

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

DATE: 14 MAR 2025

DAY:  
FRIDAY

TABLED  
BY:

DEPUTY MAJORITY LEADER

(HON. OWEN BAYA, MP)

OF

IRENE NDUKU

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2024**



Science for Prosperity

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*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

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

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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<b>Table of Contents.....</b>	<b>Page</b>
1. Acronyms and Definition of Key Terms .....	iii
2. Key Entity Information and Management .....	iv
3. The Board of Directors .....	xi
4. Key Management Team.....	xix
5. Chairman’s Statement.....	xxiv
6. Report of the Chief Executive Officer.....	xxvi
7. Statement of Performance against Predetermined Objectives for FY 2023/2024 .....	xxix
8. Corporate Governance Statement .....	xxxvi
9. Management Discussion and Analysis .....	xli
10. Environmental and Sustainability Reporting.....	lx
11. Report of the Directors .....	lxvi
12. Statement of Directors Responsibilities.....	lxvii
13. Report of the Independent Auditor for the Financial Statements of NACOSTI.....	lxix
14. Statement of Financial Performance for the year ended 30 June 2024.....	1
15 Statement of Financial Position as at 30 June 2024.....	2
16. Statement of Changes in Net Assets for the year ended 30 June 2024.....	3
17. Statement of Cash Flows for the year ended 30 June 2024 .....	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024.....	5
19. Notes to the Financial Statements.....	7
20. Appendices .....	47

## **1. Acronyms and Definition of Key Terms**

### **A: Acronyms**

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

### **B: Definition of Key Terms**

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

**Comparative Year-** Means the prior period.

**The Commission -** Means National Commission for Science, Technology and Innovation

**The Act –** Means the Science, technology and Innovation Act, 2013 (STI Act, 2013)

**FY -** Means the Financial Year 2023-2024

## **2. Key Entity Information and Management**

### **(a) Background information**

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

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

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

The Commission is governed by a Board which is appointed by the Cabinet Secretary (CS) responsible for matters of science and technology. The first Board of the Commission was appointed on 7<sup>th</sup> April 2014 and its term ended on 6<sup>th</sup> April 2017. The second Board was appointed on 6<sup>th</sup> December 2017 vide Gazette Notice Numbers 11926 for the Chairperson and 11927 for the Members whose term ended on 5<sup>th</sup> December 2020. The current members of the board were appointed on 8<sup>th</sup> October 2021 vide Gazzette notice Number 208. The Commission is however waiting for appointment of the Chairperson of the Board and a representative of KEPSA.

**Annual Report and Financial Statements  
for the year ended June 30, 2024.**

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**(b) Principal Activities**

**Mandate:**

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

**Vision:**

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

**Mission:**

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

**Functions:**

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

- a. develop, in consultation with stakeholders, the priorities in scientific, technological and innovation activities in Kenya in relation to the economic and social policies of the Government, and the Country's international commitments.
- b. lead inter-agency efforts to implement sound policies and budgets, working in collaboration with the county governments, and organizations involved in science, technology and innovation within Kenya and outside Kenya.
- c. advise the national and county governments on the science, technology and innovation policy, including general planning and assessment of the necessary financial resources.
- d. liaise with the National Innovation Agency and the National Research Fund to ensure funding and implementation of prioritized research programmes.
- e. ensure co-ordination and co-operation between the various agencies involved in science, technology and innovation.
- f. accredit research institutes and approve all scientific research in Kenya.
- g. assure relevance and quality of science, technology and innovation programmes in research institutes.
- h. advise on science education and innovation at both basic and advanced levels.
- i. in consultation with the National Research Fund Trustees, sponsor national scientific and academic conferences it considers appropriate.
- j. advise the Government on policies and any issue relating to scientific research systems.
- k. promote increased awareness, knowledge and information of research system.

**Annual Report and Financial Statements  
for the year ended June 30, 2024.**

- l. co-ordinate, monitor and evaluate, as appropriate, activities relating to scientific research and technology development.
- m. promote and encourage private sector involvement in scientific research and innovation and development.
- n. annually, review the progress in scientific research systems and submit a report of its findings and recommendations to the Cabinet Secretary.
- o. promote the adoption and application of scientific and technological knowledge and information necessary in attaining national development goals.
- p. develop and enforce codes, guidelines and regulations in accordance with the policy determined under this Act for the governance, management and maintenance of standards and quality in research systems; and
- q. undertake, or cause to be undertaken, regular inspections, monitoring and evaluation of research institutions to ensure compliance with set standards and guidelines.

**(c) Key Management**

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

No.	Designation	Name
1.	Board of Directors	
2.	Director General/CEO	<b>Prof. Walter O. Oyawa</b>
3.	Manager Finance & Accounts – Up to 29 <sup>th</sup> Feb 2024 Director, Corporate Services – From 1 <sup>st</sup> March 2024	<b>CPA Gideon K. Kirui</b>
4.	Ag. Director, Advisory, Standards and Licensing – up to 29 <sup>th</sup> Feb 2024	<b>Dr. David Njubi</b>
5.	Director, Advisory, Standards and Licensing – From 1 <sup>st</sup> March 2024	<b>Dr. David Ngigi</b>
6.	Manager, Supply Chain Management	<b>Ms. Yasmin Hussein</b>

**(d) Fiduciary Management**

The key management personnel who held Office during the financial year ended 30 June 2024 and who had direct fiduciary responsibility were:

Annual Report and Financial Statements

for the year ended June 30, 2024.

No.	Designation	Name
1.	Director General/CEO	Prof. Walter O. Oyawa
2.	Manager Finance & Accounts – Up to 29 <sup>th</sup> Feb 2024 Director, Corporate Services – From 1 <sup>st</sup> March 2024	CPA Gideon K. Kirui
3.	Deputy Director Agriculture Environment and Natural Resource Ag. Director, Advisory, Standards and Licensing – up to 29 <sup>th</sup> Feb 2024	Dr. David Njubi
4.	Director, Advisory, Standards and Licensing – From 1 <sup>st</sup> March 2024	Dr. David Ngigi
5.	Deputy Director, Biological and Health Sciences	Dr. Benson K. Mburu
6.	Deputy Director, Research Standards and Licensing	Mr. Godfrey Kalerwa
7.	Deputy Director, Humanities and Social Sciences	Ms. Margaret Muthee
8.	Deputy Director, Physical, Industrial, Computing and Engineering	Mr. Cyrus Kamau
9.	Deputy Director, Physical, Industrial, Computing and Engineering – Up to Dec 2023	Dr. David Otwoma
10.	Manager, Legal Services & Corporation Secretary	Mr. Abdallah Bii
11.	Manager, Supply Chain Management	Ms. Yasmin Hussein
12.	Manager, Human Resource Management	Ms. Jennifer Murgor
13.	Senior Administration Officer	Mr. Muhanji Ambani
14.	Internal Audit Officer – In charge of Internal Audit up to 12 <sup>th</sup> March 2024	CPA Timothy Mutinda
15.	Manager, Internal Audit & Risk Management – From 13 <sup>th</sup> March 2024	CPA Shadrack K. Torotich
16.	Deputy Director Institutional Registration & Accreditation – From 1 <sup>st</sup> February 2024	Ms. Christine Apakoreng'

**Key Entity Information and Management (continued)**

**(e) Fiduciary Oversight Arrangements**

**Finance and General-Purpose Committee of the Board**

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

**Composition of Finance and General-Purpose Committee**

No.	Name	Designation
1.	Prof. Francis W. Muregi	<b>Chair</b>
2.	Dr. Wanyama Indeje – Representing CS - NT	<b>Member</b>
3.	Dr. Gideon Kivengea – Representing PS SDHER	<b>Member</b>
4.	Prof. Walter Oyawa – DG/CEO NACOSTI	<b>Secretary</b>

**Audit and Risk Management Committee of the Board**

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

**Composition of Audit and Risk Management Committee of the Board**

No.	Name	Designation
1.	Ms. Rachel Shibalira	<b>Chair</b>
2.	Dr. Wanyama Indeje – Representing CS NT	<b>Member</b>
3.	Dr. Tonny Omwansa	<b>Member</b>
4.	CPA Shadrack K. Toroitich	<b>Secretary</b>

**Key Entity Information and Management (continued)**

**(f) The Commission Headquarters**

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

**(g) The Commission's Contacts**

Tel.: +254 20 2241349  
+254 20 3310571  
E-mail: [dg@nacosti.go.ke](mailto:dg@nacosti.go.ke)  
Website: [www.nacosti.go.ke](http://www.nacosti.go.ke)

**(h) Commission Bankers**

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

**(i) NCBA Bank Ltd.**

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

**(j) Independent Auditor**

Auditor-General  
Office of the Auditor General

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(k) Principal Legal Adviser**

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

**Key Entity Information and Management (continued)**

**3. The Board of Directors**

Ref	Board of Directors
1.	<p><b>Dr. Beatrice Muganda Inyangala</b></p>  <p>Dr Beatrice Muganda Inyangala is the Principal Secretary, State Department for Higher Education and Research, Ministry of Education, Kenya Government. Her areas of expertise are public policy, gender inclusivity, quality assurance, teaching methodology, governance and fundraising. Prior to her current appointment, she served as the Deputy Executive Director and the Director of Higher Education at the Partnership for African Social and Governance Research (PASGR).</p> <p>Dr Muganda led the Pedagogical Leadership in Africa (PedaL) project, working closely with multiple partners in distinct contexts to drive sustainable change in the delivery of university programmes to strengthen graduate competencies. She oversaw the training of more than 1000 teaching staff in 60 universities on the African continent in innovative pedagogies.</p> <p>Dr. Muganda is an accomplished educationist with programme planning, design and implementation expertise. She has facilitated formal partnerships among African universities, with Northern partner universities and international knowledge networks around innovative projects that promote excellence, relevance and access in higher education at both masters and doctoral levels.</p> <p>Dr. Muganda has extensive knowledge of issues, challenges and opportunities in African higher education and has proactively engaged various policy actors in higher education transformation. She has also been involved in education policy debates globally: EU-Africa policy dialogues, Wilton Park dialogues, The Africa-America Institute, London School of Economics Africa Summit, Africa Sciedev, University World News, Guardian Global Development Professionals Network, and the Association of African Universities. She has contributed to Kenya’s national policy documents such as the Medium-Term Framework on Education and Training for Vision 2030, and the National Manpower Survey.</p> <p>She holds a B.Ed and M. Phil in Planning and Economics of Education from Moi University, a PhD from the University of Athens, and has received further training at the International Institute of Educational Planning in Paris.</p>

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

**Dr. Gideon Mbithi Kivengea – Board Member**



**DoB: 01<sup>st</sup> September 1970**

**Date of Appointment: 07<sup>th</sup> January 2022**

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

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

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

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

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

2. **Prof. Njuguna Ndung'u – Member**



Prof. Njuguna Ndung'u is the Cabinet Secretary, National Treasury & Economic Planning. He was appointed Cabinet Secretary by President William Samoei Ruto on September 27, 2022. Prior to the current appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons. He is an associate professor of economics at the University of Nairobi, Kenya and the immediate former Governor, Central Bank of Kenya.

Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Program specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from University of Gothenburg, Sweden. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance

for Financial Inclusion, that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.

