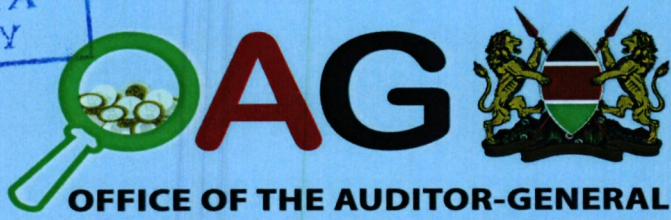




REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 15 MAR 2023

DAY.
Wednesday

REPORT

BY:	leader of the majority party
CLERK-AT THE-TABLE:	retoude debet

OF

THE AUDITOR-GENERAL

ON

**KENYA NUCLEAR REGULATORY
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2021**

44





KENYA NUCLEAR REGULATORY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30 JUNE 2021**

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

TABLE OF CONTENTS

1. KEY AUTHORITY INFORMATION AND MANAGEMENT	ii
2. BOARD OF MANAGEMENT	v
3. MANAGEMENT TEAM	xii
4. CHAIRMANS STATEMENT	xiv
5. REPORT BY THE DIRECTOR GENERAL OF KNRA	xv
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021	xvii
7. STATEMENT ON CORPORATE GOVERNANCE AND ETHICS	xix
8. STATEMENT OF BOARD MEMBERS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2021	xx
9. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF KNRA FOR THE YEAR ENDED 30TH JUNE 2021	xxi
10. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021 ...	1
11. STATEMENT OF FINANCIAL POSITIONAS AT 30 JUNE 2021	2
12. STATEMENT OF CHANGES IN NET ASSETSFOR THE YEAR ENDED 30 JUNE 2021	3
13. STATEMENT OF CASH FLOWSFOR THE PERIOD ENDED 30 JUNE 2021	4
14. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021	5
15. NOTES TO THE FINANCIAL STATEMENTS	6

1. KEY AUTHORITY INFORMATION AND MANAGEMENT

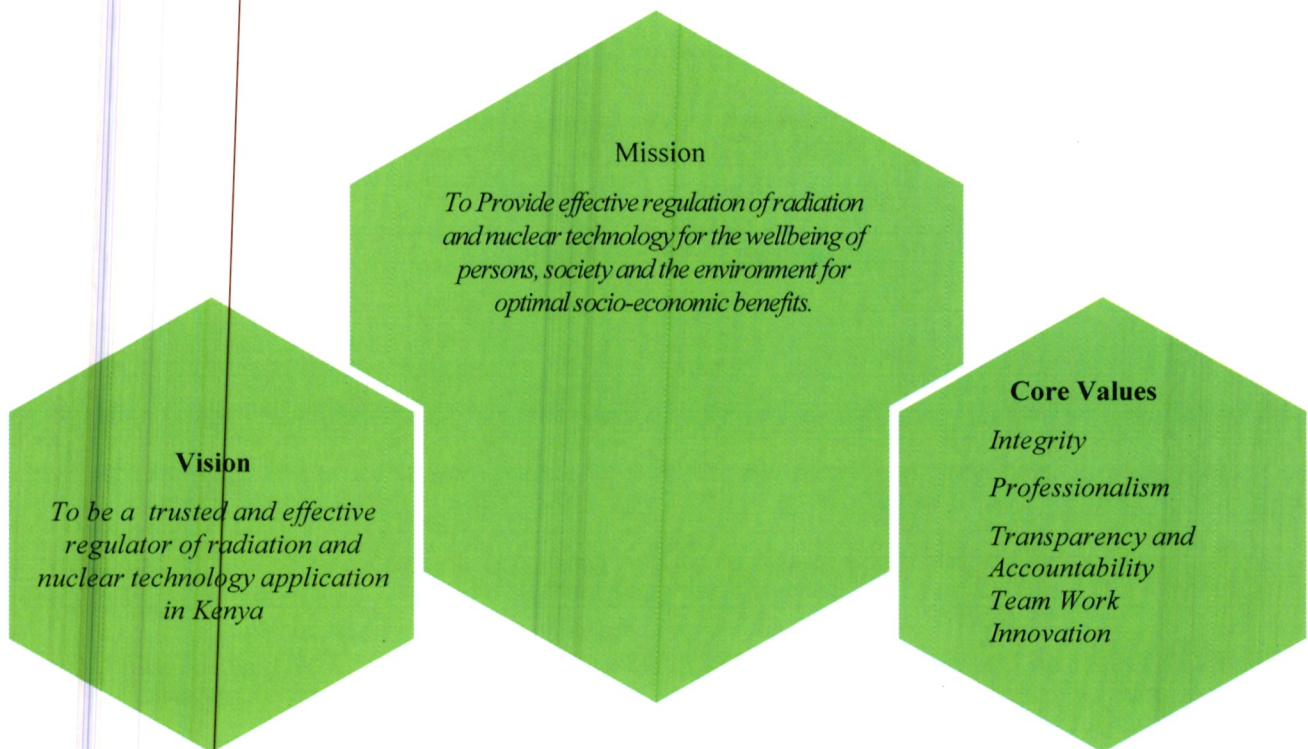
A) BACKGROUND

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Regulatory Authority (KNRA) is a State Corporation established by the Nuclear Regulatory Act, No.29 of 2019 (which repealed the then Radiation Protection Act Cap 243).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

