</u>	<u>72,292,237</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	2,899,305	3,557,799
Contract retention money	19	988,675	988,675
Provisions for audit fees	20	1,160,000	580,000
Deferred income	21	1,184,197	1,619,237
Employee benefit obligation	22	9,162,640	5,123,972
		<u>15,394,817</u>	<u>11,869,683</u>
Total liabilities		<u>15,394,817</u>	<u>11,869,683</u>
Net assets			
Reserves		39,076,235	60,422,554
Accumulated surplus		30,282,003	30,282,003
		8,794,232	30,140,551
Total net assets and liabilities		<u>54,471,052</u>	<u>72,292,237</u>

The Financial Statements set out on pages 25 to 42 were signed on behalf of the Board of Directors by:



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

Date..... 3 July 2014

Prof. Jenesio I. Kinyamario, PhD, OGW
 Chairman, Board of Management

Date..... 

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XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

	Attributable to the owners of the controlling entity		
	Capital replacement development reserve Kshs	Reserves	
		Accumulated surplus Kshs	Total Kshs
Balance as at 30 JUNE 2012	30,282,003	49,607,278	79,889,281
Surplus/(deficit) for the period	0	(19,466,728)	(19,466,728)
Balance as at 30 JUNE 2013	30,282,003	30,140,551	60,422,554
Surplus/(deficit) for the period	0	(21,346,319)	(21,346,319)
Balance as at 30 JUNE 2014	30,282,003	8,794,232	39,076,235

XIV. STATEMENT OF CASH FLOWS

	Note	2013-2014 Kshs	2012-2013 Kshs
Cash flows from operating activities			
Surplus for the year before tax		(21,346,319)	(19,466,727)
Adjusted for:			
Depreciation		7,272,373	7,838,118
		<u>(14,073,946)</u>	<u>(11,628,609)</u>
Working capital adjustments:			
Increase/ Decrease in receivables		(524,109)	(1,152,958)
Increase/ Decrease in payables		3,525,133	6,685,075
		<u>3,001,024</u>	<u>5,532,117</u>
Net cash flows from operating activities		<u>(11,072,922)</u>	<u>(6,096,492)</u>
Cash flows from investing activities			
Purchase of furniture		(91,900)	(2,014,735)
Purchase of computers		(132,382)	(2,489,180)
Net cash flows used in investing activities		<u>(224,282)</u>	<u>(4,503,915)</u>
Cash flows from financing activities			
Increase in deposits		0	0
Net cash flows used in financing activities		<u>0</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents		<u>(11,297,204)</u>	<u>(10,600,407)</u>
Cash and cash equivalents at 1 JULY		39,542,381	50,142,788
Cash and cash equivalents at 30 JUNE	15	<u>28,245,177</u>	<u>39,542,381</u>

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I. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014
	Kshs	Kshs	Kshs	Kshs	Kshs '000
Revenue					
Application fees	0	-	0	1,572,000	1,572,000
Government grants and subsidies	115,614,000	0	115,614,000	115,614,000	0
Conference fees	0	0	0	1,722,934	1,722,934
Finance income-fixed deposit interest	1,500,000	-	1,500,000	385,933	(1,114,067)
Other incomes	0	-	0	973,236	973,236
Total income	117,114,000	0	117,114,000	120,179,769	3,154,103
Expenses					
Compensation of employees	76,109,008	-	74,453,008	72,981,609	1,471,399
Remuneration of the board	18,785,320	0	18,785,320	18,274,201	511,119
Repair and maintenance	3,500,000	0	3,500,000	2,259,580	1,240,420
Rent paid	5,500,000	0	5,500,000	4,490,733	1,009,267
Contracted services	5,880,000	0	5,880,000	4,753,438	1,126,562
Other payments	36,597,543	-	36,597,543	38,854,861	(2,338,918)
Total expenditure	144,715,871	0	144,715,871	141,614,422	3,019,849
Surplus for the period	(27,601,871)	0	(27,601,871)	(21,346,319)	6,255,552

II. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

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

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

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Application Fees

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

Transfers from government

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

Interest income

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

b) Budget information – IPSAS 24

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

c) Taxes – IPSAS 12

Current income tax

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

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

d) Property, plant and equipment – IPSAS 17

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

e) Financial liabilities

Initial recognition and measurement

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

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

f) Provisions – IPSAS 19

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

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

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

Contingent liabilities

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

g) Nature and purpose of reserves

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

h) Changes in accounting policies and estimates – IPSAS 3

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

i) Employee benefits – IPSAS 25

Retirement benefit plans

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

j) Cash and cash equivalents

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

k) Comparative figures

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

l) Significant judgments and sources of estimation uncertainty – IPSAS 1

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the Management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

m) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

3. Application Fees

	2014	2013
	Shs	Shs
Application Fees	1,572,000	340,000
Total	1,572,000	340,000

4. Transfers from governments – Recurrent grant

	2014	2013
	Shs	Shs
Unconditional grants		
Operational grant	115,614,000	120,000,000
	115,614,000	120,000,000
Total government grants and subsidies	115,614,000	120,000,000

5. Conference fees

	2014	2013
	Shs	Shs
Conference fees	1,722,934	2,055,552
Total revenue from conference fees	1,722,934	2,055,552

6. Finance income - external investments

	2014	2013
	Shs	Shs
Investment in fixed deposit account	385,933	2,240,087
Total finance income – external investments	385,933	2,240,087

7. Other income- donor funds & sale of tender

	2014	2013
	Shs	Shs
Program for biosafety systems	0	4,812,226
Biosafety clearing house	0	76,500
Centre for Environmental Risk Assessment	973,236	0
Sale of tender & papers	0	828,400
Total other income	973,236	5,717,126

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8. Employee costs

	2014	2013
	Shs	Shs
Employee related costs - salaries and wages	30,256,422	27,491,999
Employee related costs - contributions to pensions and gratuity	6,067,150	3,880,574
Travel, motor car, accommodation, subsistence and other allowances	7,011,965	6,057,721
Housing benefits and allowances	29,646,072	31,310,957
Employee costs	72,981,609	68,741,251

Salaries and wages is inclusive of the salaries to the Director Finance and Administration and Director Technical Services of Ksh. 10,928,360.

9. Remuneration to the Board

	2014	2013
	Shs	Shs
Sitting & Lunch Allowance	4,913,960	7,247,750
Mileage	206,825	764,455
Accommodation	1,261,000	1,424,253
Honoraria	720,000	768,000
Domestic travelling	259,823	652,545
Foreign travelling	0	1,175,699
Training Expenses	2,259,680	1,161,679
Airtime	28,000	70,000
Insurance	151,557	0
CEO's Salary	8,473,356	7,525,403
Total remuneration to the Board	18,274,201	20,792,784

The remuneration for the Board is inclusive of the CEO's Salary of Ksh. 8,473,356

10. Depreciation expense

	2014	2013
	Shs	Shs
Property, plant and equipment	7,272,373	7,838,118
Total depreciation expense	7,272,373	7,838,118

11. Repairs and maintenance

	2014	2013
	Shs	Shs
Building	257,009	197,040
Computers	116,000	29,000
Furniture & Equipment	11,414	13,000
Vehicles	1,702,302	2,203,370
Other repairs	172,855	21,000
Total repairs and maintenance	2,259,580	2,463,410

12. Contracted services

	2014	2013
	Shs	Shs
Legal fees and arbitration	87,529	2,057,784
Cleaning Services	708,986	257,000
Professional services	1,553,035	910,000
Consultancy services	1,094,754	2,702,530
Refined fuel	1,309,134	1,414,065
Total contracted services	4,753,438	7,341,379

13. General expenses

The following are included in general expenses:

	2014	2013
	Shs	Shs
Advertising, shows, and Branding	2,686,326	2,587,903
Bank charges	238,267	432,759
Computer accessories	287,206	163,800
Cleaning materials	287,650	1,603,234
Conferences & seminars	5,660,649	7,360,941
Catering services	1,595,279	1,618,918
Education & library supplies	57,600	262,500
General office	2,630,778	2,252,488
Insurance	6,004,564	3,223,981
Internet	643,860	359,996
Postage	23,767	72,669
Printing and publishing	2,281,815	4,846,924
Reagents & other laboratory supplies	518,000	0
Rental	4,490,733	3,703,208
Stationary	59,422	0
Uniform & other clothing	715,130	48,198
Software	58,000	2,260,684
Telecommunication	2,892,949	3,962,699
Training	4,941,227	3,543,242
Total general expenses	36,073,221	38,304,144

The Authority will pay rent amounting to Ksh.3,300,000 for the next financial year. This is however subject to the finalization of the merger with KEPHIS.

