

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

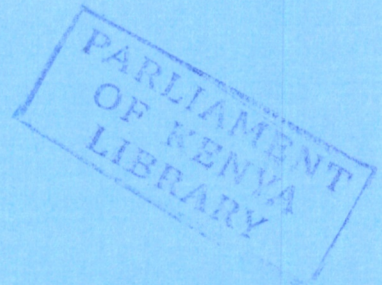
**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 14 JUL 2019 DAY: Thursday

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**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL BIOSAFETY AUTHORITY**

**FOR THE YEAR  
ENDED 30 JUNE 2018**



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# **NATIONAL BIOSAFETY AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018**

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**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**

**2018**

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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 Ministry of Education, Science and Technology as per the Biosafety Act No. 2 of 2009, and Ministry of Agriculture, Livestock and Fisheries as provided for in the Executive Order No. 2 of 2013. The day to day Management of the Authority is carried out by a Management Team headed by the Chief Executive Officer.

**(b) Principal Activities**

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

**(c) Key Management**

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

- Chief Executive Officer as the head of the Authority and the Accounting Officer assisted by three 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.
- Director; Legal Services heads the Directorate of Legal services and supports the Chief Executive on all matters regarding legal affairs.

**(d) Fiduciary Management**

The key Management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility are:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer (Former)	Dr Willy K. Tonui
2.	Director, Technical Services (CEO from May 2018)	Prof. Dorington O. Ogoyi
3.	Director, Finance & Administration	Florence Biryra
4.	Corporation Secretary	Margaret Njuguna
5.	Acting Director, Technical Services	Prof. Theophilus Mutui

**(e) Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements includes:-

- The Board of Directors.  
The Board 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  
The Office of Auditor General reviews the Financial Statements of the Authority and renders an opinion on the state of affairs. In addition, he reviews the internal controls through systems audit and advice on the adequacy of the internal control systems in place.
- Parliamentary Committees:
  - Public Investment Committee - reviews the Auditor General's reports and seeks further explanations from Management on any adverse reports with recommendations to Parliament for adoption and action by the Executive.
  - Education, Science and Technology Committee – Interrogates the performance of the Authority on matters of Science and Technology.
  - Agricultural Committee – Interested on role of the Authority in agricultural biotechnology regulation and provision of budgetary resources to support the Authority.
  - Health Committee - Interested on role of the Authority in promoting public health through biosafety regulations on the safety of GMOs.
- Development Partners  
They 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  
Pest Control and Products Board Building  
Loresho - Off Waiyaki Way  
Nairobi, KENYA

**(g) Authority's Contacts**

Telephone: (254) 202678667  
E-mail: [ceo@biosafetykenya.go.ke](mailto:ceo@biosafetykenya.go.ke)  
Website: [www.biosafetykenya.go.ke](http://www.biosafetykenya.go.ke)

**(j) Authority's Bankers**

Kenya Commercial Bank  
Kipande House Branch  
Kenyatta Avenue  
Nairobi, KENYA

**(h) Independent Auditors**

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



**(i) Principal Legal Adviser**



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

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**II. THE BOARD OF DIRECTORS**

1. Director's passport-size photo and name, and key profession/academic qualifications	A description of Director's date of birth, key qualifications and work experience
 <p><b>Mr. Abdalla Hemed Mwaruwa, MBS</b>  <b>For Chairman, Board of Directors</b></p>	<p>DOB: 27/11/1952</p> <p>Mr. Abdalla Mwaruwa holds a MSc. degree in Social Statistics at the Southampton University, (UK). He worked in various departments within East African Harbours Corporation/Kenya Ports Authority from January 1973 up to June 1996, and left at the level of Assistant Statistical Officer in the Corporate Development Department. He then joined Kenya Revenue Authority from June 1996 and worked in various Departments at different levels up to January 2006 when he was appointed Chief Executive Officer of Kenya Ports Authority on secondment. At the time of his departure from Kenya Revenue Authority, he had achieved the rank of Senior Assistant Commissioner Research and Planning attached to Customs Services Department. He served as Chief Executive Officer of Kenya Ports Authority for one three year term and later retired from Kenya Revenue Authority in November 2007 at the mandatory retirement age of 55 years.</p> <p>Appointed 02.10.2015</p>
 <p><b>Dr. Joy Wanjiru Kiano</b>  <b>Board Member</b></p>	<p>DOB: 29/09/1967</p> <p>Dr Joy Kiano is a published research biochemist and molecular biologist specialised in the genetic manipulation of plants and microorganisms. She has a PhD from the University of London on gene cloning and expression of transgenic and non-transgenic tomato fruits. She has worked as a post-doctoral research assistant with the EU Framework V programme on the production of fungal carotenoids for healthy nutrition, investigating the histology, biochemistry and molecular biology of transgenic bacteria and fungi.</p> <p>Dr. Kiano also holds a master's level</p>

	<p>postgraduate certificate of education in science from the University of Oxford, a Diploma in Biotechnology from the University of Helsinki, and a BSc in Biological Sciences from McMaster University, Canada. She has taught science in schools in the UK and served as Head of Science in Kenya, teaching the English National Curriculum. Dr Kiano has also served as a member of the task force commissioned to evaluate GM food safety for human consumption.</p> <p>Appointed 02.10.2015</p>
 <p><b>Prof. (Eng.) Bancy Mbura Mati</b>  <b>Board Member</b></p>	<p>DOB: 28/04/1959</p> <p>Prof. (Eng.) Bancy Mbura Mati is the Director, Water Research and Resource Centre (WARREC) and Professor of Water Engineering at the Jomo Kenyatta University of Agriculture and Technology (JKUAT) in Kenya. Prof. Mati holds a PhD degree in Rural Land Use and Geographic Information Systems (GIS) from Cranfield University, UK; an MSc degree in Land and Water Management and BSc in Agricultural Engineering, both from the University of Nairobi. She is a registered Consulting Engineer (PE), a Lead Expert in Environmental Impact Assessment (EIA) and a registered Hydrologist.</p> <p>Appointed 02.10.2015</p>
 <p><b>Joseph Mbiro Muiruri</b>  <b>Board Member</b></p>	<p>DOB: 11/02/1961</p> <p>Mr. Joseph Muiruri holds a M.A (UoN) in International Conflict Management and B.Ed (Moi University). He is also currently a PhD candidate (UoN) in Environmental Governance and Management Focusing on Solid Waste Management in Eastlands (Nairobi county).</p> <p>He is a Teacher by profession, teaches peace and conflict studies at St. Paul's University, consultant and trainer in conflict management.</p> <p>Appointed 02.10.2015</p>