**The CS National Treasury is represented on the Commission's Board by Dr. Wanyama Indeje.**

**Dr. Indeje Wanyama – Board Member**



**DoB: 05<sup>th</sup> September 1969**

**Date of Appointment: 14<sup>th</sup> November 2021**

Dr. Indeje Wanyama was appointed a member of the Board on 14th November 2021 as a representative of the Cabinet Secretary, The National Treasury and Planning. He is a skilled finance professional with more than 10 years of corporate finance and management. The finance guru has a PhD in Management Science, having studied in Shanghai

University of Finance and Economics. Further, he holds an MSc in Economic Policy Analysis from Addis Ababa University, Ethiopia, has a BA (Economics) and is a Certified Public Accountant of Kenya.


Dr. Wanyama is an expert in financial systems development, fiscal management and financial reporting, with proven record of developing and implementing financial and operational controls. He's knowledgeable in the application of economic principles and procedures for analyzing financial information in relation to supply and demand, investment, industrial productivity, taxes, among other policy related issues.

The seasoned professional started out as an Economist/Planning Officer in the Ministry of Education and rose to become Deputy Director –Financial and Sectoral Affairs Department in the Ministry of Finance/The National Treasury. He previously served as Deputy Chief Finance Officer at the State Department of Livestock for two years; Assistant Director of Budget-Budgetary Supply Department in the Ministry of Finance/The National Treasury for a period of six years; and as Senior Finance Officer in the Ministry of Finance-Budgetary Supply Department for five years.

He has worked as a lecturer at the United States International University and was a Lead Consultant in the development of the Strategic Plan for the Office of the Controller of Budget 2012-17, and in the recruitment of staff for the same Office. Other key accomplishments include preparation of Strategic Plan for the Ministry of Water and Irrigation for the Government of Southern Sudan.

Dr. Wanyama has also authored and co-authored research publications in finance and policy related areas. Other special assignments include his appointment as a member of Inter-Ministerial Task Force responsible for organizing the United Nations Public Service Day. He was also a member of secretariat of Public Administration Sector

Annual Report and Financial Statements  
for the year ended June 30, 2024.

	<p>Working Group (PA SWG). The PA SWG, outlines sectoral policy priorities for the Public Administration Sector, and gives the budgetary estimates to be included in the overall Medium Term Expenditure Framework (MTEF) and the annual budget.</p>
3.	<p><b>Prof. Raphael M. Munavu, BA, MSc, PhD, OGW, EBS – Independent Member</b></p> <p><b>DoB: 01<sup>st</sup> August 1947</b> <b>Date of Appointment: 06<sup>th</sup> October 2021</b></p>  <p>Raphael Munavu is a Professor Emeritus in the Department of Chemistry, University of Nairobi, Chairman of the Presidential Working Party of Education Reforms in Kenya from (September 2022 to present)</p> <p>Prof. Munavu attended Kalamazoo College (B.A. 1967-1970), Wayne State University (M.Sc. 1970-1972), and the University of Detroit (Ph.D. 1972-1975) in the USA. His specialization is in Organic, Environmental, and Industrial Chemistry.</p> <p>Prof. Munavu has had an illustrious career in academia and public service for the last 35 years. He served as the Chairman of the Kenya National Academy of Sciences (KNAS) for 19 years (2002- 2021), Chancellor of Laikipia University for five years (February 2013 – February 2018), and Commissioner at the Constitutional Commission on Revenue Allocation (CRA) for six years (December 2010 – December 2016).</p> <p>He was the Dean of the Faculty of Science at the University of Nairobi (1987-1990), founding Principal of Laikipia College of Egerton University (1990-1992), Vice-Chancellor of Egerton University (1992-1994) Deputy Vice-Chancellor (Administration and Finance) at the University of Nairobi (1994-1998) and Vice-Chancellor of Moi University (July 14<sup>th</sup>, 1998 to September 19<sup>th</sup>, 2002). In addition to regular administrative responsibilities, Prof Munavu spearheaded the establishment of International Programs Offices at the University of Nairobi (1995) and at Moi University (1999) and Privately Sponsored Students Programs at Moi University (1998).</p> <p>Prof. Munavu has published over ninety (90) refereed and commissioned papers and supervised twenty-one (21) postgraduate students. He has written extensively on the role of Higher Education, Chemistry, Science, Technology, and Innovation in socioeconomic development. He has also undertaken many consultancies on the environmental impacts of utilizing various natural resources.</p>

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

Prof. Munavu is extensively experienced in management and public service. He has held numerous high-impact leadership positions in the education sector. He was appointed Chairman of the Kenya National Examinations Council (KNEC) and served in that capacity for ten years (2000-2010). He also served as Hon. Secretary of the Association of Faculties of Science of African Universities (AFSAU, 1986-1992), a Member of the Presidential Task Force on Public Universities Inspection Board (PUIB, 2005-2007) and the Strategy for University Education in Kenya (2006-2008). Prof. Munavu was the founding Chairman of the Council of the Southeastern University College (SEUCO), the precursor of South Eastern Kenya University (SEKU) from 2008 to 2013.

Prof. Munavu has been conferred with the following National Honours: Order of the Grand Warrior (OGW, 1994), and the Elder of the Burning Spear (EBS, 2001) for his services in the Higher Education Sector. In 2000, He was conferred with an honorary doctorate of Humane Letters, Honoris causa (D.Litt) by Kalamazoo College (USA) in 2001 in recognition of his role in entrenching successful inter-university linkages between universities in Kenya and other foreign universities. He was also awarded the Hon. Doctor of Science degree by Laikipia University in 2013.

His social vision is to serve society by facilitating novel wealth-creating, empowering and capacity-building initiatives based on education, national heritage, indigenous knowledge, science and technology. He also champions value-adding enterprises based on readily available natural resources and human capacities in Kenya.

Prof. Munavu chairs the Technical Committee of the Board.

4. **Ms. Rachel Shibalira, MSc, LLB (Hons), Dip (Law) – Independent Member**






**DoB: 08<sup>th</sup> October 1972**  
**Date of Appointment: 06<sup>th</sup> October 2021**

Ms. Rachel Shibalira was first appointed a member of the Board on 6<sup>th</sup> December 2017 and reappointed on 8<sup>th</sup> October 2021 vide Gazette notice Number 208. Ms. Shibalira holds Msc in Environmental Planning and Management from Kenyatta University, Bachelor of Law from Babasaheb Ambedkar University and Diploma in Law from Kenya School of Law.

Ms. Shibalira is a member of Law Society of Kenya and also International Commission of Jurists. She has represented the Government of Kenya in negotiating international conventions and protocols in the area of environment. She has also worked with several countries in the African region helping them define policies and laws on issues of Science

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

	<p>and Technology. She has served nationally as a Chairperson of the Biosafety Appeals Board.</p> <p>Ms. Shibalira chairs the Audit and Risk Management Committee of the Board.</p>
5.	<p><b>Prof. Francis Wamakima Muregi, PhD – Independent Member</b></p> <div style="display: flex; align-items: flex-start;">  <div style="flex-grow: 1;"> <p><b>DoB: 20<sup>th</sup> August 1971</b>  <b>Date of Appointment: 06<sup>th</sup> October 2021</b></p> <p>Prof. Francis Wamakima Muregi was first appointed a member of the Board on 6<sup>th</sup> December 2017 and reappointed on 8<sup>th</sup> October 2021 vide Gazette notice Number 208. He is a PhD holder in medical sciences from Hamamatsu University School of Medicine, a Master of Science, Biochemistry (Biotechnology Option) and BSc. Biochemistry/Chemistry from Kenyatta University.</p> <p>Prof. Muregi has worked at Kenya Medical Research Institute for more than 10 years. He is currently the Director for Research and Development at Mount Kenya University. He is also serving as a member of the Social and Human Sciences Programme and Expert Committee of Kenya National Commission for UNESCO (KNATCOM).</p> <p>Prof. Muregi chairs the Finance and General-Purpose Committee of the Board.</p> </div> </div>
6.	<p><b>Prof. Dickson M. Andala, PhD – Member</b></p> <div style="display: flex; align-items: flex-start;">  <div style="flex-grow: 1;"> <p><b>Prof. Dickson Andala is a member of the Board by virtue of being the Chief Executive Officer National Research Fund (NRF).</b></p> <p><b>DoB: 02<sup>nd</sup> April 1979</b></p> <p>He has a PhD in Materials Chemistry from Binghamton University and Postdoctoral Fellowship Pennsylvania State University, USA. He is a Lead Expert with NEMA; DOSH and CBRN and a reviewer of several local and international journals.</p> </div> </div>

	<p>He has served in various senior leadership/management positions including an Associate Professor of Materials / Inorganic Chemistry, Multimedia University of Kenya; Director to the Kenya Nuclear Regulatory Authority (KNRA), African Materials Research Society (AMRS) boards, Executive Committee Member to Africa Crystallographic Association (AfCA); Chairman Chemistry Department, Multimedia University of Kenya. Membership to various Professional Associations including African Academies of Science (AAS), Kenya National Academy of Sciences (KNAS); Materials Research Society of Kenya, Kenya Chemical Society (KCS).</p>
7.	<p><b>Dr. Tonny K. Omwansa, PhD – Member</b></p> <div data-bbox="323 898 632 1205"></div> <p><b>Dr. Tonny K. Omwansa is a member of the Board by virtue of being the Chief Executive Officer of Kenya National Innovation Agency (KENIA).</b></p> <p><b>DoB: 01<sup>st</sup> September 1977</b></p> <p>He is the co-author of “Money, Real Quick: Kenya’s disruptive mobile money innovation”. He holds a PhD in Information Systems in which he researched on the adoption of mobile financial services at the base of the pyramid in Kenya.</p> <p>Besides consultancy in technology issues, he has conducted extensive research in mobile transactions in Africa and published various reports including use of airtime transfers, mobile banking, virtual currencies as well as regulation of mobile transactions. His research interests are in the design, adoption and impact of low-cost technologies in developing countries.</p> <p>His various research assignments have been commissioned by organizations like the GSMA, Bill and Melinda Gates foundation, Rockefeller Foundation and Economic Commission of Africa. He is a recipient of the prestigious Bellagio Fellowship from the Rockefeller Foundation where he worked on the book on mobile money, published in 2012.</p>

8. **Prof. Walter O. Oyawa, PhD - Director General/Chief Executive Officer**



**DoB: 23<sup>rd</sup> August 1965**

Prof. Walter O. Oyawa, is currently the Director General of the National Commission for Science, Technology & Innovation (NACOSTI). He is a Professor of Civil Engineering, a holder of a PhD in Civil Engineering, and a holder of Executive MBA. He is a Registered Professional Engineer, a Lead Expert-NEMA and a reviewer of several international journals.

In addition to his current position as Director General of NACOSTI, Prof. Oyawa has served in various senior leadership/management positions including having been the Principal/CEO of Multimedia University College, Deputy Commission Secretary at the Commission for University Education (CUE), pioneering Ag. Principal of the College of Engineering & Technology at JKUAT, Director of a Research Centre-SMARTEC at JKUAT, Chairman of the Department of Civil Engineering at JKUAT, Board member of several boards, among others. He is endowed with vast experience in research/scholarly work, as evidenced by; extensive publications in peer reviewed journals, several awards and research grants, keynote lectures and conference papers, and supervision of numerous postgraduate students. His research interest is in the area of sustainable construction materials and technologies.