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

B) PRINCIPAL ACTIVITIES

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



C. KEY MANAGEMENT

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

- i) Director Generals Office
- ii) Administration & Legal Division
- iii) Technical Division
- iv) Finance Division

D. FIDUCIARY MANAGEMENT

The key management personnel who held office during the financial period ending 30 June 2021 and who had direct fiduciary responsibility were:

S/No	Designation	Name	Functions
1.	Director General	Mr. Joseph Maina	He is the chief executive and therefore the technical and administrative head of the regulator with the overall responsibility for the organization and administration of institution's mandate.
2.	Director Finance	Mr. Anthony Nzau	He is the head of finance and Accounting function whose responsibility is to provide timely financial reports to the Accounting officer and Board directors.
3.	Procurement Officer	Mr. Nolasco Miriti	He is the head of the procurement department whose responsibility is to ensure the best practices of sourcing for goods and services are applied in order to ensure the authority meets its goals.

E. FIDUCIARY OVERSIGHT MANAGEMENT

1. Human Resource and Finance committee
2. Audit, Risk and compliance committee

F. PRINCIPAL PLACE OF BUSINESS

Kenya Nuclear Regulatory Authority, Upper Hill

P.O. Box 19841-00202, Nairobi

Other Regional Offices are located in Nairobi JKIA, Ngong, Mombasa, Eldoret, and Kisumu.

G. KNRA CONTACTS

Kenya Nuclear Regulatory Authority

P.O. Box 19841-00202, Nairobi

Tel: +254 769 545 288

Email: info@knra.co.ke

Website: <https://knra.co.ke>

H. KNRA BANKERS

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

I. INDEPENDENT AUDITORS

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

J. PRINCIPAL LEGAL ADVISOR

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

2. BOARD OF MANAGEMENT

The Board of Directors

S/NO	NAME	Title/Representing	Date of Appointment	Expiry of Appointment
1	Prof. Erastus Gatebe	Board Chairperson	8 th February 2019	7 th February 2022
2	Dr. David Otwoma	DG NACOSTI-Rep	31 st May 2019	30 th May 2022
3	Prof. Dickson M. Andala	Independent Member	31 st May 2019	30 th May 2022
4	Dr. Margaret Nafula Makelo	PS Agriculture- Rep	16 th November, 2020	15 th November, 2022
5	Mr. Eliud Kipkoech Lagat	PS Interior- Rep	31 st May 2019	30 th May 2022
6	Eng. Albert Bichage Atambo	PS Treasury-Rep.	31 st May 2019	30 th May 2022
7	Eng. Wilmoth Mokuia Onyiego	DG NIS- Rep.	31 st May 2019	30 th May 2022
8	Col. Charity W. Njuguna	PS Defence- Rep	31 st May 2020	30 th May 2023
9	Dr. Laban M. Thiga	PS MoH Rep.	31 st May 2019	30 th May 2022
10	Irene Karanja	Director DOSHS-Alternate	31 st May 2019	30 th May 2022
11	Mr. Julius Kirima	PS Trade Rep.	16 th May 2019	15 th May, 2022
12	Amb. Samuel Gitonga	PS MFA -Rep.	31 st May 2019	30 th May 2022
13	Vainadu Titus Zakayo Ingana	PS MoE Rep.	17 th June, 2020	16 th May 2023
14	Dr. Margaret Mwonjoria Ngayu	Independent Member	31 st May 2019	30 th May 2022

THE BOARD OF DIRECTORS



Board Chairman

Name: Prof. Erastus Gatebe

DOB: 04/04/1972

Qualifications: **PhD. In Chemistry: Nanotechnology Systems**

MSc. Chemistry and Biochemistry

BEd Science

Experience: Prof. Erastus Gatebe (PhD) is an Environmental Chemist with over 15 years extensive experience in Research, Teaching and Policy. He is a Registered Lead consultant with National Environmental Management Authority. He also chairs the Multiagency Committee on Nuclear Security Coordination Committee (NSCC) as well as Strategic Goods Control Task Force drafting the SGC Bill on dual use goods aimed at domesticating UNSCR 1540. He is also the Chief Research Scientist at Kenya Industrial Research and Development Institute



Board Secretary

Name: Mr. Joseph A W Maina

DOB: 18/11/1962

Qualifications: **MSc. Nuclear Science**

Experience: Mr. Maina has headed various departments within the Board: Inspections and Authorization, Nuclear Security, Radioactive Waste Management, Policy and Legislation. As a trained and Gazetted public prosecutor, he also headed Compliance and Enforcement. He was appointed Secretary and Chief Executive Officer of then Radiation Protection Board. At the same time, he was also appointed Head of Secretariat of the European Union – Chemical, Biological, Radiological and Nuclear Risk Mitigation Centre of Excellence (EU CBRN CoE) – coordinating eleven partner countries in the Eastern and Central Africa Region. Upon commencement of the Nuclear Regulatory Act (No.29 of 2019) in January 2020, he became Director General of the Kenya Nuclear Regulatory Authority.