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**Cecil L. Kuyo**  
**Board Member**

DOB: 29/02/1984

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

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

Appointed 02.10.2015



**Dr. Warkach Kipkorir Tonui**  
**Board Member**

DOB: 25/12/1949

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

Appointed 02.10.2015



**Dr. Edwardina Ndhine, PhD**  
**Rep of Director General, NACOSTI**

DOB: 1961

Trained as a Zoologist at the Makerere University, Uganda, she also 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, she is 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, she was a member of Board of Management at the Centre for Mathematics, Science and Technology Education in Africa (CEMASTE) 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. George Ombakho, PhD, OGW**  
**Rep of PS Science & Technology**

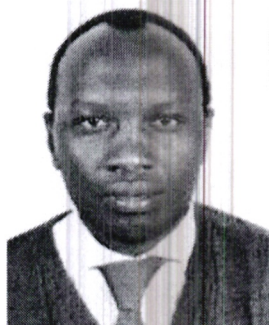
DOB: 1/07/1958

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.

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 <p><b>Dr. Charles Ochodo</b> Rep of Director DVS</p>	<p>DOB: 11<sup>th</sup> January 1964</p> <p>Dr. Charles Ochodo is a Senior Deputy Director of Veterinary Services and the current Head of Diagnostic Services and Efficacy Trial Centres at the Directorate of Veterinary Services. Previously he worked as a field veterinary officer in different regions of Kenya and as a lecturer at the Meat Training Institute, Athi River. Dr. Ochodo holds a PhD degree in Environmental Science from Egerton University, a Master of Science degree in Environmental Science from Egerton University and a Bachelor of Veterinary Medicine degree from the University of Nairobi. Dr. Ochodo has presented scientific papers to various audiences and published in peer reviewed journals. He is a registered member of the Kenya Veterinary Board</p>
 <p><b>Mr. James Kingori Wahome</b> Rep of MD KEPHIS</p>	<p>D.O.B:11/12/1963</p> <p>Mr. James Wahome is the Acting General Manager, Phytosanitary Services at KEPHIS Headquarters. He has more than 27 years' experience in the field of agriculture, both in private and public. He had a five-year stint at the Ministry of Agriculture prior to joining KEPHIS in 1998 as the Regional Manager In-Charge of Mombasa Regional Office.</p> <p>The current PhD student in Plant Pathology at the University of Nairobi attained his master's degree in Plant Pathology in 1998 at the same university. Further, Mr. Wahome has a postgraduate diploma in mass communication and bachelor's degree in Agriculture, both from the University of Nairobi.</p> <p>Mr. Wahome has published widely and edited many agricultural publications. He has also worked as public relations consultant and as a news reporter for the Nation newspaper.</p>



**Mr. Bernard Gibet**  
**Rep of Treasury**

D.O.B:04/01/1985

Mr. Benard Gibet is an Economist at the National Treasury, working at the Directorate of Public Debt Management. He has also worked at World Bank Group on a Secondment programme as a Debt Specialist for a period of four months and with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) as a Resource person on Medium Term Debt Management Strategy.

Mr Gibet has master's degree in Economics (Econometrics) from Kenyatta University and bachelor's degree from Egerton University. In furtherance of duties in the office he has attended Senior Management Course at Kenya School of Government.

Mr. Benard Gibet is a Certified Public Accountant of Kenya CPA (II). In addition he has a certificate in Microsoft Office and proficiency in Statistical Packages for Data Analysis - E-Views. His other skills are: excel data analysis, MS Word and report writing and proficiency in desktop publishing software.





**Mr. Robert Kilonzo**  
**Rep of Chief Public Health Officer**

DOB: 10/10/1973

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

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 <p><b>Mrs. Margaret Aleke</b>  <b>Rep of CEO KEBS</b></p>	<p>DOB: 08/05/1960</p> <p>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.</p> <p>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)</p>
 <p><b>Mrs. Jane Otadoh</b>  <b>Rep of PS Agriculture</b></p>	<p>DOB: 12/09/1960</p> <p>She holds a Master of Science (Plant Biotechnology) from the University of Nairobi and a Bachelor of Science in Agriculture from Andrews University (Michigan, USA). She is currently the Assistant Director in charge of Biotechnology and Biosafety matters in the State Department of Agriculture. She has skills development and fellowship in biotechnology from Osaka Prefecture University, Japan, Fort Valley State University, USA and Michigan state University, USA.</p> <p>She has previously served in the Board of Coffee Research Foundation. She is a member of Finance and Administration committee and Technical Committee in the board of NBA. She is trained in Strategic Leadership Development Program (KIA Nairobi, 2011) and Corporate Governance for Directors (Centre for corporate Governance, 2010).</p> <p>She has participated in the development of policy documents such as National Biotechnology Awareness Strategy, Biosafety Act of 2009 and Standards on genetically modified organisms and derived products modified organisms and derived products.</p>



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

DOB: 1969

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

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

**Contributions:**

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

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



**Willy K. Tonui, PhD, RBP**  
**Chief Executive Officer/Secretary to the Board of Directors (CEO until 31<sup>st</sup> January 2018)**

DOB: 16/12/1965

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

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**Prof. Dorington O. Ogoyi**  
**Chief Executive Officer**  
**(Acting CEO from 12<sup>th</sup> Oct 2017 and Substantive**  
**CEO from 29<sup>th</sup> May 2018.)**

D.O.B:18/07/1962

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

**III. MANAGEMENT TEAM**

Name and brief profile	Main area of responsibility
 <p><b>Willy K. Tonui, PhD, RBP, EBS</b>  <b>Chief Executive Officer</b>  <b>(CEO until 31<sup>st</sup> January 2018)</b></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 until 31<sup>st</sup> January 2018 when his second term ended.</p>



**Prof. Dorington O. Ogoyi**  
**Director, Technical Services/**  
**Acting CEO from 12<sup>th</sup> Oct 2017 and Substantive**  
**CEO from May 2018**

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

Served as the Director for Technical Services in-charge of all technical matters relating to Biosafety until 12<sup>th</sup> October 2017 when he was appointed Acting Chief Executive Officer upto 28<sup>th</sup> May 2018.