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**




**4. Key Management Team**

No.	Management	Details
1.		<p><b>Prof. Walter O. Oyawa, PhD -                      Director General/Chief Executive Officer</b></p> <p>Prof. Walter Oyawa is the Director General and Chief Executive Officer of the National Commission for Science, Technology &amp; Innovation (NACOSTI). He is a Professor of Civil Engineering, a holder of a PhD in Civil Engineering, and a holder of Executive MBA. He is a Registered Professional Engineer, a Lead Expert-NEMA and a reviewer of several international journals.</p>
2.		<p><b>CPA Gideon K. Kirui – Manager, Finance &amp; Accounts - Up to 29<sup>th</sup> Feb 2024 - Director, Corporate Services – From 1<sup>st</sup> March 2024</b></p> <p>CPA Kirui holds a Master of Business Administration degree, a Bachelor of Commerce Degree (Accounting) and is a member of the Institute Certified Public Accountant of Kenya (ICPAK) and the Institute of Certified Secretaries.</p>
3.		<p><b>Dr. David Njubi, PhD – Deputy Director Agriculture Environment and Natural Resource</b></p> <p><b>Ag. Director, Advisory, Standards and Licensing – up to 29<sup>th</sup> Feb 2024</b></p> <p>Dr. Njubi holds a PhD in Animal Genetics, MSc in Animal Production, MSc in Information Systems, and a BSc in Agriculture.</p>
4.		<p><b>Dr. David Ngigi - Director, Advisory, Standards and Licensing – From 1<sup>st</sup> March 2024</b></p> <p>Dr. David Ngigi is the Director, Advisory, Standards and Licensing. He holds a PhD in Entomology, M.Sc in Agricultural Entomology and B.Sc in Zoology. He is a member of Bioethics Society of Kenya.</p>




*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

5.		<p><b>Dr. Benson M. Kinyagia - Deputy Director, Biological and Health Sciences.</b></p> <p>Dr. Kinyagia heads the Biological and Health Sciences Department. He holds a PhD in Pesticide Science and Safety, A Master of Science in Botany (Plant Pathology) and Bachelor of Education (Botany and Zoology). He is a Lead-Expert at NEMA and a member of Environmental Institute of Kenya (EIK).</p>
6.		<p><b>Mr. Godfrey P. Kalerwa - Deputy Director, Research Standards and Licensing</b></p> <p>Mr. Kalerwa heads the Research Standards and Licensing Department. He holds an EMBA (Strategic Management, MSc in Natural Products Chemistry, BSc. (Chemistry, Mathematics). He is a Member of Kenya Chemical Society (KCS) and Kenya Institute of Management (KIM).</p>
7.		<p><b>Ms. Margaret Muthee - Deputy Director, Humanities and Social Sciences.</b></p> <p>Ms. Muthee heads the Humanities and Social Sciences Department. She holds a Bachelor of Arts in Anthropology and a Master of Arts in Development Studies. She has undertaken various specialized courses in senior management, results-based monitoring and evaluation, corporate governance, finance for non-finance managers, human rights and science and innovation diplomacy.</p>


*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

8.		<p><b>Mr. Cyrus Kamau – Deputy Director, Physical, Industrial, Computing and Engineering</b></p> <p>Mr. Kamau heads the Physical, Industrial, Computing and Engineering Department. He is a graduate in BSc. computer science major and MSc. Information systems (IS). Fellow, Computer Society of Kenya (FCSK), member of the Association of Computing Practitioners, Kenya (M-ACPK), Institute of Electrical and Electronics Engineers (MIEEE), and Association of Computing Machinery (MACM).</p>
9.		<p><b>Dr. David Otwoma - Deputy Director, Physical, Industrial, Computing and Engineering.</b></p> <p>Dr. Otwoma heads the Physical, Industrial, Computing and Engineering Department. He holds a BSc in Physics, MSc in Nuclear Science, and a PhD in Radiation Physics. He is a founding and past Chairman of Eastern Africa Association for Radiation Protection. He also Chairs the Kenya Bureau of Standards Technical Committee on Radiometry, Dosimetry and Non-Destructive Testing.</p>
10.		<p><b>Mr. Abdallah Bii – Corporation Secretary and Manager, Legal Services</b></p> <p>Mr. Bii heads the Corporation Secretary and Legal Services Department. He holds a Bachelor of Social Legislation degree from Marathwada University, Bachelor of Laws from Babasaheb Ambedkar University and Diploma in Law from Kenya School of Law. He also holds a Postgraduate Diploma in International Studies from the University of Nairobi.</p> <p>He is a member of Law Society of Kenya (LSK) and the Institute of Certified Secretaries (ICS).</p>

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

11.		<p><b>Ms. Yasmin Hussein - Manager, Supply Chain Management</b></p> <p>Ms. Hussein heads the Supply Chain Management Department. She holds a MSc in Procurement and Logistics and a Bachelor of Commerce Degree with specialization in Operations Management. She is a member of the Kenya Institute of Supplies Management (KISM) and a Professional Member of the Chartered Institute of Purchasing and Supplies (CIPS)</p>
12.		<p><b>CHRP Jennifer Murgor - Manager, Human Resource Management</b></p> <p>CHRP Murgor heads the Human Resource Management Department. She holds a Master of Business Administration degree, a Bachelor of Arts Degree and is a member of the Institute Human Resource Management (IHRM).</p>
13.		<p><b>Mr. Muhanji Ambani - Senior Administration Officer.</b></p> <p>Mr. Ambani heads the Administration division. He holds a master's degree in public administration, as well as a Bachelor of Arts Degree and a Post Graduate Diploma in Education.</p>
14.		<p><b>CPA Timothy Mutinda – Internal Auditor In charge of Internal Audit up to 12<sup>th</sup> March 2024</b></p> <p>CPA Timothy N. Mutinda is an Internal Auditor at Internal Audit Department. He holds a Bachelor of Commerce degree from Kenyatta University, A Post-Graduate Diploma in Tax Administration from JKUAT and is Certified Internal Audit Quality Assessor. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors - (IIA - Kenya Chapter).</p>

Annual Report and Financial Statements  
for the year ended June 30, 2024.

15.		<p><b>CPA Shadrack K. Toroitich - Manager, Internal Audit &amp; Risk Management– From 13<sup>th</sup> March 2024</b></p> <p>CPA Toroitich heads the Internal Audit and Risk Management Department. He holds a master's degree in business administration (Finance) and Master of Science in Oil &amp; Gas Management (University of Nairobi and Abertay University-UK respectively); bachelor's degree in business management (Moi University (Finance &amp; Banking)); International Diploma in Leadership &amp; Management (Luxury Academy, London). Shadrack is a member Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Internal Auditors -(IIA- Kenya Chapter). He further holds a Certificate in Monitoring &amp; Evaluation, Forensic Investigation, Data Analysis &amp; Cybersecurity.</p>
16.		<p><b>Ms. Christine Apakoreng' - Deputy Director, Institutional Registration and Accreditation – From 1<sup>st</sup> Feb 2024</b></p> <p>Ms. Apakoreng heads the Institutional Registration and Accreditation Department. She holds a Master of Educational administration and planning from CUEA, bachelor's degree in education (Home Economics) from Kenyatta university; Diploma in Education Management from KEMI and Certificate in Senior Management course from KSG.</p>

## **5. Chairman's Statement**

The National Commission for Science, Technology and Innovation (NACOSTI) is established under the Science, Technology and Innovation Act, 2013 with a mandate "*To regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto*". To facilitate execution of this mandate, the Commission has since inception been guided by Strategic Plans which operate in five-year circles. In the year ended 30 June 2024, the Commission developed and began implementation of its third Strategic Plan covering the period 2023 – 2027.

The 2023-2027 Strategic Plan is aligned to the long-term development blueprint for the country, Kenya Vision 2030, which aims to transform Kenya into a newly industrialized, middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment. Science, technology and innovation is one of the foundations of the three pillars of the vision namely, economic, social and political. In line with the provisions of Vision 2030, the Commission through its programmes aims to create appreciation and awareness on the importance of science, technology and innovation in Kenya and its implication in everyday life.

The Strategic Plan is also aligned to the *Bottom-Up Economic Transformation Agenda 2022 – 2027*. Through this Strategic Plan, the Commission seeks to enhance the application of research, science, technology and innovation in priority sectors of agriculture, Micro small and medium enterprise economy, housing and settlement, healthcare and digital superhighway and creative economy.

In the year ended 30 June 2024, the Commission undertook programmes which were focused on regulation and promotion of research, science, technology and innovation in the Country. It was also involved in coordinating the activities in this sector as well as providing advisories on topical issues touching on research, science, technology and innovation.

To facilitate regulation of research, the Commission has reviewed request for registration of research institutions and recommended those that meet the set requirement to the Cabinet Secretary for registration. A total of twelve (12) research institutions were registered during the year. Regulation is also undertaken through licensing of research projects in the Country. The Science, Technology and Innovation Act, 2013, requires that any person intending to do research in the Country must first obtain a research permit from NACOSTI. Researchers therefore submit their research proposals for review before they are granted research permits. A total of 8,600 research projects were licensed during the financial year. Periodic monitoring and evaluation is undertaken by the Commission on the programs of the registered research institutions and on execution of the licenced research projects.

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

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

---

the task assigned by the Government to coordinate the implementation of the Performance Contract target of Science, Technology and Innovation (STI) mainstreaming amongst Government Ministries, Departments and Agencies.

The Commission having obtained the requisite Government approvals, enhanced its human resource capacity through recruitment of additional staff during the Financial Year. This brought the total staff in post as at the end of the year to sixty-four (64) in number and the Board intends to gradually improve this number towards the total approved establishment of ninety-eight (98). The Board also enhanced the welfare of staff by availing operating equipment and facilitating continuous professional capacity building through training.

The current members of the Board were appointed in October 2021 and have steered the Commission's operations since then. The membership is made up of three independent members; a representative of the Cabinet Secretary, The National Treasury; a representative of the Principal Secretary, State Department for Higher Education and Research; the Director, National Research Fund; the Director, Kenya National Innovation Agency; and the Director General of the Commission. By the end of the year, the Board was still working with the Parent Ministry to have a substantive chairperson and a representative of the Kenya Private Sector Alliance appointed in order to have to full contingent of Board members in place.

The Commission faces financial constraints in meeting the costs of its operations as the Government support for its recurrent activities falls short of required funding hence limiting the Commissions ability to effectively undertake its mandate. The Commission has leased out part of the office block in an effort to increase its internally generated income and revamped its resources mobilization efforts through reaching out to more funding partners to support some of the collaborative programs.

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

Signed *for* Chairman

By: Prof Raphael Munavu

Sign

R. Martin Mwan

## **6. Report of the Chief Executive Officer**

The National Commission for Science, Technology and Innovation (NACOSTI) is established through the Science, Technology and Innovation (STI) Act, 2013 to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters, related thereto. This key mandate is realized through seventeen (17) functions as stipulated in Section 6(1) of the Act, which may be grouped into four categories, viz, Regulation/Quality Assurance, Advisory Services, Coordination, and Promotion. The programs undertaken in the year ended 30 June 2024 were therefore geared towards enabling the Commission deliver on this mandate and undertake the stated functions.