Member

Name: Amb. Samuel Gitonga

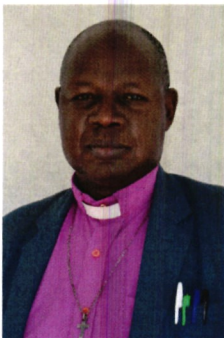
DOB: 24/07/1960

Qualifications: Bachelor of Arts;

PG Dip. International Relations

Masters in Business Education

Experience: He has over 30 years' experience in the Civil Service. Since joining he served as Third Secretary, Kenya Mission to UNEP, in the Provincial Administration as a District Officer in 7 Districts in Western, Eastern and North Eastern Provinces, as DO Special Duties in Nakuru District; as Ag. District Commissioner, Kitui, and Senior Assistant Secretary in the Ministries of Water Resources & Environment. From 2001, he served as First Secretary in the Ministry of Foreign Affairs. He was also the first Head of the ICT Division in the Ministry.



Member

Name: Vainadu Titus Zakayo Ingana

DOB: 27/09/1966

Qualifications: BSc, MSc. Ed

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



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

Name: Dr. Margaret Mwonjoria Ngayu

DOB: 17/07/1964

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



Member

Name: Irene Karanja

DOB: 15/03/1972

**Qualifications: MSc. Occupational Safety and Health;
BSc. Chemistry**

Experience: Specialist in Occupational Safety and Health (OSH) at Directorate of Occupational Safety and Health Services. She has an experience in the field of OSH for 27 years having started as an enforcement officer and risen through the ranks to the current position of the Director of Occupational Safety and Health Services.



Member

Name: Mr. Eliud Kipkoech Lagat

DOB: 14/09/1972

Qualifications: Bachelor of Technology Automotive Engineering

Experience: Mr. Lagat is Director for Reforms at the Directorate of Criminal Investigation (DCI) and a Commissioner of Police. He was awarded the Distinguished and Outstanding Service Award – Head of State Commendation (HSC) in 2018. He worked at the DCI in various capacities including multi-agency undercover operations, counterterrorism, forensic investigations and bomb disposal. He also trained and participated in various radiation safety and nuclear security activities as a member of the Board.



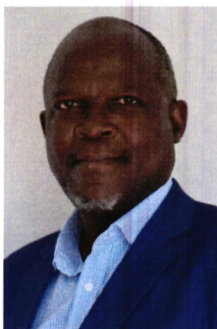
Member

Name: Dr. Margaret Nafula Makelo

DOB: 06/05/1965

Qualifications: PhD In Plant Breeding

Experience: Director of Knowledge Management, Technology Transfer and Capacity Building in the State Department for Crops Development and Agricultural Research, Ministry of Agriculture. Member of the National Technical Advisory Committee of the National Agricultural and Rural Inclusive Project (NARIGP). Alternate Director on the Kenya Animal Genetic Resources Centre Board.



Member

Name: Dr. David Otwoma

DOB: 19/12/1963

Qualifications: BSc Physics

MSc Nuclear Science

PhD In Physics

Experience: Dr. David Otwoma is the immediate former Chairman of the Eastern Africa Association for Radiation Protection. Currently he is the Chief Analyst at the National Commission for Science, Technology and Innovation. He was Secretary (Nuclear) in the Ministry of Energy and Petroleum seconded to the Nuclear Electricity Project (2011-2013), he served as the Chief Science Secretary at the National Council for Science and Technology (2007-2011) and was a Nuclear Safeguards Inspector at the International Atomic Energy Agency (IAEA) in Vienna Austria (1999-2006). 1988-1998 he was Senior Radiation Protection Officer at the Radiation Protection Board from 1988.



Member

Name: Eng Albert Bichage Atambo

DOB: 10/03/1975

Qualifications: Degree in Electrical & Communication Engineering;

PG Cert Applied Radiation Protection

Experience: Eng. Atambo has more than 15 years' experience in managing radiation Emitting Equipment including X-ray Cargo Scanners and Radiation Detection Equipment including Radiation Portal Monitors at Points of Entry gained while working as an engineer at Kenya Revenue Authority.



Member

Name: Dr. Laban M. Thiga

DOB: 14/05/1974

**Qualifications: Master of Medicine in Diagnostic Imaging & Radiation Medicine
(Mmed Radiology);**

Bachelor of Medicine and Bachelor of Surgery (MBChB)

Experience: Dr. Thiga has practiced as a general physician in various public hospitals before undergoing further specialized residency training in Diagnostic Imaging and Radiation Medicine at the University of Nairobi. He has practiced as a consultant Radiologist and a non-tenured medical imaging instructor in a regional hospital, before eventually taking up a policy and technical advisory position at the Ministry of Health (MoH) Headquarters.