**CPA Florence Birya**  
**Director, Finance and Administration**

She is a qualified accountant and administrator with vast experience in the public sector. She holds a Master in Business Administration-Finance major and Bachelor's Degree Finance Major from the University of Nairobi. She is also a CPA (K), a member of the Institute of Certified Public Accountants Kenya (ICPAK) and is currently the ICPAK Convener for Kilifi County. She has held various senior management positions in the Kenya public sector including County Treasury Director, Finance Manager, Grants Manager, and Senior Accountant among others. She is an abridged trained trainer and participates a lot in civic education, youth counselling and secondary school motivational talks.

Director in-charge of Finance and Administration



**Margaret Njuguna**  
**Corporation Secretary**

Ms. Margaret Njuguna is an advocate of the High Court of Kenya and a Certified Public Secretary (CPSK). She holds an LLB degree from the University of Nairobi, a post-graduate certificate in Biosafety in Plant Biotechnology from Ghent University, Belgium; and Masters degree in Governance and Ethics from Mount Kenya University. Ms. Njuguna also holds a B. Ed degree from the University of Nairobi.

Ms. Njuguna has had extensive training in diverse areas including corporate governance, intellectual property laws, biosafety and leadership among others. She also has in the past participated in initiatives for development of phytosanitary legal framework in the EAC region. Prior to joining NBA, she held various positions in the public sector.

Corporation Secretary and Director Legal Services.



**Prof. Theophilus Mutui**  
**Acting Director Technical Services**

Prof. Theophilus M. Mutui, PhD is the Acting Director, Technical Service. He oversees all strategic and regulatory operations of Technical Division. He holds a PhD in Horticultural Sciences (Molecular Biology and Post-harvest Physiology) from Leibniz University of Hannover, Germany. He did his post doctorate studies at University of Georgia, USA and United States Department of Agriculture (USDA) in Maryland under a fellowship from International Atomic Energy Agency. Previously Prof. Mutui was a faculty member in the Department of Horticulture, School of Agriculture and Biotechnology, Moi University in Eldoret, Kenya. He has many years of experience in research, consultancy and teaching. He is a member in good standing of many local and international professional societies such as the International Society for Biosafety Research (ISBR), International Society of Horticultural Sciences (ISHS), Horticultural Association of Kenya (HAK) and a member of Kenya DAAD Scholars Association (KDSA). Prof. Mutui has widely published in international refereed journals and he is regularly invited as a guest speaker in International scientific conferences.

Acting Director in charge of Technical Services

**IV. CHAIRMAN'S STATEMENT**



It is with great pleasure that I submit to you all on behalf of the Board of Directors of National Biosafety Authority (NBA) Annual Report and Financial Statements for the Year ended 30<sup>th</sup> June, 2018.

The government recognizes the importance of Biotechnology and Biosafety in enhancing Kenya's economic growth and development. This has been encapsulated in key economic blueprints that include the Kenya Vision 2030, Medium Term Plan I, II & III among others. The National Biosafety Authority continues to implement these national goals through its Strategic Plan 2016-2020.

**Mr Abdalla Mwaruwa**

The period 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 6<sup>th</sup> Annual Biosafety Conference that attracted worldwide participation, enhanced services at entry points namely JKIA, Mombasa port, Namanga and Busia. The also began migration from ISO 9001:2008 to ISO 9001:2015. This is aimed at updating and standardizing our systems so as to enhance service delivery.

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 management and leadership at the Kenya School of Government while several others were trained on key professional development courses.

All these achievements were enabled by the leadership provided by the Board of Directors and the support given by the Management. The immense contribution by each and every staff member is greatly appreciated.

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

A handwritten signature in black ink, appearing to read 'A. Mwaruwa', written over a horizontal line.

**MR.ABDALLA HEMED MWARUWA, MBS**  
**FOR: CHAIRMAN, BOARD OF DIRECTORS**

V. REPORT OF THE CHIEF EXECUTIVE OFFICER



The Year under review was a remarkable one for the National Biosafety Authority (NBA). During the Year, the Authority registered remarkable progress towards fulfilling her mandates as required in the Biosafety Act 2009 and the Strategic Plan 2016-2020.

As part of sustaining our efforts in promoting stakeholder awareness and participation in Biosafety, NBA hosted the 6<sup>th</sup> 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: “*The Role of biotechnology and Biosafety towards Realizing ‘The Big Four’ Action Plan*”. The Conference was a huge success in that we hosted over 200 participants local and international.

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

During the year, the Authority registered a great improvement rated **Very Good** consistently during the 2016-2015, 2015-2014, 2014-2013, 2013-2012, 2012-2011 and 2011-2012 Performance Contract evaluation compared to **Fair** in 2010-2011.

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

PROF. DORINGTON OGOYI  
CHIEF EXECUTIVE OFFICER

## **CORPORATE GOVERNANCE STATEMENT**

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

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

### **Composition of the Board**

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

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

### **Board Structure**

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

### **Board Committees**

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

### **Board Work Plan**

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

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

**VI. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A**

**The entity's operational and financial performance**

The Authority through the MTEF Budget for the financial year 2017/2018 requested for Ksh.504 Million from the National Treasury through the line Ministry MOALF to cater for recurrent expenditure. The Authority had proposed Ksh.200 Million to cater for the compensation of Employees and Ksh.304 Million for the use of Goods and Services. In addition, the Authority made a proposal for an allocation of Ksh.750 Million as Capital Grants for the construction of the state of art GMO testing and reference laboratory. The Authority was granted Ksh.108,600,000 for recurrent expenditure however Capital grants was not approved.

During the year, the Authority received its full allocation of Ksh.108,600,000 from the Exchequer. The total expenditure during the year was Ksh.137,057,687. The Authority continues to deliver on its mandate of regulating GMOs towards safe development, handling, transfer and use of GMOs. The Authority held various key activities during the year which include; the 6th Annual Biosafety Conference, Market surveillance in a number of regions in Kenya, Overseeing planting of Bt cotton at the various National performance Trial (NPT) sites and conducted continuous awareness creation on GMO matters during public forums and organised meetings.