14. Project Costs

	2014	2013
	Shs	Shs
Program for Biosafety System (PBS)	0	4,261,906
Biosafety Clearing House (BCH)	0	76,500
Total project costs	0	4,338,406

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15. Cash and cash equivalents

	2014	2013
	Shs	Shs
Bank	28,245,177	17,300,513
Cash-on-hand and in transit	0	1,781
Fixed deposit account	0	22,240,087
Total cash and cash equivalents	28,245,177	39,542,381

There were not financial instruments for the year.

16. Receivables from exchange transactions

	2014	2013
	Shs	Shs
Current receivables		
Accounts receivables	3,179,310	2,639,310
Salary receivables	4,505,018	3,436,526
Prepayment	0	99,369
Imprest	271,157	1,256,171
Total current receivables	7,955,485	7,431,376
Total receivables	7,955,485	7,431,376

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17. Property, plant and equipment

	Motor Vehicle	Furniture and Fittings	Computer and Other IT Equipments	Total
Cost	Shs	Shs	Shs	Shs
At 1 July 2012	18,201,325	18,313,488	3,907,772	40,422,585
Additions	0	2,014,735	2,489,180	4,503,914
At 30 June 2013	18,201,325	20,328,223	6,396,952	44,926,499
Additions	0	91,900	132,382	224,282
At 30 June 2014	18,201,325	20,420,123	6,529,334	45,150,782
Depreciation and impairment				
At 1 July 2012	7,280,530	2,179,936	2,309,436	11,769,901
Depreciation	3,640,265	2,264,516	1,933,337	7,838,118
At 30 June 2013	10,920,795	4,444,452	4,242,773	19,608,019
Depreciation	3,640,265	2,299,785	1,332,323	7,272,373
At 30 June 2014	14,561,060	6,744,237	5,575,096	26,880,392
Net book values				
At 30 June 2014	3,640,265	13,675,886	954,239	18,270,390
At 30 June 2013	7,280,530	15,883,771	2,154,179	25,318,480

18. Trade and other payables from exchange transactions

	2014	2013
	Shs	Shs
Trade payables	2,899,305	3,557,799
Total trade and other payables	2,899,305	3,557,799

19. Contract retention money

	2014	2013
	Shs	Shs
Retention money	988,675	988,675
Total deposits	988,675	988,675

20. Provision for audit

	2014	2013
	Shs	Shs
Balance at the beginning of the year	580,000	0
Additional provisions raised	580,000	580,000
Balance as at 30 June	1,160,000	580,000

21. Deferred income

	2014	2013
	Shs	Shs
Program for Biosafety Systems (PBS)	1,071,026	1,071,026
Biosafety Clearing House (BCH)	113,171	548,211
Total deferred income	1,184,197	1,619,237

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

2014

22. Pensions and other post-employment benefit plans

	2014	2013
	Shs	Shs
Top Management gratuity	9,162,640	5,123,972
Total employee benefit liability	<u>9,162,640</u>	<u>5,123,972</u>

23. Events after the reporting period

There are no material non-adjusting events after the reporting date.

There were no contingent liabilities in the year.

III. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS


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

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Interest on fixed deposit of Kshs. 2,240,087.	The certificate of balance from consolidated bank provided to the Auditor. A ledger has been opened to record all subsequent fixed transactions.	Accounting Officer	Not resolved.	Evidence already submitted to the Auditor General
2	Receivable of Kshs. 2,639,310 paid to the former Ag. CEO.	The Ministry of Education, Science and Technology has started remitting deductions from the affect party. The first instalment was received on 16 th May 2014 with reference: TECHNC/REC.	Accounting Officer	Not resolved.	Evidence already submitted to the Auditor General
3	Financial performance with regard to Kshs. 19,466,727 deficit.	The Authority will seek more funding from both the government and development partners.	Accounting Officer	Not resolved.	2015/2016 Budget Proposal

Guidance Notes:

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

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



Date..... 3 July 2014

Prof. Jenesio I. Kinyamario, PhD, OGW
 Chairman, Board of Management

Date..... 