In the year ended 30 June 2024, the Commission developed and began implementation of its third Strategic Plan covering the period 2023 – 2027. This Strategic Plan is anchored on four Key Results Areas, namely.

KRA 1: Regulation, Advisory and Promotion

KRA 2: Surveillance and Compliance

KRA 3: Planning, Partnership and Resource Mobilization

KRA 4: Institutional Capacity and Corporate Positioning

The Key Results Areas will be achieved through the following Strategic Objectives

### **KRA 1: REGULATION, ADVISORY AND PROMOTION**

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

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

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

### **KRA 2: SURVEILLANCE AND COMPLIANCE**

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

Strategic Objective 2: To strengthen Regulatory and Quality Assurance Frameworks

### **KRA 3: PLANNING, PARTNERSHIP AND RESOURCE MOBILIZATION**

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

Strategic Objective 2: Strengthen capacity for resource mobilization

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

#### KRA 4: INSTITUTIONAL CAPACITY AND CORPORATE POSITIONING

Strategic Objective 1: To strengthen institutional capacity

Strategic Objective 2: To enhance Resource Mobilization and optimization

Strategic Objective 3: To enhance corporate positioning

The programs and workplans undertaken during the Financial Year 2023/2024 were therefore based on the activities aimed at realising the above strategic objectives.

Kenya's Vision 2030 Development blue print recognizes the key role played by Science, Technology and Innovation (STI) in wealth creation and building human capital required for the transition to a knowledge driven economy. The vision recognizes that a strong foundation and basic understanding of Science, Technology and Innovation (STI), and its universal importance is needed to make certain breakthroughs or commercialize applications that will ensure the prosperity of the country. The Commission has taken a lead in facilitating adoption of STI as part of day-to-day operations of Government Ministries, Departments and Agencies (MDAs). This is through being the lead agency in the implementation of the STI Mainstreaming indicator in the Performance Contracting framework. During the Financial Year, the Commission facilitated several capacity building sessions with the MDAs and oversaw the implementation and reporting on the targets under this indicator.

To enhance promotion of science, technology and innovation, the Commission organized conferences, exhibitions and fora that brought together policy members, researchers, students and other members of the public to interact and exchange ideas on RSTI. The Commission also took part in various stakeholder engagements within and outside the Country. Amongst these was the participation in the Devolution Conference organized by County Governments; the Agricultural Society of Kenya (ASK) fairs and exhibitions; research and innovation conferences organized by universities and research institutions; and other for a organized by other public and private entities.

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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As part of promoting international linkages in RSTI, the Commission has participated in a number of international events.

The Commission continues to be Kenya's focal point institution in several of the Country's international commitments touching on STI. Through this unique position, the Commission has built linkages amongst the scientific community locally and internationally. Amongst programs and projects in which NACOSTI represents the Country are the Comprehensive Test Ban Treaty Organization (CTBTO) Project; the AFRA project of the International Atomic Energy Agency; the International Centre for Genetic Engineering and Biotechnology; and the Biological Toxins Weapons Convention. These linkages have enabled the Commission lobby for capacity building of the country's research system through training of researchers and provision of research equipment.

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



**Director General/CEO**  
**Prof. Walter O. Oyawa, PhD.**

## **7. Statement of Performance against Predetermined Objectives for FY 2023/2024**

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

### **KRA 1: Regulation, Advisory and Promotion**

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

### **KRA 2: Surveillance and Compliance**

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

### **KRA 3: Planning, Partnership and Resource Mobilization**

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

### **KRA 4: Institutional Capacity and Corporate Positioning**

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

The Commission develops its annual work plans and the annual performance contract targets based on the above 4 Key Results Areas and Strategic Objectives. Assessment of the Commission's performance against its annual work plan and performance contract targets during the Financial Year 2023-2024 is summarized in the table below:

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

Key Result Area No 1:	Regulation, Advisory and Promotion			
	Strategic Objectives	Strategy	KPI	Activities
<b>To regulate the science, technology and Innovation sector</b>	License/approve all scientific research in Kenya  Target: - 7000 Research Licenses, Make recommendations on applications of Four (4) Registered Institutions	No. of licensed research	Evaluate, and defer/reject/ License/ approve scientific research proposals in Kenya (Monthly seating of Review committee)	<b>A total of 9627 Research licenses were reviewed and issued during the period.</b>
			co-ordinate, monitor and evaluate, as appropriate, activities relating to scientific research and technology development	<b>Four (4) registered research institutions (International Centre of Insect Physiology and Ecology, National Museums of Kenya, Kenya Water Institute and International Potato Centre) were inspected, monitored and evaluated</b>
	Register/accredit research institutions  Target: - For FY 2023/2024 the target was to accredit three (3) new ISERCs	No. of registered research institutions	Evaluate, and defer/reject/ register/ accredit all applications submitted for Registration of Research Institutions in Kenya	<b>Forty-Two (42) accredited ISERCs in the country</b>
			Evaluate progress of selected registered/ Accredited Research institutions in Kenya	<b>15 institutions renewed their accreditation licenses</b>
			Coordinate activities of Institutional Scientific and Ethical Review Committees, and the National Scientific and Ethics Committee	<b>Held meetings of the National Scientific and Ethics Committee which received reports from the Institutional Scientific and Ethical Review Committees (ISERCs)</b>
<b>To develop advisories on science, technology and innovation.</b>	Advise the national government on science, technology and innovation  Target was to develop and disseminate two (2) policy briefs/advisories	No. of advisories to the national and county governments	Undertake Annual review of the progress of science, technology and innovation and submit a report	<b>The Advisories were disseminated and distinguished lectures organized during the 3rd Multisectoral conference</b>
			Develop advisories on science education	<b>Developed advisories on Open University, STI funding and STI capacity (informed by the report on Scientific Research Systems</b>
			Advise the Government on key policies and any issue relating to scientific research systems, as well as on emerging issues;	<b>Prepared a report on the "State and progress in scientific research systems" and submitted to the Cabinet Secretary. A key document to inform the Government on issues relating to RSTI</b>

**Annual Report and Financial Statements  
for the year ended June 30, 2024.**

<p>Promote increased awareness, knowledge and information of research system including STEM Education</p> <p>Targets: - To guide four (4) MDAs in development of IP Policies.</p> <p>Organize one Multisectoral STI Conference,</p> <p>Organize one STEM mentorship programme,</p> <p>Coordinate establishment of One (1) Regional Research Centre</p> <p>Organize two (2) distinguished lecture series on topical issues</p> <p>Coordinate quarterly publication of STIR Bulletin</p> <p>Organize two engagement forums on RSTI with County Government units/secretariat/CoG</p>	<p>1.No. of Institutions establishing IP Management Policy/IP Management Office</p> <p>2.No. of meetings or collaborations held with private sector actors</p> <p>3.No. of conferences held</p> <p>4.No. of County engagement forums/meetings or collaborations held</p>	<p>Undertake STI awareness Forums.</p>	<p><b>Held the 3rd Multi-Sectoral Conference and Exhibitions which brought together many players in the STI sector and members of the public including students from all levels of education.</b></p> <p><b>Awareness creation was undertaken during DG's lecture at JKUAT on Strategies for improving visibility of research and innovations: National Security and Public Safety Perspectives.</b></p>
		<p>Establish Science and Technology Education Centre</p>	<p><b>Coordinated the establishment and operationalization of Regional Research Centre at Egerton University</b></p>
<p>Promote the adoption and application of scientific and technological knowledge and information necessary in attaining national development goals</p> <p>Targets: -</p> <p>Organize two meetings/engagement forums on RSTI with private sector institutions</p> <p>Undertake four (4) sensitizations for MDAs on STI Mainstreaming</p>	<p>Frame- work developed</p>	<p>Develop STI Mainstreaming and infusion Framework, and Capacity Building programmes for MCDAs, and Private Sector entities</p>	<p><b>NACOSTI engaged with a private sector entity, APHRC, and collaborated with Dr. Kevit during the STI Mainstreaming trainings in Naivasha. Centurion Systems and KAM were engaged during the Multisectoral conference, TechWin to showcase during the Multisectoral conference, Kabarak University to showcase innovation food from grass during the ASK shows</b></p>
		<p>Coordinate STI Mainstreaming in Programmes and Projects of Ministries, Departments and Agencies</p>	<p><b>Three MDA sensitizations and Module 1 Training on STI Mainstreaming were conducted during the period</b></p>
		<p>Build human capacity for STI Mainstreaming and infusion through STI Professional Certification Programmes</p>	<p><b>Module 1 Training on STI Mainstreaming was successfully conducted during the period.</b></p> <p><b>Conducted quarterly STI Mainstreaming Sensitizations</b></p>

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Annual Report and Financial Statements  
for the year ended June 30, 2024.

	<p>In consultation with the National Research Fund Trustees, sponsor national scientific and academic conferences it considers appropriate</p> <p>Targets: -</p> <p>Organize One (1) Multisectoral conference,</p> <p>Organize three regional outreach and awareness campaigns on RSTI</p> <p>Organize one STEM mentorship of STI Olympiad programme</p>		Organize annual multisectoral conference on STI	Organized the 3rd Multisectoral conference
			Organize annual High-Level Ministerial and Governors Dialogue on STI	Participated in the annual governors' meeting, the devolution conference
			Organize annual exhibitions on STI	Exhibitors engaged to exhibit on the 3 <sup>rd</sup> multi-sectorial conference
			Organize annual science and Technology Education, and Olympiad	Organized an Olympiad programme, coordinated the establishment of RRC and published four bulletins.
	<p>Promote knowledge creation, storage and dissemination</p> <p>Targets: -</p> <p>Maintaining a database or repository of licensed research projects</p> <p>Organize One (1) Multisectoral Conference</p>		Create RSTI repository for RSTI activities in Kenya	Repository of licensed projects exists
			Disseminate R&D outcomes	Exhibitions during multisectoral conference, devolution conference, ASK shows etc
<b>Key Result Area No 2:</b>	<b>Surveillance and Compliance</b>			
<b>Strategic Objectives</b>	<b>Strategy</b>	<b>KPI</b>	<b>Activities</b>	<b>Achievements</b>
<b>To strengthen compliance with the policy and regulatory framework, and assure quality of research, science, technology and innovation in the country</b>	<p>Undertake surveillance, regular inspections, monitoring and evaluation of activities in the STI Sector to ensure compliance with set standards and guidelines</p> <p>Targets: -</p> <p>Monitor and evaluate eight (8) licensed projects</p> <p>Inspect three (3) Research Institutions</p> <p>Monitor and evaluate the implementation of STI Priorities</p> <p>Mainstream National STI Priorities in institutional STI Strategies in MDAs</p>	<p>No. of surveillance, regular inspections, monitoring, and evaluation of activities in the STI Sector undertaken to ensure compliance with set standards and guidelines</p>	<p>Undertake surveillance, regular inspections, monitoring and evaluation of Research activities in Kenya, and ensure compliance with laws, set standards, regulations, and guidelines</p>	<p>M&amp;E of 9 licensed projects and inspection of research institutions was done</p> <p>Guidelines developed</p>
			<p>Undertake surveillance, regular inspections, monitoring and evaluation of ISERCs and NSEC</p>	<p>Inspection of four Research institutions was successfully done and accredited 5 ISERCs</p>
			<p>Monitor and evaluate the implementation of STI Priorities</p>	<p>Implementation of National STI Priorities was monitored and evaluated in Q3. Status report on implementation of National STI Priorities in programmes of MDAs undertaken and submitted to the CS</p>

Annual Report and Financial Statements

for the year ended June 30, 2024.