**SECTION B**

**Entity's compliance with statutory requirements**

The Authority has fully complied with all statutory requirements. This includes timely submission of PAYE, HELB, N.S.S.F and N.H.I.F to respective institutions during the Financial Year ending June 30, 2018.

**SECTION C**

**Key projects and investment decisions the entity is planning/implementing**

During the Financial Year 2017/2018, the Authority did not have any key projects and investments.

## SECTION D

### **Major risks facing the entity**

The major risk facing the Authority includes;

- (a) The reduction of budgetary allocations-This has affected the implementation of the programs planned by the Authority in the revised Strategic Plan 2016-2020.
- (b) Absence of Capital Grants-During the previous years, the Authority has not received any Capital Grants from the G.O.K.
- (c) Ban on GMO importation-The ban on GMO import activities has reduced the A.I.A for the Authority further affecting the implementations of programs.
- (d) Inadequate awareness on biosafety and networking-Due to reduced budgetary allocation, the Authority is limited in creating adequate awareness on biosafety among Kenyan public and creating awareness of NBA and its regulatory role.
- (e) Limited institutional capacity-The Authority has continued to suffer limited capacity due to reduction in government funding, inadequate human resources as well as inadequate infrastructure (office space, laboratory for testing, equipment's and facilities).

## SECTION E

### **Material arrears in statutory/financial obligations**

The Authority has no material outstanding /pending bills and has continued to make payments as soon as invoices are received except for the normal trade payables.

## SECTION F

### **The entity's financial probity and serious governance issues**

The Authority's financial statements for the financial year 2015-2016 were audited and a certificate of audit submitted to the management upon completion of the process. The external auditor issued a qualified audit opinion of the Authority's performance. As at 30<sup>th</sup> June 2016, the Authority reported a reduction deficit of Ksh.10,136,775 from previous financial year 2014/2015 whose reported deficit was Ksh.19,932,084 which increased the accumulated deficit to Ksh.21,274,627 as at 30<sup>th</sup> June 2016.

The Auditor however raised a concern of the Authority's ability to sustain its operations in future being dependent on continued financial support by the National Government in view of the existing negative working capital of Ksh.278,111 established by the audit. This has been contributed by reduction in government grants.

**VII. CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT**

The Authority is sensitive to the community it operates in and therefore engages in CSR activities to boost the relationship between itself and the community. During the Year under review, the Authority did not participate in a major CSR activity due to acute financial constraint. However, we managed to sponsor fifteen (15) students from neighbouring universities i.e. Kenyatta University, Jomo Kenyatta University and University of Nairobi. This enabled students gain industry skills and network with professionals in the field, which may result in internship/training opportunities.

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

**2018**

**VIII. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 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 approved application activities.
- Market Surveillance and GMO products detection.

**Results**

The results of the entity for the year ended June 30, 2018 are set out on page 1 to 26

**Directors**

The members of the Board of Directors who served during the year are shown on page v to xiii 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 Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2018.

**By Order of the Board**



**PROF.DORINGTON OGOYI**  
**CHIEF EXECUTIVE OFFICER/BOARD SECRETARY**

**Date: .....**

**IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 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/period 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, 2018. 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, 2018, 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.

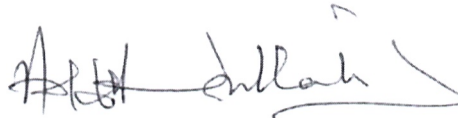
Nothing has come to the attention of the Board that the Authority may not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Authority's financial statements were approved by the Board on 27<sup>th</sup> September 2018 and signed on its behalf by:



**PROF. DORINGTON OGOYI,**  
**CHIEF EXECUTIVE OFFICER**



**MR. ABDALLA HEMED MWARUWA, MBS**  
**For: CHAIRMAN, BOARD OF DIRECTORS**

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL BIOSAFETY AUTHORITY FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Biosafety Authority set out on pages 1 to 26, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Biosafety Authority as at 30 June 2018, 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 Biosafety Act No.2 of 2009 and the Public Finance and Management Act, 2012.

#### Basis for Qualified Opinion

##### Cash and Cash Equivalents

The statement of financial position as at 30 June 2018 reflects cash and cash equivalents balance of Kshs.18,682,617. As disclosed in Note 12 to the financial statements, the balance includes a bank balance of Kshs.18,637,377 which, however, differs with the cash book bank balance of Kshs.18,487,356 indicated in the bank reconciliation statement as at 30 June 2018. The resulting difference of Kshs.150,021 relates to un-identified deposits, which have been treated as reconciling items.

As a result, the accuracy of the cash and cash equivalents balance of Kshs.18,682,617 cannot be confirmed.

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

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*Report of the Auditor-General on the Financial Statements of National Biosafety Authority for the year ended 30 June 2018*

## **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. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## **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 Qualified Opinion 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**

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 Qualified Opinion section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 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 Those Charged with Governance**

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 ability of National Biosafety Authority ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

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.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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.

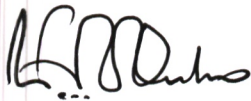
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of National Biosafety Authority to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Biosafety Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**17 April 2019**

**XI. STATEMENT OF FINANCIAL PERFORMANCE**

**For the year ended 30 June 2018**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>Revenue from non-exchange transactions</b>			
Recurrent government grant	1	108,600,000	108,577,120
		<b>108,600,000</b>	<b>108,577,120</b>
<b>Revenue from exchange transactions</b>			
Application fees	2	1,478,000	1,974,000
Conference fees	3	175,000	976,540
Other income- donor funds & sale of newspapers	4	5,439,450	12,921,279
		<b>7,092,450</b>	<b>15,871,819</b>
<b>Total revenue</b>		<b>115,692,450</b>	<b>124,448,939</b>
<b>Expenses</b>			
Employee costs	5	85,813,794	67,894,044
Remuneration of the board	6	9,408,722	5,505,906
Depreciation expense	7	2,488,735	966,742
Repairs and maintenance	8	1,509,600	1,936,627
Contracted services	9	3,947,535	2,826,955
General expenses	10	24,829,584	15,591,201
Project expenses	11	9,059,717	7,340,859
<b>Total expenses</b>		<b>137,057,687</b>	<b>102,062,334</b>
<b>Surplus/(deficit) for the period</b>		<b>(21,365,237)</b>	<b>22,386,605</b>