Member/Chairperson-Licensing and Technical Advisory Committee (LTAC)

Name: Julius Kirima

DOB: 20/11/1962

Qualifications: BSc In Chemistry & Mathematics;

Master of Science in Entrepreneurship;

Pursuing PhD in Entrepreneurship

Experience: Director of Industries, Chemical & Mineral Industries Directorate & Technical Advisor to the Principal Secretary, State Department for Industrialization, Ministry of Industrialization, Trade and Enterprise Development. Chaired the Technical Committee which drafted the Anti- Counterfeit Bill 2008 and 1stAg. Executive Director of the Agency.



Member/Chairperson-Legal, Policy and Strategy Committee (LPSC)

Name: Col. Charity W. Njuguna

DOB: 12/04/1976

**Qualifications: Bachelors' Degree in Law;
Masters in Law
Masters in International Conflict Management**

Experience: Col. Charity Njuguna currently works at the ministry of defence. She brings to KNRA extensive and solid understanding of the inter - linkages between legal, policy and security issues with a proven ability providing strategic legal advice and legal solutions to institutional/organizational/national challenges. Extensive knowledge of Public International law including an international stint of 3 years at the United Nations Secretariat in New York.



Member/ Chairperson-Audit, Risk and Compliance Committee (ARCC)

Name: Prof. Dickson M. Andala

DOB: 02/04/1979

Qualifications: BSc, MSc, & PhD in Chemistry

Experience: Prof. Dickson Andala currently holds over 15 years' experience in teaching Chemistry, Materials and Nanotechnology research as well as management at higher institutions of learning in Kenya and USA. He is a member of Kenya National Academy of Sciences (KNAS), Materials Research Society of Kenya (MRSK), Kenya Chemical Society (KCS), East African Association for Radiation Protection (EAARP) and Affiliate of African Academy of Sciences (AAS). He is also a board member of the African Materials Research Society (AMRS).

3. MANAGEMENT TEAM

Detailed Information



Director General

Name: Mr. Joseph A W Maina

Qualifications: MSc Nuclear Science



Ass. Director Finance & Accounts

Name: Anthony Nzau

Qualification: MSc-Supply Chain Management

B. Com-Accounting Option

CPA



JKIA Office Regional Manager

Name: Edward Mayaka

Qualification: Bsc, Msc-Geographic Information System



Eldoret Office Regional Manager

Name: Nickson Kerwa

Qualification: Bsc.Chemistry, PGC- Radiation Protection



Kisumu Office Regional Manager

Name: Michael Atogo

Qualification: Bsc, Msc-Nuclear Engineering

4. CHAIRMANS STATEMENT

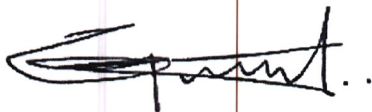
I hereby present the Annual Report and Accounts for Kenya Nuclear Regulatory Authority (KNRA) for the year ended 30 June 2021. In the year under review, KNRA provided technical and scientific services and expertise in radioactive waste management; nuclear security; threat assessment, radiological or nuclear emergency preparedness, response coordination, and mitigation; radioactivity (radio-contamination) analysis and nuclear forensics to Government Ministries, Departments, Agencies and private entities. These are services and expertise that are not provided by any other institution in the country, yet they are critical for purposes of public safety and national security.

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

- i. International Atomic Energy Agency
- ii. Forum for Nuclear Regulatory Bodies in Africa
- iii. UN Security Council Resolution 1540
- iv. UN Scientific Committee on the Effects of Atomic Radiation
- v. The Treaty on Non-proliferation of Nuclear Weapons, among others.

Challenges

The Authority continues to face acute financial and human resource constraints. This is attributable to the increase in regulatory scope and the programs and activities arising therefrom. The Authority has, however, made efforts towards increasing AIA collection through the provision of essential services towards addressing the shortage of funds. The Authority has further finalized the Operational Instruments, drafted implementing regulations, is finalizing its five-year Strategic Plan, and has requested enhanced funding to enable it to fully and effectively operationalize.



PROF. ERASTUS GATEBE, Ph.D.

5. REPORT BY THE DIRECTOR GENERAL OF KNRA

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

The Nuclear Regulatory Act, 2019 repealed the then Radiation Protection Act, Cap.243 Laws of Kenya and transitioned Board members of the former Radiation Protection Board to be Board members of Kenya Nuclear Regulatory Authority for the remainder of their unexpired term. Term of the Chairman was to expire on 8th February 2022 while that of independent members was expiring on 30th May 2022.

Therefore, KNRA is the successor to the former Radiation Protection Board and the line Ministry remains the Ministry of Health.

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

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

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

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

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

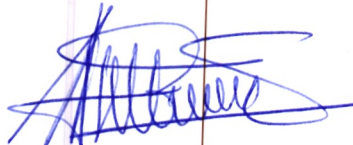
A robust, effective and efficient national regulatory system is therefore a level enabler and an active incentive for investment in the peaceful application of radiation– and nuclear–based technology in all national social-economic sectors.