To strengthen Regulatory and Quality Assurance Frameworks	Develop and enforce codes, guidelines and regulations in accordance with the policy determined under this Act for the governance, management and maintenance of standards and quality in research systems Target: -	No. of MDAs implementing STI Mainstreaming Performance Indicator	Develop national STI priorities	Prepared a status report on implementation of IP and a report of the impacts of IP rights on key STI indices
	Develop National Priorities on STI (with support of Resource persons and peer-based working groups or advisory panels/committees)	No. of Institutions establishing accredited Institutional Scientific and Ethical Review Committee	Develop national STI indicators	Developed National priorities on STI and mainstreamed.
<b>Key Result Area No 3:</b>	<b>Planning, Partnership and Resource Mobilization</b>			
<b>Strategic Objectives</b>	<b>Strategy</b>	<b>KPI</b>	<b>Activities</b>	<b>Achievements</b>
	Enhance planning for Programmes in the STI Sector Target: - Develop Strategic Plan	No. of capacity building trainings undertaken for stakeholders in the STI Sector.	Mid-term review of the strategic plan	Strategic plan for FY 2023/27 developed and launched Mid-term review of the strategic plan 2023/2027 will be done in the FY 2024/25
Strengthen capacity for resource mobilization	Organize forums in partnership with County governments Targets: - Organize three regional outreach and awareness campaigns on RSTI Organize two engagement forums on RSTI with County Government	Number of fora	Fora organized and held	Devolution conference in Uasin Gishu STEM activities during inaugural Women Leaders Forum Held in Homa Bay from 3rd to 6th December
	Develop coordination and co-operation between the various agencies involved in science, technology and innovation strategy Targets: - STI Mainstreaming Across MDAs Coordinated	Approved Strategy on coordination and co-operation between the various agencies involved in science, technology and innovation	Co-ordination and co-operation between the various agencies involved in science, technology and innovation strategy developed	STI Mainstreaming, Multisectoral conference (Olympiad programme Included) in May 2023, STEM activities

**Annual Report and Financial Statements  
for the year ended June 30, 2024.**

	Organize one Multi-sectoral STI Conference and Exhibition/Science Week			
	Organize one STEM mentorship or STI Olympiad programme			
	Develop and implement a knowledge management frame- work	Published Knowledge Management Frame- work	Knowledge Management Framework developed	<b>Knowledge Management strategy developed</b>
<b>Key Result Area No 4:</b>	<b>Institutional Capacity and Corporate Positioning</b>			
<b>Strategic Objectives</b>	<b>Strategy</b>	<b>KPI</b>	<b>Activities</b>	<b>Achievements</b>
<b>To strengthen institutional capacity</b>	Enhance Human Resource Capacity Targets:-	Ap- proved Human resource policies/ Instruments	Develop/Review human resource policies/ instruments	<b>The instruments are in place</b>
	Undertake Institutional Skills Gap Analysis Undertake Staff Training Needs Assessment as need arises and prepare annual staff training projections Address the identified skills gaps and training needs through interventions such as recruitment, outsourcing, capacity building, training, coaching, mentoring	Payroll	Recruit and maintain competent staff, including a pool of external Resource persons and peer-based working groups or advisory panels/Committees	<b>Recruitment of new staff was done, competence of staff achieved through training plan to address recommendations from the appraisal reports Established and build the capacity of a multidisciplinary committee of internal staff and external Resource persons/peer-based working groups/advisory panels for the review of progress in scientific research systems Multi agency HPC committee was reconstituted</b>
		Number of staff trained	Undertake staff skills gap analysis and capacity development.	<b>Staff training needs were carried out, annual training projections prepared, and trainings undertaken</b>
	Coordinate staff performance management Target: -	Number of re- views	Automate/ Review staff performance appraisal tool.	<b>Reviewed staff performance appraisal tool.</b>
	Undertake Employee Performance Management	Number of staff	Undertake annual staff performance appraisal	<b>Mid-Year and annual staff performance appraisal undertaken</b>
	Establish/Enhance staff wellness programmes	Number of staff under- taking wellness programmes	Institute health care/wellness programmes	<b>Room Nursing Mothers</b>

**Annual Report and Financial Statements  
for the year ended June 30, 2024.**

		Reports	Establish indoor sports facilities, and staff teams	The commission has a gym facility in the hostel hall
	Coordinate Institutional Performance Contract	Annual Performance Contract developed	Develop the annual performance contract	Annual Performance Contract for FY 2023/24 was developed and signed
		Performance Contract Monitored	Monitor the implementation of the annual performance contract	Quarterly monitoring of performance undertaken, and quarterly and annual reports prepared
<b>To enhance Resource Mobilization and optimization</b>	Enhance resource mobilization and prudent utilization of financial resources	Approved Financial Management Manual	Review Financial Management Manual	To be done the second qrt of FY 2024/25
	Enhance institutional automation/digitization	Approved action plan	Develop and implement digitization action plan	The Commission has completed the digitization of the E-procurement portal which is now available on the E-citizen platform. Others include software, security features, HPC functioning, RIMS upgrade, ERP
<b>To enhance corporate positioning</b>	Enhance corporate visibility, and positioning Target: -	Approved stakeholders engagement framework	Develop and implement a stakeholder engagement framework	Digitalization committee
	Implementation of the presidential directive on Tree planting Digitalization of Government Services	Number of CSR activities	Undertake CSR activities	Donated furniture to a nearby school & tree planting in schools done at Loresho primary
	Enhance Workplace and Customer satisfaction Target: -	Per-centage level of inclusive infrastructure	Develop and maintain inclusive physical infrastructure	Disability mainstreaming; accessible washrooms, parking for PWDs, Ramp at the entrance, installation of the elevator/lift
	Implementation of Citizens' Service Delivery Charter	Reports of Work environment survey, and customer satisfaction survey	Conduct work environment survey, and customer satisfaction survey	Done
		Review report	Review service delivery charter	Done

## **8. Corporate Governance Statement**

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

### **Board Structure and Composition**

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

The Board that was in charge during the FY 2023/2024 period was the third Board of the Commission which was appointed on 6<sup>th</sup> October 2021 vide Gazette Notice Number 208. The position of the Chairperson of the Board and a representative of KEPSA is still vacant, hence the board is currently composed of seven (7) members and the CEO as the secretary.

### **Board Charter**

There is a board charter that provides guidelines to the board in exercising its mandate. The charter was adopted by the Commission in accordance with Mwongozo Code of Governance for State

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

---

Corporations and is complimentary to the requirements regarding the board and the board members contained in applicable Kenyan laws and regulations. The charter is available to board members.

**Appointment and removal of Directors**

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

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

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

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

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

**Board remuneration**

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

**The Board established the following three (3) Committees:**

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

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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**The functions of these committees are as follows:**

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

**Membership of Board Committees**

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

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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

<b>Nature of Meeting</b>	<b>Full Board</b>	<b>Finance and General-Purpose Committee</b>	<b>Technical Committee</b>	<b>Audit, Risk Management &amp; Compliance Committee</b>
<b>Scheduled Meetings</b>	7	5	3	4
<b>Special Meetings</b>	11	0	0	1
<b>Total</b>	<b>18</b>	<b>5</b>	<b>3</b>	<b>5</b>

During the year, the Commission held a total of Fifteen (31) meetings comprising of eight (18) Full board, Five (5) Finance and General Purpose, Three (3) Technical Committee and Five (5) Audit, Risk Management & Compliance.

Below table indicates the number and type of meeting attended by each board member for the year ended 2023/24.

<b>S/NO</b>	<b>Name</b>	<b>Full Board</b>	<b>F&amp;GP Committee</b>	<b>Technical Committee</b>	<b>Audit &amp; Risk Management Committee</b>	<b>Special meetings of the board</b>
1.	Prof. Raphael Munavu	7	0	3	0	11
2.	Dr. Gideon Kivengea	7	5	3	0	10
3.	Mr. Wanyama Indeje	5	5	0	5	1
4.	Ms. Rachel Shibalira	7	0	0	5	11
5.	Dr. Tonny Omwansa	6	0	0	5	10
6.	Prof. Francis Muregi	7	5	0	0	11
7.	Prof. Dickson Andala	7	0	3	1	11
8.	Prof. Walter Oyawa (DG/CEO)	7	5	3	1	11

**Statement of Compliance and conflict of interest**

To the best of the Commissions and the managements knowledge, no person, employee, or agent acting on behalf of the Commission, with the knowledge or authority of the Commission or management, committed any offence under the Prevention of Corruption Act or indulged in any

unethical behaviour in the conduct of the Commission's business, or been involved in money laundering, or any practice or activity contrary to national laws or international interventions.

### **Code of Conduct**

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

### **Risk Management**

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

### **Risk management structure and roles**

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

## **9. Management Discussion and Analysis**

### **9.1. Strategic Objective**

The Commission is currently implementing its third strategic plan (2023/2024 -2027/2028) which is in line with the implementation of the Government's Bottom – Up Economic Transformation Agenda (BETA) and The Fourth Medium Term Plan (MTP\_IV 2023-2027) of Vision 2030. The goal of the strategic plan has guided the Commission in the last one (1) year in implementing its activities to realize the stated objectives in the Four (4) KRAs.

#### **KRA 1: REGULATION, ADVISORY AND PROMOTION**

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

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

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

#### **KRA 2: SURVEILLANCE AND COMPLIANCE**

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

Strategic Objective 2: To strengthen Regulatory and Quality Assurance Frameworks

#### **KRA 3: PLANNING, PARTNERSHIP AND RESOURCE MOBILIZATION**

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

Strategic Objective 2: Strengthen capacity for resource mobilization

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

#### **KRA 4: INSTITUTIONAL CAPACITY AND CORPORATE POSITIONING**

Strategic Objective 1: To strengthen institutional capacity

Strategic Objective 2: To enhance Resource Mobilization and optimization

Strategic Objective 3: To enhance corporate positioning

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

### **9.2. Operation Performance Analysis**

The Commission's mandate as per the Science, Technology and Innovation (STI) Act of 2013 is to regulate and assure quality in the science, technology and innovation sector and advise the

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

Government in matters, related thereto. This mandate is realized through seventeen (17) functions as stipulated in Section 6(1) of the Act, which may be grouped into four categories, viz, Regulation/Quality Assurance, Advisory Services, Coordination, and Promotion. In the Year ended 30 June 2023, the Commission developed workplans and programs geared towards enabling the Commission deliver on this mandate and undertake the stated functions. Activities undertaken during the Financial Year towards the Commission’s core mandate are discussed below.