The notes set out on pages 7 to 26 form an integral part of the Financial Statements

**NATIONAL BIOSAFETY AUTHORITY**  
**ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED**  
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**XII. STATEMENT OF FINANCIAL POSITION**

**As at 30 June 2018**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	18,682,617	33,017,820
Receivables from exchange transactions	13	210,000	4,091,804
		<b>18,892,617</b>	<b>37,109,624</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	6,950,809	8,417,446
		<b>6,950,809</b>	<b>8,417,446</b>
<b>Total assets</b>		<b>25,843,426</b>	<b>45,527,070</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	15	9,414,286	4,252,147
Contract retention money	16	988,675	988,675
Provisions for audit fees	17	0	1,160,000
Deferred income	18	2,866,844	1,852,459
Employee benefit obligation	19	2,544,877	5,879,808
		<b>15,814,682</b>	<b>14,133,089</b>
<b>Total liabilities</b>		<b>15,814,682</b>	<b>14,133,089</b>
<b>Net assets</b>		<b>10,028,744</b>	<b>31,393,981</b>
Reserves		30,282,003	30,282,003
Accumulated surplus(deficit)		(20,253,259)	1,111,978
<b>Total net assets and liabilities</b>		<b>25,843,426</b>	<b>45,527,070</b>

The Financial Statements set out on pages 1 to 26 were signed on behalf of the Board of Directors by:



**PROF. DORINGTON OGOYI**  
**Chief Executive Officer**



**ESTHER THUKU**  
**Principal Finance Officer**  
 ICPAK Member  
 Number: 10108



**MR. ABDALLA MWARUWA, MBS**  
**For: Chairman, Board of Directors**

Date 29/3/19 .....

Date 29/03/2019 .....

Date 29/03/2019 .....

**XIII. STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30 June 2018**

	<b>Capital replacement development reserve Kshs</b>	<b>Accumulated surplus Kshs</b>	<b>Total  Kshs</b>
<b>Balance as at 30 JUNE 2015</b>	<b>30,282,003</b>	<b>(11,137,852)</b>	<b>19,144,151</b>
Surplus/(deficit) for the period	0	(10,136,775)	(10,136,775)
<b>Balance as at 30 JUNE 2016</b>	<b>30,282,003</b>	<b>(21,274,627)</b>	<b>9,007,376</b>
Surplus/(deficit) for the period	0	22,386,605	22,386,605
<b>Balance as at 30 JUNE 2017</b>	<b>30,282,003</b>	<b>1,111,978</b>	<b>31,393,981</b>
Surplus/(deficit) for the Period	0	(21,365,237)	(21,365,237)
<b>Balance as at 30 JUNE 2018</b>	<b>30,282,003</b>	<b>(20,253,259)</b>	<b>10,028,744</b>

**Note:** The deficit for the financial year 2017/2018 has reduced the accumulated surplus brought forward from Ksh.1,111,978 to Ksh.20,253,259.

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

**NATIONAL BIOSAFETY AUTHORITY**  
**ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED**  
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**2018**

**XIV. STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2018**

		<b>2017-2018</b>	<b>2016-2017</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
Surplus for the year before tax		(21,365,237)	22,386,605
Adjusted for:			
Depreciation		2,488,735	966,742
		<u>(18,876,502)</u>	<u>23,353,347</u>
<b>Working capital adjustments:</b>			
Increase/ Decrease in receivables		3,881,805	(1,763,908)
Increase/ (Decrease) in payables		1,681,593	2,681,490
		<u>5,563,398</u>	<u>917,582</u>
<b>Net cash flows from operating activities</b>	20	<u>(13,313,104)</u>	<u>24,270,929</u>
<b>Cash flows from investing activities</b>			
Purchase of furniture		(118,000)	0
Purchase of computers		(904,100)	(98,700)
<b>Net cash flows used in investing activities</b>		<u>(1,022,100)</u>	<u>(98,700)</u>
<b>Cash flows from financing activities</b>			
Increase in deposits		0	0
<b>Net cash flows used in financing activities</b>		<u>0</u>	<u>0</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<u>(14,335,204)</u>	<u>24,172,229</u>
Cash and cash equivalents at 1 July		33,017,820	8,845,591
<b>Cash and cash equivalents at 30 June 2018</b>	12	<u>18,682,617</u>	<u>33,017,820</u>

# NATIONAL BIOSAFETY AUTHORITY

ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED  
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## XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS For the Year ended 30 June 2018

	Original budget	Budget Adjustments	Final budget	Actual on comparable basis	Performance difference
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018
	Kshs	Kshs	Kshs	Kshs	Kshs '000
<b>Revenue</b>					
Application fees	850,000	0	850,000	1,478,000	628,000
Government grants and subsidies	108,600,000	0	108,600,000	108,600,000	0
Conference fees	1,000,000	0	1,000,000	175,000	(825,000)
Finance income-fixed deposit interest	0	0	0	0	0
Other incomes	41,324,591	0	41,324,591	38,428,557	(2,896,034)
<b>Total income</b>	<b>151,774,591</b>	<b>0</b>	<b>151,774,591</b>	<b>148,681,557</b>	<b>(3,093,034)</b>
<b>Expenses</b>					
Compensation of employees	91,856,010	(6,533,400)	85,322,610	85,813,794	(491,184)
Remuneration of the board	8,031,306	1,406,800	9,438,106	9,570,870	(132,764)
Repair and maintenance	1,630,000	1,570,000	3,200,000	1,509,600	1,690,400
Contracted services	5,675,000	300,000	5,975,000	3,947,534	2,027,465
General expenses	36,882,275	3,256,600	40,138,875	24,667,436	15,471,439
Project expenses	7,700,000	0	7,700,000	9,059,717	(1,359,717)
<b>Total expenditure</b>	<b>151,774,591</b>	<b>0</b>	<b>151,774,591</b>	<b>134,568,952</b>	<b>17,205,639</b>
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,112,605</b>	<b>14,112,605</b>