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

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

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

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



J A W Maina
DIRECTOR GENERAL

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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

In the year under review, the Authority made significant strides in developing regulations for the operationalization of the Nuclear Regulatory Act (2019).

The under-listed draft Regulations are being drafted and will be subjected to public participation in the next financial year; Security of Nuclear Material & Associated Facilities Regulations, Foodstuffs Regulations, Radioactive Waste Management Regulations⁴). Radioactive Consumer Products Regulations, Emergency Preparedness & Response Regulations, Ionizing Radiation Safety Regulations, Physical Protection of Radioactive Material Regulations, and Non-Ionizing Radiation Safety Regulations.

The Authority was also able to increase the number of inspections in the various facilities in the country, but due to covid related challenges, the actual targets realized were below the target objective. The Authority was able to purchase one off-road vehicle to facilitate the officers carrying out the inspection of the various facilities, which really boosted the efficiency and effectiveness of the said activity.

The Authority was also able to facilitate the training of the radiation protection officers in the financial year under review. Most of the training was conducted within the country as a result of the covid related travel restrictions. Find below-attached table indicating the achievement attained in more detail;

Key Output	Key Performance Indicators	Target 2020/21	Actual 2020/2021	Remarks
Nuclear safety and security regulations standards and guidelines developed	No. of nuclear safety and security regulations standards and guidelines	2	9	Target surpassed and respective draft framework put for validation
Law enforcement officers trained in nuclear safety and security	Number of law enforcement officers trained in nuclear safety and security	300	178	Target was not attained due to Covid Related challenges.
Facilities inspected and licensed annually	Proportion of facilities inspected and licensed annually	80 %	60 %	Target was not attained due to Covid Related challenges affecting travelling.

7. STATEMENT ON CORPORATE GOVERNANCE AND ETHICS

OVERVIEW

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

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

Conflict of Interest, Code of Conduct & Ethics

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

Risk Management

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

Compliance with Statutory Requirements

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

8. STATEMENT OF BOARD MEMBERS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2021

Kenya Nuclear Regulatory Authority is required to prepare statements which give a true and fair view of the state of affairs of the regulator at the end of the financial year and of its surplus or deficit for that year. The Board is required to ensure that the regulator maintains proper accounting records which disclose with reasonable accuracy the financial position of the regulator. Board is also responsible for safeguarding the assets of the authority.

Board accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates consistent with previous years and in conformity with International Public Sector Accounting Standards. Board is of the opinion that financial statements give a true and fair view of the state of financial affairs of the regulator as at 30 June 2021.

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

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

Approval of the financial statements

The financial statements were approved by the Board on 03/09/ 2021 and signed on its behalf by:

Signature



Name: Prof. Erastus Gatebe
Chairperson of the Board/Council

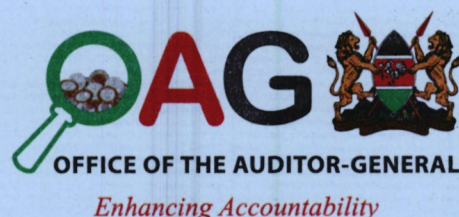
Signature



Name: Mr. Joseph Maina
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA NUCLEAR REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Nuclear Regulatory Authority set out on pages 1 to 19, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Nuclear Regulatory Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Nuclear Regulatory Act, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Cash and Bank Balances

The statement of financial position reflects cash and bank balances of Kshs.16,059,151 as disclosed in Note 10 to the financial statements. However, the balance omits an amount of Kshs.14,806,949 that was held in the former Radiation Protection Board bank accounts in Kisumu, Eldoret, Mombasa and Jomo Kenyatta International Airport branches.

Consequently, the accuracy and completeness of cash and bank balances of Kshs.16,059,151 could not be confirmed.

2. Inaccurate Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.634,974,334. As disclosed in Note 12 to the financial statements, the amount includes land valued at Kshs.45,000,000 measuring approximately 0.0536 hectares situated at a Nairobi hospital which is registered under the Authority's name. However, the land ownership document (title deed) was not provided for audit and Management explained that the title deed was in the possession of the Ministry of Lands since 2014.

Consequently, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.634,974,334 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects an expenses budget of Kshs.142,550,200 while actual expenditure amounted to Kshs.84,248,496 resulting to an under absorption of Kshs.58,301,704 or 41% of the budget.