**9.2.1. Regulation, Advisory and Promotion**

During the Financial Year, the Commission worked on strengthen policy and regulatory framework in the RSTI activities in the Country. This went hand-in-hand with enhancing compliance with regulatory requirements. Towards this end, the Commission engaged stakeholders on the need for guidelines for registration, licensing and regulation of researchers in Kenya. The Commission also continuously sensitized researchers, students, research institutions, universities, other Government MDA’s and the general public on the provisions of the STI Act as relates to regulation of Research, Science, Technology and Innovation. This sensitization was done through conferences, workshops, meetings, website and the NACOSTI Bulletin. This was aimed at highlighting the provisions of the STI Act, 2013, which under 6(1)(f) obligates the Commission to approve all Scientific research in Kenya. As per STI (Research Licensing) Regulations, 2014, all scientific research activities shall be licensed by the Commission to ensure that no harm occurs to the natural, social and cultural environments of Kenya and human life.

The heightened awareness resulted in increase in the number of research license applied for and issued. A total of research 9,627licenses were granted during the year ended 30th June 2024 which the regional spread and past trends as follows:

<b>Nationally</b>	<b>Licenses granted</b>			
	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Kenyan/EAC Citizens	4895	6532	7,700	9142
African non-EAC Citizens	75	97	125	125
Non-African Nationals	183	354	362	360
<b>TOTAL</b>	<b>5153</b>	<b>6983</b>	<b>8,187</b>	<b>9,627</b>

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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The other way of ensuring relevance and quality of research is through registration and accreditation of research institute. This ensures that the Commission and the Government has a record of entities that undertake research in the Country and is able to subject them to standards and guidelines. In FY 2023/2024, a total of thirteen (13) research institutes were recommended for grant of certificates of registration in the FY 2023/2024.

The Commission continuously scans the RSTI environment for emerging trends and issues for which it should advise the Government, other policy makers and the general public on interventions and responses. During the Financial Year, the Commission developed three (3) policy briefs in consultation with leading scientists. These were and advisory to the Parliamentary Committee & Livestock on lifting ban on importation of genetically modified food; advisory on Strengthening Research Ethics Review & Oversight in East Africa; and advisory on Promoting Synthetic Biology Research and Product development for vibrant Bioeconomy in Kenya.

In an effort to embed Science, Technology and Innovation (STI) in the public service, the Commission spearheaded the implementation of the indicator on STI Mainstreaming as part of the 20th Performance Contract Cycle in FY 2023/24. The overall objective was foster a culture of incorporating STI in the day-to-day activities of the participating MDAs. Over 300 MDAs committed to implementing and reporting on the activities under this indicator and the Commission supported through capacity building on the development of STI strategies and on data collection and reporting. Valuable data has been collected from the quarterly reports from these MDAs and this will provide input into the report on the status of STI in the country.

### **9.2.2. Surveillance and Compliance**

Section 23 of the STI Act, 2013 on monitoring and evaluation, requires the Commission to at least once in every three years, conduct an evaluation of each research institute established under the STI Act for purposes of assessing and evaluating the quality of activities and products of such an institution. Towards this end, four (4) registered research institutions (International Centre of Insect Physiology and Ecology, National Museums of Kenya, Kenya Water Institute and International Potato Centre) were inspected, monitored and evaluated during the Financial Year 2023/2024. Additionally, the Commission carried out monitoring and evaluation of 12 licensed multidisciplinary projects.

To enable the Commission to reach a wider base of researchers, the task of reviewing research proposals for ethical clearance is delegated to accredited Institutional Scientific and Ethics Review Committee (ISERCs). At the beginning of the Financial Year 2023/2024, there were thirty-nine (39) accredited ISERCs in the country. Due to increased research activities, various institutions apply for accreditation of ISERCs within their institutions and others to renew their accreditation licenses to which the Commission responds by accessing for suitability and if found fit, accredited and licenses renewed. During the Financial Year 2023/2024, 15 institutions renewed their accreditation licenses while three (3) new institutions were accredited. The newly accredited institutions are PAC University accredited on 15th March 2024, Kisii and Tharaka Universities accredited on 1st October 2024.

### **9.2.3. Planning, Partnership and Resource Mobilization**

Strategic international and local collaborations and linkages in research, science, technology and innovation, enhances shared benefits in the output of RSTI activities. The Commission therefore works towards enhancing collaboration and partnership in research, science and technology. In the Financial Year 2023/2024, the Commission established collaborative partnerships and entered into Memorandum of Understanding (MoUs) with National Authority for Campaign Against Drug Abuse (NACADA), Kenya National Academy of Sciences (KNAS) and Scientific and Technological Research Council of Turkey (TUBITAK). The commission also collaborated with several STI institutions locally and internationally to conduct the 3<sup>rd</sup> multisectoral conference on STI.

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

### **9.2.4. Institutional Capacity and Corporate positioning**

The National Commission for Science, Technology, and Innovation (NACOSTI) in Kenya plays a crucial role in promoting, coordinating, and regulating the country's research and development efforts

in science, technology, and innovation (STI). To strengthen its institutional capacity and enhance its corporate positioning, NACOSTI focuses on several strategic areas that aim to align its activities with national development goals, promote innovation, and position itself as a key player in global scientific discourse.

#### **A. Institutional Capacity Building**

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

##### **i) Human Resource Development**

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

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

##### **ii) Infrastructure and Technology**

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

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

##### **iii) Policy and Strategic Planning**

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

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

##### **iv) Research Funding and Grant Management**

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

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

## **B. Corporate Positioning**

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

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

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

**ii) Stakeholder Engagement**

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

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

**iii) Thought Leadership and Advocacy:**

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

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

**iv) Monitoring and Evaluation:**

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

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

### **C. Alignment with National and Global Agendas**

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

i) Promotion of Research in National Priority Areas:

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

ii) International Scientific Diplomacy

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

iii) Innovation and Commercialization of Research

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

iv) Ethics and Regulation

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

### 9.3. Financial Performance Analysis

#### 9.3.1 Approved budget analysis

The main source of funding for the Commission's activities is GoK budgetary allocation. The Commission also generates funds internally and has collaborative research projects for which it works with collaborative research partners. The Commission had an approved budget of Ksh. 260,415,533 vis-a-vis Ksh. 297,841,804 in the previous financial year. The budget drop of Ksh. (37,426,271) from the previous FY 2022/2023 budget. The approved budgeted (Ksh. 260,415,533) comprised of Ksh. 142,573,729 for Personal emoluments, Ksh. 18,000,000 for Board of the Commission Expenses, Ksh. 99,841,804 for use of goods and Services.

The Commission suffered a budget reduction in the year under review following the FY2023/2024 Supplementary No.1 estimates where the overall budget was reduced by Ksh. 12,426,271. Whereas the budgeted AiA increased by Ksh. 20,000,000. GoK recurrent grants decreased by Ksh. 32,426,271. The budget revision was as follows:

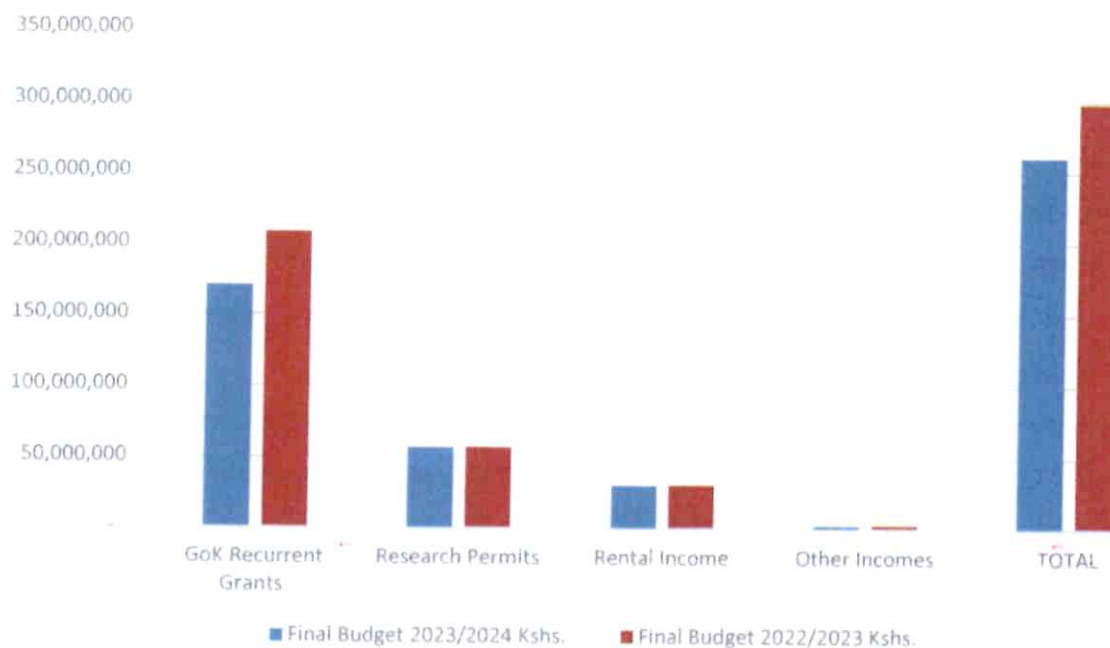
**Table 9.3.1a): Revised Budget Estimate for FY 2023/2024**

	<b>FY 2023/2024 PRINTED ESTIMATES</b>	<b>FY 2023/2024 REVISED ESTIMATES</b>	<b>CHANGE</b>
<b>GROSS</b>	<b>272,841,804</b>	<b>260,415,533</b>	<b>- 12,426,271</b>
AIA	70,000,000	90,000,000	20,000,000
<b>NET</b>	<b>202,841,804</b>	<b>170,415,533</b>	<b>- 32,426,271</b>

**Table 9.3.1b) Comparative Approved Budget for FY2023/2024 and FY 2022/2023**

<b>No.</b>	<b>Details</b>	<b>Final Budget 2023/2024</b>	<b>Final Budget 2022/2023</b>	<b>Variance</b>	<b>% Variance</b>
		<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
1	GoK Recurrent Grants	170,415,533	207,841,804	(37,426,271)	-22%
2	Research Permits	57,076,955	57,076,955	-	0%
3	Rental Income	30,708,600	30,708,600	-	0%
4	Other Incomes	2,214,445	2,214,445	-	0%
	<b>TOTAL</b>	<b>260,415,533.00</b>	<b>297,841,804.00</b>	<b>(37,426,271.00)</b>	<b>-22%</b>

**Comparative Approved Budget for FY2023/2024 and FY 2022/2023**



The Commission also operates Collaborative Projects Research Grants where the collaborative research partners enter into an agreement and issue grants through the Commission to fund specific research projects in the country. In the FY 2023/2024, the Commission received a total of Ksh. 63,205,323 against the previously projected grants of Ksh. 30,500,000.