### Notes

- The budget was adjusted to cater for recurrent expenditures that had low budgetary allocation during the original budget and there was need to make adjustments to various budget lines. At the same time there were unforeseen expenditures that became necessary such as the office relocation from CUE building to PCPB building.
- Application Fees-The variance was caused by receipts of applications of GMO free certificates, GMO Analysis and renewal of applications of microplasma project as well as new applications. Some of these applications are fully dependent of the applicants and therefore a positive variance where the Authority received more than the budgeted income.
- Conference Fees- The variance was caused by low turnout of participants during the conference which was below the targeted number.
- The Project income was received during the FY 2016-2017 and had been carried forward to cater for project expenses during the financial year under review. Delayed release of project funds caused the variances on income received from development partners. The development partner's financial reporting cycles are different from the reporting period for the Government funded activities.
- Compensation of Employees-The over expenditure on compensation to employees of Ksh.491,184 translates to 0.6% of the overall budget of Ksh.85,322,610. The budget being a plan may not have been accurately spent to the last cent.
- Remuneration of the board-The over expenditure on the remuneration of the board on different budget items was due to increased Authority's board activities during the year. The overall over expenditure however represent 1% of the approved board expenses budget.
- Repair and Maintenance-The Authority revised its budget and allocated more funds to alterations to building and computers, software & networks from Ksh.1.6 Million to Ksh.3.2

**NATIONAL BIOSAFETY AUTHORITY**  
**ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED**  
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Million. This was supposed to cater for expenses incurred during the head office relocation to its new offices at the Pest Control Products Board building at Loresho at the end of the financial year. Most of the payments were carried over to the financial year 2018/2019 since by 30<sup>th</sup> June 2018, most activities had not completed.

- Contracted Services-During the financial year under consideration, the Authority had provided Ksh.2.5 million for consultancy services. However, the exercise for ISO recertification was still ongoing and therefore most of the planned activities had not been completed by the end of the year ended 30<sup>th</sup> June 2018.
- General Expenses-The Authority received its fourth quarter allocation of Ksh.27,150,000 on 18<sup>th</sup> June 2018. This affected most of the activities that had been planned during the period since most of the Authority's approved operations could not be undertaken without funds.

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## XVI. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Authority is established by and derives its authority and accountability from the Biosafety Act 2009. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to ensure and assure safe development, transfer, handling and use of genetically modified organisms (GMOs) in Kenya.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) which allows the use of estimates and assumptions. It also requires the management to exercise judgement in the process of applying the Authority's accounting policies. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

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

### 3. ADOPTION OF THE NEW AND REVISED STANDARDS

#### i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

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

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

Standard	Impact
	<p>associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> <p><i>The entity does not have an interest in other entities and therefore the standard does not apply.</i></p>

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

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

**iii. Early adoption of standards**

The entity did not adopt any new or amended standards in year 2018.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from government**

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

**ii) Revenue from exchange transactions**

***Rendering of services***

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

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

**Application Fees**

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

***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. The Authority did not have any interest income during the year.

**b) Budget information**

The original budget for FY 2017-2018 was approved by the Board of Management on 26<sup>th</sup> July 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The Board of Management approved the revised budget for FY 2017-2018 on 11<sup>th</sup> June 2018.

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

**c) Taxes**

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. The Authority does not generate taxable income.

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

## **d) Property, plant and equipment**

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

### **Depreciation**

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

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

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

## **e) Financial liabilities**

### ***Initial recognition and measurement***

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

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

## **f) Provisions**

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

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

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

***Contingent liabilities***

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

The contract retention money of Ksh.988,675 relates to partition works for the Authority Offices at the Commission for University Education which had been done through the parent ministry then, however no documentation had been availed for payment purposes.

**g) Nature and purpose of reserves**

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

**h) Changes in accounting policies and estimates**

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

**i) Employee benefits – IPSAS 25**

**Retirement benefit plans**

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

**j) Cash and cash equivalents**

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

**k) Comparative figures**

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

## **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

### ***Estimates and assumptions***

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

### ***Useful lives and residual values***

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

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

### ***Provisions***

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

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

### **1) 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, 2018.

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**Revenue from non-exchange transactions**

**Note 1. Transfers from governments – Recurrent grant**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
<b>a) Unconditional grants</b>		
Operational grant	108,600,000	108,577,120
	<b>108,600,000</b>	<b>108,577,120</b>
<b>Total government grants and subsidies</b>	<b>108,600,000</b>	<b>108,577,120</b>

**b) Transfers from Ministries, Departments and Agencies**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.  Kshs	Total grant income during the year  KShs	2016-2017  Kshs
Ministry of Agriculture	108,600,000	0	0	108,600,000	108,577,120
<b>Total</b>				<b>108,600,000</b>	

**Revenue from exchange transactions**

**Note 2. Application Fees**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Application Fees	1,478,000	1,974,000
<b>Total</b>	<b>1,478,000</b>	<b>1,974,000</b>

**Note 3. Conference fees**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Conference fees	175,000	976,540
<b>Total revenue from conference fees</b>	<b>175,000</b>	<b>976,540</b>

**Note 4. Other income- Donor funds & Courier refunds**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Program for biosafety systems	3,290,969	4,877,935
UN BCH III Project	1,485,000	0
FAO	0	3,156,679
ERAFRICA	0	4,666,665

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AATF	0	215,000
Advert and announcement refund	635,485	0
Courier Services Refunds	13,200	0
Others –Sale of newspaper/Inspectors refunds	14,796	5,000
<b>Total other income</b>	<b>5,439,450</b>	<b>12,921,279</b>

**Note 5. Employee costs**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Employee related costs – basic salaries	36,866,099	27,696,650
Employee related costs - contributions to pensions and gratuity	14,180,459	5,361,815
Travel, motor car, accommodation, subsistence and other allowances	6,434,839	975,718
Housing benefits and allowances	24,132,397	26,609,861
CEO's Salary	4,200,000	7,250,000
<b>Employee costs</b>	<b>85,813,794</b>	<b>67,894,044</b>

Salaries are inclusive of the salaries to the Director Technical Services of Ksh. 6,437,350, Director Finance and Administration of Ksh.4,867,740 and the Corporation Secretary of Ksh.4,959,806