In the circumstances, the under absorption affected the planned activities and may have impacted negatively on service delivery to the stakeholders.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Governance

The Kenya Nuclear Regulatory Authority is established by the Nuclear Regulatory Act, 2019 (which repealed the then Radiation Protection Act Cap 243) to have a comprehensive framework for the regulation of safe, secure and peaceful utilization of atomic energy and nuclear technology, the production and use of radiation sources, the management of radioactive waste and protection of people and the environment against the hazards associated with the use of radiation sources, nuclear materials, associated technologies and facilities. However, the Authority is not fully operational as indicated below:

No	Observation	Law Breached	Risk
1	Lack of a Strategic Plan, Operational Plans, Organizational Structure	Section 68(2)(g) of the Public Finance Management Act, 2012 (g) which requires Accounting Officers of a National Government entity to prepare a Strategic Plan for the entity in conformity with the medium-term fiscal framework and fiscal policy objectives of the National Government.	Failure to ensure that policies, practices and strategic plans of the Organization Are aligned with Government Directives, National Policies and National Development Goals, including the Kenya Vision 2030.
2	Lack of an Audit Committee	The Public Finance Management Act, 2012 Section 73(5) which states that	Lack of support for the accounting officers in regards to issues on risk,

No	Observation	Law Breached	Risk
		every National Government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.	control, governance and responsibility over the management of risk, controls and governance processes
3	Lack of Internal Audit Department	The Public Audit Act, 2015 Section 33 Part 2 states that The Auditor-General shall have unhindered access to all internal audit reports of a state organ or any public entity, under Subsection (1) above, which is subject to audit by the Auditor-General.	Lack of knowledge of the effectiveness of internal controls of an entity and where improvements must be done thus exposing it to risks.
4	Lack of risk management policies	Public Finance Management Regulations, 2015 Regulation 165 – Part (1) states that the Accounting Officer shall ensure that the National Government develops a) risk management strategies which include fraud prevention mechanism and b) a system of risk management and internal controls that builds robust business operations.	May give room for fraud as there are no policies in place to manage the risks.
5	Failure to carry out risk assessment	The Mwongozo Code Chapter 3.2 sub-Chapter (1)(l).	Failure to ensure that there is an effective risk-based internal audit system.
6	Failure to have ICT Policy	The Mwongozo Code Chapter 3.6 sub-Chapter (1).	Failure to identify and manage ICT related risks
7	Failure to adhere to Mwongozo on appointment of Board of Directors	Mwongozo on appointment, composition and size of Board of Directors require the Board Membership of all State Corporations to be between seven (7) and nine (9) members.	Excess expenditure on Board expenses

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Handover and Takeover Reports

The Kenya Nuclear Regulatory Authority is established by the Nuclear Regulatory Act, 2019 (which repealed the then Radiation Protection Act Cap 243) and took over operations of the former Radiation Protection Board. However, there was no evidence of formal transfer of the assets and liabilities from the Board to the Authority as required by Regulation 141 of the Public Finance Management (National Government) Regulations, 2015 which states that when assets or liabilities of a Government entity are transferred to another Government entity or other institution in terms of legislation or following a reorganization of Government functions, both the Accounting Officer for the transferring national government entity and the Accounting Officer for the receiving national government entity or other institution shall sign the inventory when the transfer takes place. The Accounting Officer for the transferring National Government entity shall file a copy of the signed inventory with The National Treasury and the Auditor-General within two weeks of the transfer

In the circumstances, the ownership and completeness of assets and liabilities inherited from the Board could not be confirmed.

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

Responsibilities of Management and Board of Management

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

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

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

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

The Board of Management is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Authority 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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 July, 2022

**10. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR
ENDED 30 JUNE 2021**


REVENUE	NOTE	2020/2021 KSHS
Revenue from Non-Exchange Transactions		
Government Recurrent Grants	1	119,579,602
Revenue from Exchange Transactions		
Levies	2	16,379,629
Total Revenue		<u><u>135,959,231</u></u>
 EXPENDITURE		
General Expenses	3	33,473,843
Use of Good & services	4	19,763,281
Repair and Maintenance	6	2,756,603
Contracted Services	7	21,009,294
Board Expenses	5	7,245,475
		<u><u>84,248,496</u></u>
Surplus/(Deficit) for the year		<u><u>51,710,735</u></u>

The Financial Statements set out on pages 1 to 19 were signed on behalf of the Board of Directors by:

Accounting Officer

Name: Mr. Joseph Maina

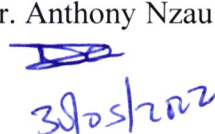
Date



Head of Finance

Name: Mr. Anthony Nzau

Date

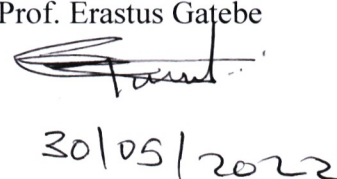


30/05/2022

Chairman of the Board

Name: Prof. Erastus Gatebe

Date

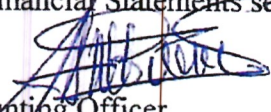


30/05/2022

11. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	<u>NOTE</u>	<u>2020/ 2021</u> KSHS
ASSETS		
CURRENT ASSETS		
Inventories	8	1,679,700
Trade and Other Receivables	9	37,777,480
Cash and bank balances	10	16,059,151
		<u>55,516,331</u>
NON CURRENT ASSETS		
Property, Plant and Equipment	12	634,974,334
Biological Assets		-
		<u>634,974,334</u>
TOTAL ASSETS		<u><u>690,490,665</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and Other Payables	11	3,805,596
		<u>3,805,596</u>
NON-CURRENT LIABILITIES		
TOTAL LIABILITIES		<u>3,805,596</u>
NET ASSETS		
Capital Fund		634,974,334
Accumulated Surplus		51,710,735
		<u>686,685,069</u>
TOTAL NET ASSETS AND LIABILITIES		<u><u>690,490,665</u></u>
TOTAL FUNDS AND LIABILITIES		<u><u>690,490,665</u></u>