**9.3.2 Income Analysis**

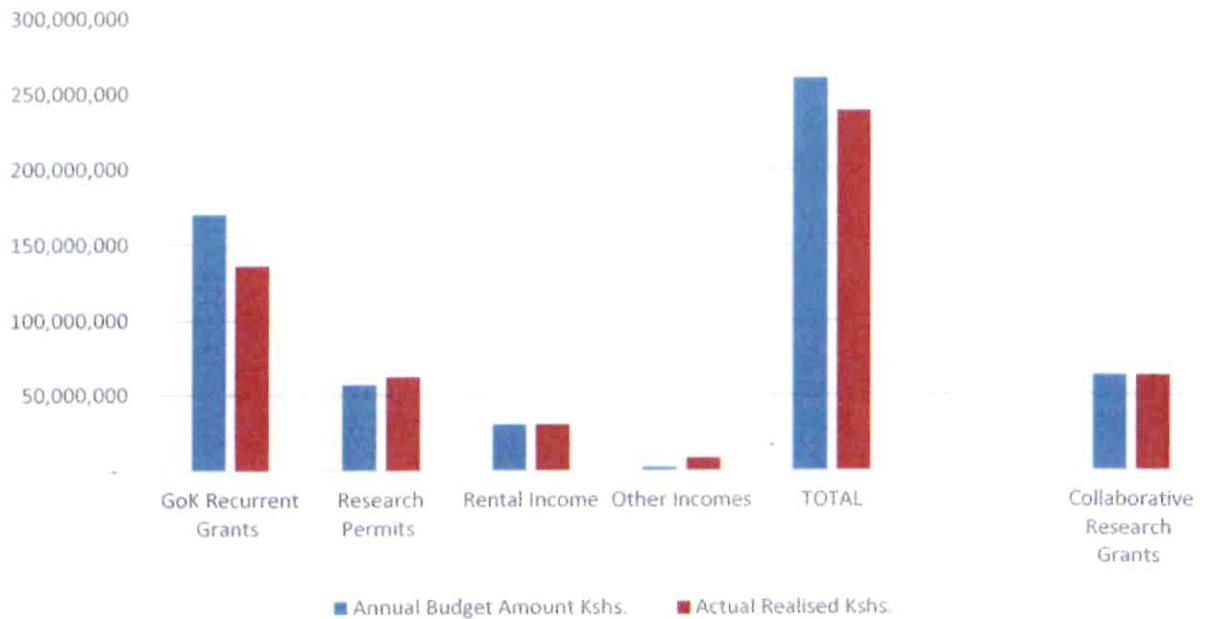
While the approved budget of the FY2023/2024 was Ksh. 260,414,533, the Commission realized Ksh. 238,882,162.81 with a total deficit of Ksh. - 21,533,370 by the end of the period. GoK receivable for the year was Ksh. -33,806,968. The other revenue exceeded the budget by Ksh, 5,407,210 for Research Permits, Ksh. 590,077 for Rental income and Ksh. 6,276,310 for other incomes.

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**9.3.2a): Analysis of Budget against Actual performance Comparison**

NO	Details	Annual Budget Amount	Actual Realised	Variance	% Variance
		Kshs.	Kshs.	Kshs.	Kshs.
1	GoK Recurrent Grants	170,415,533	136,608,566	(33,806,968)	-20%
2	Research Permits	57,076,955	62,484,165	5,407,210	9%
3	Rental Income	30,708,600	30,973,878	265,277	1%
4	Other Incomes	2,214,445	8,490,755	6,276,310	283%
<b>TOTAL</b>		<b>260,415,533.00</b>	<b>238,557,362.81</b>	<b>(21,858,170.19)</b>	<b>-8%</b>

Analysis of Budget against Actual performance Comparison



*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

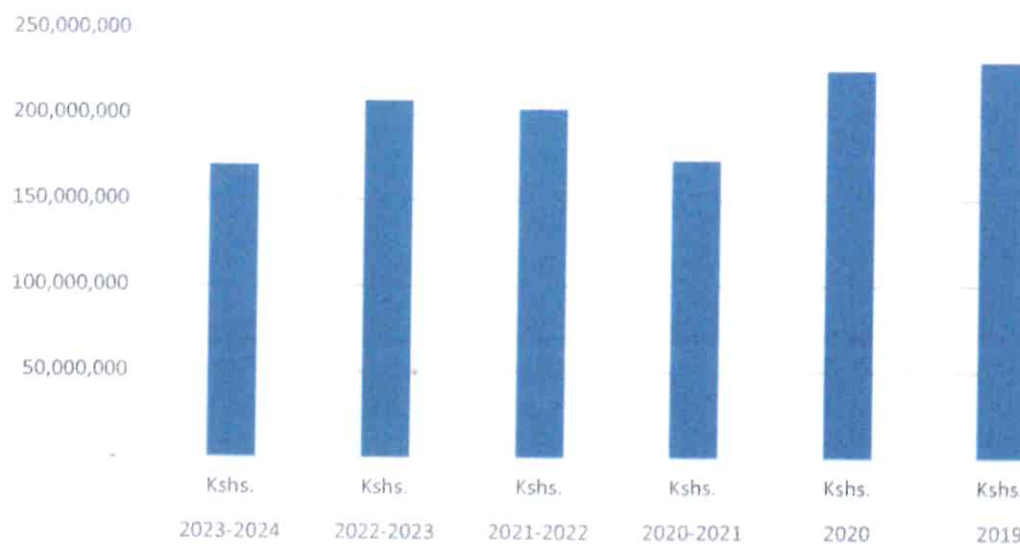
**Table 9.3.2b): Collaborative Research Projects Projected estimate against realised for FY2023/2024**

	<b>FY 2023/2024 Projected Estimate</b>	<b>FY 2023/2024 Realised</b>	<b>CHANGE</b>
Collaborative Research Project Grants	30,500,000	63,205,323	23,705,323

**Table 9.3.2c: Exchequer receipts and Comparison with the previous financial years**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>	<b>2021-2022</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Exchequer Transfers	170,415,533	207,841,804	202,841,804	172,841,804	225,381,804

**Exchequer receipts and Comparison with the previous financial years**



*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**Table 9.3.2d): Internally Generated Revenue and Collaborative Project Grants receipts and Comparison with the previous financial years**

Description	2023-2024	2022-2023	2021-2022	2020-2021	2020
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Research Permit Fees	62,484,165	49,939,164	40,905,876	26,189,106	23,376,099
Rental Income	31,298,678	33,874,055	30,132,155	19,376,250	-
Other Incomes	8,490,755	11,101,012	11,011,641	2,244,723	4,168,487
Collaborative Research Projects	63,205,323	20,503,858	38,949,938	30,809,070	18,400,201
<b>Total A-i-A</b>	<b>165,478,921</b>	<b>115,418,089</b>	<b>120,999,611</b>	<b>78,619,149</b>	<b>45,944,787</b>

**Internally Generated Revenue and Collaborative Project Grants receipts and Comparison with the previous financial years**



**9.3.3 Expenditure Analysis**

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

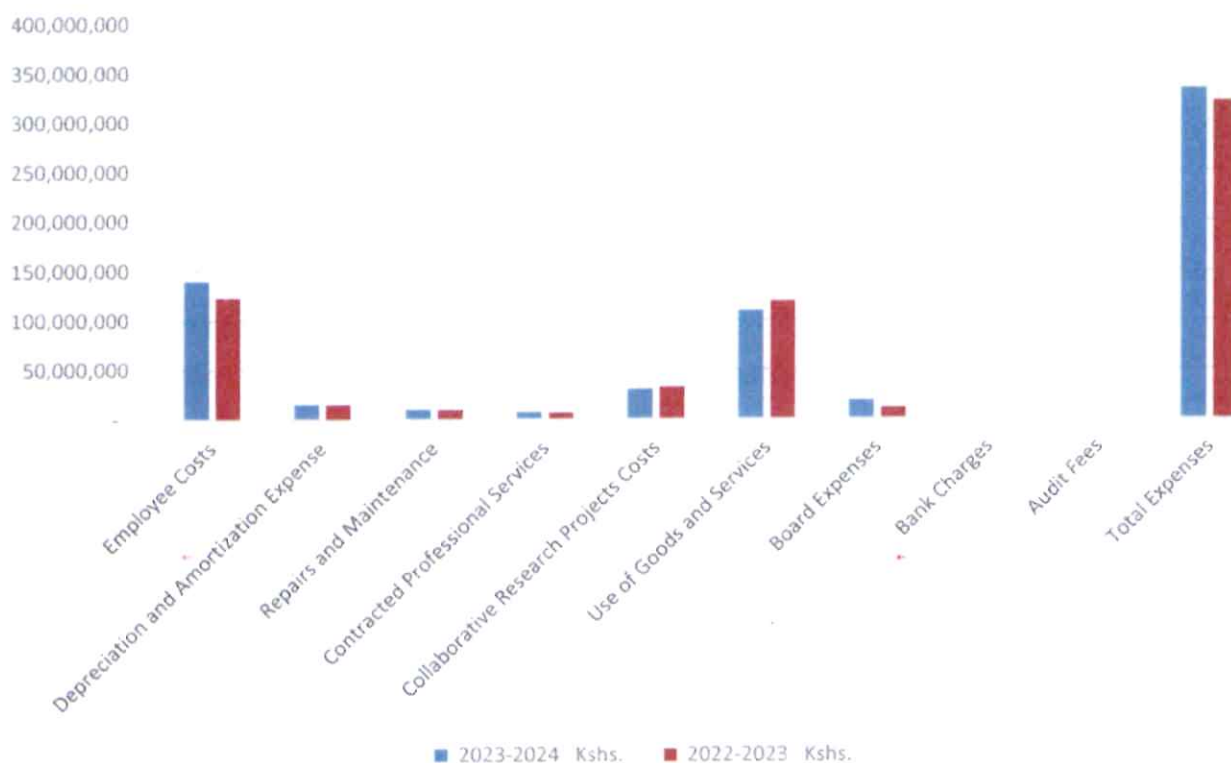
The Commission incurred a total of Ksh. 333,171,685 in expenditure and provisions in the year under review vis-a-vis Ksh. 320,189,455 in the previous FY 2022/2023. Out of the total expenditure, Ksh. 140,051,805 was used towards compensation to employees, Ksh. 18,638,445 was spent towards Board of the Commission expenses while the rest being used towards payments of goods and services. Collaborative research projects are utilized depending on approval by the project financier.

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

<b>Description</b>	<b>2023-2024 Kshs.</b>	<b>2022-2023 Kshs.</b>	<b>2021-2022 Kshs.</b>	<b>2020-2021 Kshs.</b>	<b>2020 Kshs.</b>
Employee Costs	140,051,805	123,287,232	125,114,661	138,506,238	149,496,582
Depreciation and Amortization Expense	15,235,260	15,488,945	6,823,283	8,474,027	9,802,390
Repairs and Maintenance	9,681,714	10,138,568	8,438,560	4,911,980	3,329,917
Contracted Professional Services	7,634,199	6,810,184	6,074,299	5,849,257	5,525,970
Collaborative Research Projects Costs	30,411,961	32,360,787	46,554,610	27,385,768	27,643,785
Use of Goods and Services	109,629,339	119,004,485	99,670,821	68,609,773	90,300,272
Board Expenses	18,638,445	11,198,618	9,756,624	4,434,889	9,849,738
Bank Charges	888,962	900,636	763,347	565,058	537,956
Audit Fees	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Expenses</b>	<b>333,171,685</b>	<b>320,189,455</b>	<b>304,196,205</b>	<b>259,736,989</b>	<b>297,486,611</b>

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**Overall Expenditure for FY 2023/2024 in comparison with FY 2022/2023**



**9.4. Review of Economy**

Kenya's economy is characterized by a significant service sector (42% of GDP) and a strong agricultural base (34% of GDP). The industrial sector, while smaller, has been growing, contributing about 16% to the GDP. Despite these advancements, challenges remain, including high poverty rates (36.8% below the poverty line) and low rankings in global innovation indices, indicating a need for improvement in technology readiness and innovation capacity.