**Note 6. Remuneration to the Board**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Sitting & Lunch Allowance	6,029,181	2,758,030
Mileage	305,187	73,256
Accommodation	803,400	481,020
Honoraria	400,000	800,000
Domestic travelling	704,302	481,320
Foreign travelling	0	0
Training Expenses	579,800	519,280
Airtime	49,000	63,000
Insurance	537,852	330,000
<b>Total remuneration to the Board</b>	<b>9,408,722</b>	<b>5,505,906</b>

**Note 7. Depreciation expense**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Property, plant and equipment	2,488,735	966,742
<b>Total depreciation expense</b>	<b>2,488,735</b>	<b>966,742</b>

**Note 8. Repairs and maintenance**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Building	248,874	0
Computers	341,455	431,998

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Furniture & Equipment	2,500	0
Vehicles	846,590	1,464,714
Other repairs	70,181	39,915
<b>Total repairs and maintenance</b>	<b>1,509,600</b>	<b>1,936,627</b>

**Note 9. Contracted services**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Legal fees and arbitration	10,000	7,467
Cleaning Services	863,595	818,690
Professional services	335,485	901,228
Consultancy services	1,284,800	694,660
Refined fuel	873,655	404,910
Audit Fees	580,000	0
<b>Total contracted services</b>	<b>3,947,535</b>	<b>2,826,955</b>

**Note 10. General expenses**

**The following are included in general expenses:**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Advertising, shows, and Branding	2,084,422	948,093
Bank charges	124,921	125,659
Computer accessories	434,908	3,840
Cleaning materials	5,222	10,389
Conferences & seminars	650,487	424,470
Catering services	1,021,550	785,238
Education & library supplies	0	0
Electricity	12,173	0
General office	128,696	231,267
Insurance	6,276,598	5,749,757
Internet	405,965	1,188,475
Postage	52,084	33,465
Printing and publishing & Newspapers	289,928	430,658
Reagents & Market Surveillance	780,677	223,335
Rental	5,991,734	3,998,662
Stationery	192,058	86,580
Uniform & other clothing	80,749	0
Software	0	0
Telecommunication	1,978,280	862,619
Training	1,343,937	488,694
Travel and Subsistence	2,975,195	0
<b>Total general expenses</b>	<b>24,829,584</b>	<b>15,591,201</b>

**Note 11. Project Costs**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Program for Biosafety System (PBS)	4,940,812	3,025,477
ERAAFRICA	3,085,465	4,315,382
AATF	64,500	0
UN BCH III Project	968,940	0
<b>Total project costs</b>	<b>9,059,717</b>	<b>7,340,859</b>

**Note 12. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Bank	18,637,377	33,017,820
Cash-on-hand and in transit	45,240	0
Fixed deposit account	0	0
<b>Total cash and cash equivalents</b>	<b>18,682,617</b>	<b>33,017,820</b>

There were no financial instruments for the year.

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

**Note 13. Receivables from exchange transactions**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
<b>Current receivables</b>		
Accounts receivables	0	1,502,554
Salary receivables	0	24,000
Prepayment	0	0
Imprest	210,000	2,565,250
<b>Total current receivables</b>	<b>210,000</b>	<b>4,091,804</b>
<b>Total receivables</b>	<b>210,000</b>	<b>4,091,804</b>

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**Note 14. Property, plant and equipment**

	Motor Vehicle	Furniture and Fittings	Computer and Other IT Equipments	Total
Cost	Shs	Shs	Shs	Shs
At 30 June 2015	18,201,325	20,420,123	6,604,734	45,226,182
	0	0	0	0
At 30 June 2016	18,201,325	20,420,123	6,604,734	45,226,182
	0	0	98,700	98,700
At 30 June 2017	18,201,325	20,420,123	6,703,434	45,324,882
Additions	0	118,000	904,100	1,022,100
At 30 June 2018	18,201,325	20,538,123	7,607,534	46,346,982
<b>Depreciation and impairment</b>				
At 30 June 2015	18,201,325	9,057,669	6,512,787	33,771,780
Depreciation	0	2,099,654	69,260	2,168,914
At 30 June 2016	18,201,325	11,157,323	6,582,047	35,940,694
Depreciation	0	926,280	40,462	966,742
At 30 June 2017	18,201,325	12,083,603	6,622,509	36,907,436
Depreciation	0	2,039,412	449,323	2,488,736
At 30 June 2018	18,201,325	14,123,015	7,071,832	39,396,172
<b>Net book values</b>				
At 30 June 2018	0	6,415,108	535,702	6,950,809
At 30 June 2017	0	8,336,520	80,925	8,417,446

**Note 15. Trade and other payables from exchange transactions**

	2018 Shs	2017 Shs
Trade payables	9,414,286	4,252,147
<b>Total trade and other payables</b>	<b>9,414,286</b>	<b>4,252,147</b>

**Note 16. Contract retention money**

	2018 Shs	2017 Shs
Retention money	988,675	988,675
<b>Total</b>	<b>988,675</b>	<b>988,675</b>

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**Note 17. Provision for audit**

	2018	2017
	Shs	Shs
Balance at the beginning of the year	1,160,000	580,000
Additional provisions raised/written off	(580,000)	580,000
Transfer to expense A/c	(580,000)	0
<b>Balance as at 30 June 2018</b>	<b>0</b>	<b>1,160,000</b>

**Note 18. Deferred income**

	2018	2017
	Shs	Shs
Program for Biosafety Systems (PBS)	527,843	1,852,459
ERAFRICA	1,872,451	0
Biosafety Clearing House (BCH III)	466,550	0
<b>Total deferred income</b>	<b>2,866,844</b>	<b>1,852,459</b>

**Note 19. Pensions and other post-employment benefit plans**

	2018	2017
	Shs	Shs
Balance at beginning of the year	5,879,808	2,939,904
Additional gratuity for the year	3,233,894	0
Gratuity paid during the year	9,113,702	0
Top Management gratuity	2,544,877	2,939,904
<b>Total employee benefit liability</b>	<b>2,544,877</b>	<b>5,879,808</b>

**Note 20. Cash generated from operations**

	2018	2017
	Kshs	Kshs
<b>Cash flows from operating activities</b>		
<b>Surplus for the year before tax</b>	(21,365,237)	22,386,605
Adjusted for:		
Depreciation	2,488,735	966,742
	<b>(18,876,502)</b>	<b>23,353,347</b>
<b>Working capital adjustments:</b>		
Increase/ Decrease in receivables	3,881,805	(1,763,908)
Increase/ (Decrease) in payables	1,681,593	2,681,490
	<b>5,563,298</b>	<b>917,582</b>
<b>Net cash flows from operating activities</b>	<b>(13,313,104)</b>	<b>24,270,929</b>