The Financial Statements set out on pages 1 to 19 were signed on behalf of the Board of Directors by:



Accounting Officer

Name: Mr. Joseph Maina

Date 30/05/2022

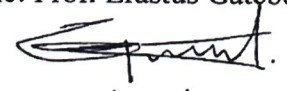
Head of Finance

Name: Mr. Anthony Nzau


Date 30/05/2022

Chairman of the Board

Name: Prof. Erastus Gatebe


Date 30/05/2022


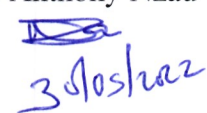

12. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Capital Fund KSHS	Revaluation Reserve KSHS	Accumulated Surplus KSHS	TOTAL KSHS
As at 30th June 2020	-	-	-	-
Additions in the Year	634,974,334	-	-	634,974,334
Surplus for the Year	-	-	51,710,735	51,710,735
As at 30th June 2021	634,974,334	-	51,710,735	686,685,069

**13. STATEMENT OF CASH FLOWS FOR THE PERIOD
ENDED 30 JUNE 2021**

	Notes	<u>2020-2021</u> KSHS.
<u>Cash flows From Operating Activities</u>		
Receipts		
Government Recurrent Grants	1	119,579,602
Levies	2	16,379,629
Total Receipts		135,959,231
Payments		
General expenses	3	33,473,843
Use of Good & services	4	19,763,281
Repair and Maintenance	6	2,756,603
Contracted Services	7	21,009,294
Board Expenses	5	7,245,475
Total Payments		84,248,496
Net cash generated from Operating Activities		51,710,735
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net cash used in Investing Activities		-
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Capital Fund		-
Net cash flow from financing Activities		-
Net Increase (Decrease) in cash and cash equivalents		51,710,735
Cash and cash equivalents at beginning of year 1 July 2020		-
Cash and cash equivalents at end of Period June 30, 2021		16,059,151

The Financial Statements set out on pages 1 to 19 were signed on behalf of the Board of Directors by:

Accounting Officer	Head of Finance	Chairman of the Board
Name: Mr. Joseph Maina	Name: Mr. Anthony Nzau	Name: Prof. Erastus Gatebe
Date	Date	Date
		
	30/06/2022	30/06/2022

14. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL	PERFORMANCE	%age	Note
Revenue	<u>2020/2021</u>	<u>2020/2021</u>	<u>2020/2021</u>	<u>2020/2021</u>	<u>2020/2021</u>		
	KSHS	KSHS	KSHS	KSHS	KSHS		
Government Grant – Recurrent	119,579,604	-	119,579,604	119,579,602	-	0%	
levies	25,970,500	-	25,970,500	16,379,629	9,590,871	37%	a
Total Income	145,550,104	-	145,550,104	135,959,231	9,590,873	7%	
Expenses							
General Expenses	69,410,200	-	69,410,200	33,473,843	35,936,357	52%	
Use of Good & services	38,250,000	-	38,250,000	19,763,281	18,486,719	48%	b
Repair and Maintenance	2,470,000	-	2,470,000	2,756,603	(286,603)	-12%	c
Contracted Services	24,780,000	-	24,780,000	21,009,294	3,770,706	15%	
Board Expenses	7,640,000	-	7,640,000	7,245,475	394,525	5%	d
Total Expenses	142,550,200	-	142,550,200	84,248,496	58,301,704		
Surplus for the year	2,999,904		2,999,904	51,710,735			

Notes

- a) Levies variance resulted from covid related challenges
- b) Variance resulted from delay in government grant for the 4th quarter
- c) Variance resulted from delay in government grant for the 4th quarter
- d) Variance resulted from delay in government grant for the 4th quarter

15. NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

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

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

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

1.1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Kenya Nuclear Regulatory Authority (KENRA) financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) accrual basis. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of KENRA. The accounting policies have been applied as per IPSAS in the year under review.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.2 ADOPTION OF NEW AND REVISED STANDARDS

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The regulator has not adopted it yet.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows. <p>The Regulator has not adopted it yet.</p>

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The Regulator has not adopted it yet.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

Kenya Nuclear Regulatory Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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 KNRA.

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 KNRA. As a result of the adoption of the accrual basis for budgeting purposes, there is no basis, timing or organization's 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) Investment property – IPSAS 16

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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.

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, KNRA recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

e) Research and development costs

All research costs are expensed as incurred.

Development costs are capitalized only after technical and commercial feasibility of the resulting product or service have been established.

f) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

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

g) Impairment of financial assets

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

Evidence of impairment may include the following indicators:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

h) Financial instruments

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. KNRA 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.

i) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. 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 KNRA.

j) Provisions – IPSAS 19

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

KNRA creates and maintains reserves in terms of specific requirements as follows

- i) Capital Reserve – this is used to record contribution made by government in form of development grants transfers
- ii) Revaluation Reserve – this is used to indicate the re-valued amounts on the plant property and equipment, and any other adjustments on the same.

l) Changes in accounting policies and estimates – IPSAS 3

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

n) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising

from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs – IPSAS 5

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.

p) Related Party Disclosures – IPSAS 20

The regulator 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 regulator, or vice versa. The National Government and Members of Council are regarded as related parties in preparation of these financial statements. National Government transactions have been disclosed under revenue from non- exchange transactions - while Members of board have been disclosed under board expenses in the statement of financial performance.

q) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

r) Comparative figures

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

1. GOVERNMENT GRANT	KSHs
Recurrent Grant	89,684,702.00
Recurrent Grant Receivable	<u>29,894,900.00</u>
	<u>119,579,602.00</u>
2. LEVIES	
RSA Verification fees	803,900.00
Radiation Fees	69,675.00
Personal Monitoring Fees	68,300.00
Annual Licence Renewal Fee	6,017,951.00
Registration and Annual Licence Fee	515,871.00
Cost, insurance, and freight (CIF) Fees	5,546,542.00
Screening & Radio Analytical fees	3,239,000.00
Other Levies	<u>118,390.00</u>
	<u>16,379,629.00</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. GENERAL EXPENSES

Bank Charges	79,132
Travelling & Accommodation	13,566,330
Cleaning Expenses	1,413,800
Conferences & Seminars	2,923,460
Stationery & Stores	6,340,353
Advertising & publicity	382,115
Telephone Expenses	700,000
Motor Vehicle Expenses	389,100
Entertainment	1,812,000
Internet Expenses	2,137,345
Electricity Expenses	61,995
Casual wages	830,668
Regional offices Cost	1,550,000
Training & research cost	149,800
Rent & Water	213,045
Personal Emolument	653,446
Insurance	271,255
	<u>33,473,843</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Use of goods and services

Inspection & Field Cost	13,469,281
Lab & Consumables	<u>6,294,000</u>
	<u>19,763,281</u>

5. Board Expenses

Chairman Honoraria	606,000.00
Sitting Allowances	4,120,000.00
Travel & Accommodation	2,184,000.00
Other Expenses	<u>335,475.00</u>

Total **7,245,475.00**

6. Repair and Maintenance

Property	2,706,638
Others	<u>49,965</u>

Total **2,756,603**

7. Contracted Professional Services

Outsourced Services-Cleaning	3,356,250.00
Outsourced Services-Fumigation	2,200,000.00
Outsourced services-Decontamination	2,980,000.00
Service Level Agreement-Machinery	5,450,000.00
Property Valuation	<u>7,023,044.00</u>

Total **21,009,294.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INVENTORIES **1,679,700**

9. TRADE & RECEIVABLES

Capitation 29,894,900

Other receivables 7,882,580

37,777,480

10. CASH & BANK

Coop Bank 15,630,039

KCB 429,113

16,059,151

11. TRADE PAYABLES **3,805,596.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 12	PROPERTY, PLANT AND EQUIPMENT							
	WORK IN	LAND	BUILDINGS	COMPUTER	FURNITURE	PLANT &	MOTOR	TOTAL
	PROGRESS			& EQUIPMENT	& FITTINGS	MACHINERY	VEHICLES	
Rates			0.02	0.3	0.1	0.1	0.2	
Cost/valuation 30.06.2021	-	45,000,000	12,000,000	25,473,008	8,369,011	532,232,314	11,900,000	634,974,334
Additions in the year								
As at 01.07.2021		45,000,000	12,000,000	25,473,008	8,369,011	532,232,314	11,900,000	634,974,334
Depreciation			-	-	-	-	-	
Charge for the period 30.06.2021			-					
Accumulated as at 30.06.2021			-	-	-	-	-	
NBV(30.06.2021)	-	45,000,000	12,000,000	25,473,008	8,369,011	532,232,314	11,900,000	634,974,334

Note 13. Cash & Bank Held at Radiation Protection Board Accounts

Kenya Nuclear Regulatory Authority took over operations of the former Radiation Protection Board. The Radiation Protection Board operated bank accounts in Kisumu, Eldoret, Mombasa, and Jomo Kenyatta International Airport which had the following balances at the time of take over.

No	Location	Bank	Account Number	Amount (Kshs)
1	Kisumu	Kenya Commercial Bank	1184150656	286,926
2	Eldoret	Kenya Commercial Bank	1200819454	Nil Balance
3	Mombasa	Kenya Commercial Bank	1226231519	7,097,397
4	Jomo Kenyatta International Airport	Cooperative Bank of Kenya	1141265652301	7,422,626
	Total			14,806,949