**Note 21. Financial risk management**

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

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**i. Credit Risk**

Credit risk is the risk of financial loss to the authority if counter parties fail to meet their contractual obligations when they fall due. The authority's credit risk is primarily attributable to its receivables and bank balances. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. The debtors are paying their dues in the course of business and the maximum exposure to credit risk as at 30 June 2018 was:

	<b>Fully Performing</b>	<b>Past due</b>	<b>Impaired</b>
<b>Exchange Transactions</b>			
Account Receivables	210,000	-	-
Salary Receivables	0	-	-

**ii. Liquidity risk**

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

	<b>Less than 1 month Kshs</b>	<b>Between 1-3 months Kshs</b>	<b>Over 5 months Kshs</b>	<b>Total Kshs</b>
<b>At 30 June 2018</b>				
Trade payables from exchange transactions	9,414,286	-	-	9,414,286

**iii. Operational Risk**

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

**iv. Business Continuity Risk**

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

**Note 22. Related party Balances**

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

**Key management remuneration/compensation**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
CEO's compensation	4,200,000	7,250,000
Acting CEO/Director Technical &Service	6,437,350	5,983,680
Director Finance & Administration	4,867,740	
Corporation Secretary	4,959,806	
<b>Total</b>	<b>20,464,896</b>	<b>13,233,680</b>

**Note 23. Events after the reporting period**

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

**Note 24. Ultimate and Holding Entity**

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

**Note 25. Currency**

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

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**VII. 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)
		<b>FY 2015/2016</b>			
1	Budgetary Control and Performance	The Authority seeks relevant approvals for excess expenditure as required. However due to budgetary constraints, the Authority's vehicle maintenance allocation was not adequate to the end of financial year that caused an over expenditure.	Accounting Officer	Resolved	2017/2018 Budget
2	Current Liabilities	The contract retention money of Ksh.988,675 relates to partition works for the Authority Offices at the Commission for University Education which had been done through the parent ministry then, however no documentation had been availed for payment purposes.	Accounting Officer	Not resolved.	2018/2019 FY
3	Financial performance with regard to Kshs. 10,136,775 deficit.	The Authority will seek more funding from both the government and development partners	Accounting Officer	Not Resolved	2019/2020 Budget
		<b>FY 2016/2017</b>			
4	Receivables from Exchange transactions	Reconciled figures agreeing with the reflected balances has been availed.	Accounting Officer	Resolved	2018/2019 FY
5	Deferred Income	Reconciled figures agreeing with the reflected balances has been availed.	Accounting Officer	Resolved	2018/2019 FY
6	Remuneration to the Board	Reconciled figures agreeing with the	Accounting Officer	Resolved	2018/2019 FY

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Reference 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)
		reflected balances has been availed.			
7	Contracted Services	Reconciled figures agreeing with the reflected balances has been availed.	Accounting Officer	Resolved	2018/2019 FY
8	Employee Costs	Reconciled figures agreeing with the reflected balances has been availed.	Accounting Officer	Resolved	2018/2019 FY
9	General expenses	Reconciled figures agreeing with the reflected balances has been availed.	Accounting Officer	Resolved	2018/2019 FY
10	Projects costs	Reconciled figures agreeing with the reflected balances has been availed.	Accounting Officer	Resolved	2018/2019 FY

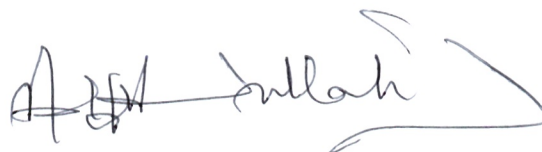
**Guidance Notes:**

- (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.



**PROF. DORINGTON OGOYI,**  
**CHIEF EXECUTIVE OFFICER**

Date 29/3/19.....



**ABDALLA HEMED MWARUWA, MBS**  
**For: CHAIRMAN, BOARD OF DIRECTORS**

Date 29/03/2019.....

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**VIII. Appendix 1: PROJECT IMPLANTED BY THE AUTHORITY**

**Projects**

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

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

**Status of Projects completion**

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

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Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department of Agriculture			
FY 17/18			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		07/08/2017	27,150,000
		30/11/2017	27,150,000
		19/02/2018	27,150,000
		18/06/2018	27,150,000
		<b>Total</b>	<b>108,600,000</b>
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
	None		0
		<b>Total</b>	<b>0</b>
c.	Direct Payments		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
	None		0
		<b>Total</b>	<b>0</b>
d.	Donor Receipts		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
	None		0
		<b>Total</b>	<b>0</b>

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

Director Finance and Administration  
National Biosafety Authority

Sign



Head of Accounting Unit  
Ministry of Agriculture

Sign



**VI. Appendix 2: INTER-ENTITY TRANSFERS**

ENTITY NAME:			
<b>Break down of Transfers from the State Department of Agriculture</b>			
<b>FY 17/18</b>			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		07/08/2017	27,150,000
		30/11/2017	27,150,000
		19/02/2018	27,150,000
		18/06/2018	27,150,000
		<b>Total</b>	<b>108,600,000</b>
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
	None		0
		<b>Total</b>	<b>0</b>
c.	Direct Payments		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
	None		0
		<b>Total</b>	<b>0</b>
d.	Donor Receipts		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
	None		0
		<b>Total</b>	<b>0</b>

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

**Director Finance and Administration**  
**National Biosafety Authority**

**Head of Accounting Unit**  
**Ministry of Agriculture, Livestock,**  
**Fisheries and Irrigation**

Sign -----

Sign -----

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

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Agriculture	07/08/2017	Recurrent	27,150,000	27,150,000					27,150,000
Ministry of Agriculture	30/11/2017	Recurrent	27,150,000	27,150,000					27,150,000
Ministry of Agriculture	19/02/2018	Recurrent	27,150,000	27,150,000					27,150,000
Ministry of Agriculture	18/06/2018	Recurrent	27,150,000	27,150,000					27,150,000
<b>Total</b>			<b>108,600,000</b>	<b>108,600,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108,600,000</b>