Kenya Vision 2030 is a national development agenda aimed at creating a globally competitive and prosperous nation with a high quality of life by 2030. The vision is anchored on three pillars: Economic, Social, and Political, with Science, Technology, and Innovation (STI) as one of its foundations. The plan is implemented through five-year Medium-Term Plans, recognizing the role of STI in wealth creation and building human capital for the transition to a knowledge-driven economy.

The Bottom-Up Economic Transformation Agenda 2022-2027 is the manifesto of the Kenya Kwanza administration, implemented over the next five years. It addresses domestic challenges and external factors such as rising global inflation, interest rates, COVID-19 pandemic, and Russia-Ukraine

conflict. The bottom-up approach to economic transformation is informed by the existing dichotomy where only 15% of the national workforce are engaged in formal employment, while the remaining 85% are engaged in the informal sector, mostly under Micro, Small, and Medium Enterprises (MSMEs).

The bottom-up plan is anchored on five key pillars: Agriculture, MSME Economy, Housing and Settlement, Healthcare, and Digital and Creative Economy. Priority interventions are expected to contribute toward six broad objectives, including lowering the cost of living, eradicating hunger, managing unemployment, improving fiscal performance, stabilizing foreign exchange, and ensuring inclusive economic growth.

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

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

### **9.5 Review of STI Sector**

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

Kenya's STI policy framework is anchored in the National Science, Technology and Innovation Act of 2013, which established key institutions such as the National Commission for Science, Technology and Innovation (NACOSTI), the Kenya National Innovation Agency (KENIA), and the National

Research Fund (NRF). These bodies are tasked with regulating the STI sector, promoting innovation, and facilitating research funding, respectively.

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

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

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

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

In conclusion, while Kenya has made strides in developing its STI sector, significant work remains to be done to create a cohesive and effective system that can drive economic growth and development.

**Annual Report and Financial Statements  
for the year ended June 30, 2024.**

Addressing the identified challenges will be essential for harnessing the full potential of science, technology, and innovation in the country.

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

At the close of the FY 2023/2024, the commission concluded the installation of one office lift. Installation of the remaining one lift is proposed for the FY 2025/2026.

**9.7. Compliance with Statutory Requirements**

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

**9.8. Major Risks facing the Commission.**

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

The major risks identified are as follows:

#	STRATEGIC OBJECTIVE	RISK AND DESCRIPTION	LIKELIHOOD (L/H/M)	IMPACT (L/H/M)	OVERALL RISK LEVEL (L/H/M)	MITIGATION MEASURE(S)
KRA 1	<b>Strategic Objective 1:</b> To regulate the science, technology and innovation sector	Inadequate awareness on the STI Act	M	M	M	Undertake awareness creation
	<b>Strategic Objective 2:</b> To develop advisories on science, technology and innovation	Inadequate human capital	H	H	H	Utilize Resource persons See deployment of staff from other agencies

Annual Report and Financial Statements  
for the year ended June 30, 2024.

#	STRATEGIC OBJECTIVE	RISK AND DESCRIPTION	LIKELIHOOD (L/H/M)	IMPACT (L/H/M)	OVERALL RISK LEVEL (L/H/M)	MITIGATION MEASURE(S)
	<b>Strategic Objective 3:</b> To promote science, technology and innovation for socio-economic development	Rapid Technological change	H	H	H	Capacity building, networking, and conference attendance
KRA 2	<b>Strategic Objective 1:</b> To strengthen compliance with the policy and regulatory framework, and assure quality of research, science, technology and innovation in the country.	Weak Monitoring and Evaluation (M&E) framework	L	L	L	Develop guidelines form M&E
	<b>Strategic Objective 2:</b> To strengthen Regulatory and Quality Assurance Frameworks	Inadequate human capital	H	H	H	Utilize Resource persons. See deployment of staff from other agencies
KRA 3	<b>Strategic Objective 1:</b> To strengthen planning for the science, technology and innovation sector	Resistance to change	M	M	M	Building capacity for culture change and teamwork
	<b>Strategic Objective 2:</b> To strengthen capacity for resource mobilization	Resistance to change	M	M	M	Building capacity for culture change and teamwork
	<b>Strategic Objective 3:</b> To promote co-operation and synergies between the various agencies involved in science, technology and innovation	Resistance to change	M	M	M	Building capacity for culture change and teamwork
KRA 4	<b>Strategic Objective 1:</b> To strengthen institutional capacity	Inadequate financial resources	H	H	H	Implement Resource mobilization strategies
	<b>Strategic Objective 2:</b> To enhance Resource Mobilization and optimization	Delayed capitation	H	H	H	Engage with MoE and the National Treasury
	<b>Strategic Objective 3:</b> To enhance corporate positioning	Weak internal and external communications structures	M	M	M	Review and implement Communication strategy

### **9.9. Material Arrears in Statutory/financial Obligations**

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

## **10. Environmental and Sustainability Reporting**

The objective of the Commission is to regulate and assure quality in the Science, Technology and Innovation sector and advise the government in matters related thereto. This is our purpose; the driving force behind everything we do. We are guided by our core values; Integrity, Customer Focus, Professionalism, Teamwork and Leadership in the discharge of our mandate. This is what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence as outlined in our service delivery charter. Below is an outline of the organisation's policies and activities that promote sustainability.

### *i. Sustainability Strategy and Profile*

The Commission is involved in partnerships and linkages with other stakeholders regarding Science, Technology and Innovation in Kenya towards sustainable development. The Commission maintains continuous engagements with stakeholders in the sector both locally and internationally.

Additionally, a risk management policy established by the Commission is one of the important steps in ensuring that the management identifies and manages all risks, and further that the members of the Board provide an oversight, as well as policy direction in managing risks that may affect sustainability of the Commission. The management completed the development and installation of Enterprise Resource Planning (ERP) System and through partnership with Amband system developers, key processes relating to registration of research institutions and issuance of research licenses in the Research Management Information System (RIMS) has been automated as a mitigation to technological risks. The Commission has also established resource mobilization policy, established, and operationalized resource mobilization committee to mitigate towards financial risks facing the Commission. Audit & Risk management committee of the board as well as the Internal Audit & Risk Management department of the Commission are fundamental component of the Commissions sustainability strategy. The implementation of business continuity programmes such as biometric installation at the data centre, use of antivirus,, SSL certificate for the website, firewall installation, cloud and offsite backups and Multi-factor authentication for email access during the year, 2023-2027 strategic plan development and launch May 2024, staff training plan (TNA and impact assessments) and staff awareness have been enhanced in FY 2023/2024 to ensure the Commissions sustainability.

ii. *Environmental performance*

The Commission is guided by the National Environment Policy 2013, which aims to provide a framework for an integrated approach to sustainable management of Kenya's environment and natural resources. The Commission has continued to enhance programmes meant to foster environmental preservation and protection activities to ensure sustainability in the long run. This is demonstrated by the policies and practices relating to disposal of electronic waste, pooling of water dispenser units, sharing of printer services, preference to soft copies of documents over hard copy documents, where applicable, just in time replenishment of stores and printing on both sides of the paper. The Commission participated in tree planting exercises in Konza to contribute to the Government's efforts to increase the national tree coverage (1500 trees) during the year. With an installed and commissioned water treatment plant, the Commission rehabilitated the plant and added one more line due to additional population at the premises.

iii. *Employee welfare*

The Commission has a clear Human Resource Policy and Procedures Manual which subscribes to the tenets of public service values and principles in the recruitment of staff, as provided Article 232 of the Constitution. The staff are subjected to a fair performance appraisal system whose output, amongst other aspects, helps in the identification of areas of improvement and training needs for individual staff.

The Commission recognises that, in addition to offering pay benefits and a healthy working environment to employees, their emotional and social needs should also be catered for as they discharge their duties. The Commission is committed to undertake social responsibility to promote welfare amongst its employees and has developed policies that address various social and health challenges.

The Commission recognizes the impact of emerging pandemics e.g. HIV/AIDS, Covid-19 and most recently, influenza, their impact in the workplace and its far-reaching effects on productivity. The Commission is therefore committed to developing a programme to mitigate the effects of the pandemic. A workplace policy on HIV and AIDS is already in place. The main objective of the policy is to provide a framework to address HIV and AIDS issues in the Commission, if any. As captured in the Human Resource Policy and Procedures Manual, the Commission ensures that no employee is discriminated and/or stigmatized on basis of real or perceived infection with any of the diseases

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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associated with such pandemics. On December 1<sup>st</sup>, 2023, the Commission was represented in Meru County during the World Aids Day themed "*Let Communities Lead*" thus emphasizing importance of enabling and supporting communities to take central role in HIV and Aids response matters.

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

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

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

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

Further, the Commission has continued to provide delegated and furnished room/space for nursing mothers which serves both the Commission's staff and other staff from sister SAGAs housed under the NACOSTI Plaza. In support of the universal health initiatives, the Commission organized health clinics during the year where free medical check-up and family fun day was held on 7<sup>th</sup> October 2023. The Commissions offices is registered place of work with the ministry of labour and thus in compliance with Occupational Safety and Health Act of 2007, (OSHA.)

**i) *Market place practices***

*National Commission for Science Technology and Innovation efforts to ensure the following aspects affecting the marketplace practices include;*

*a. Responsible Competition practices*

The commission ensures the following areas are overseen and conducted will observing responsible competition through regulation and quality assurance, ethical guidance, stakeholder engagements, support for innovators and international collaboration seek to help create a balanced and ethical landscape for scientific and technological advancement in Kenya.

On matters anti-corruption, the Commission established a committee on corruption and prevention over and above wealth declaration by staff as guided by the public sector guidelines.

The commission enforces the public officer code of ethics and other relevant guidelines from time to assist compliance political involvement staff or applicable law and regulations. In observing a fair competition and respect of competitors, the Commission through several activities such as the procurement processes leased extra premise space to current tenants through fair competition while observing respectful competition and engagements.

*a. Responsible Supply chain and supplier relations*

The Commission is guided by the Public Procurement and Asset Disposal ACT 2015 and the Public Procurement and Asset Disposal Regulations 2020. The Commission adheres to the requirement of Access to Government Procurement Opportunities (AGPO) directive requiring a 30% of all procurement activities to be set aside for businesses owned by women, youth, and persons with disabilities. The Commission strives to maintain good business practices by paying its suppliers within the stipulated thirty (30) days in accordance with the Commissions Service delivery Charter and available funds.

The Commission adheres to the requirement of maintaining and continuously updating the lists of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. In the year under review, the Commission released a public call for registration of suppliers for them to be included in the commission's list to maintain good business practices with its suppliers.

*a. Responsible Marketing and Advertisement*

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

*b. Product stewardship*

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

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

*vi. Corporate Social Responsibility / Community Engagements*

The Commission has continued to support the Government initiated Internship program to enable new graduates gain work experience through engagement of recent graduates as interns and those still in college in work attachments. During the Financial Year 2023/2024, the Commission availed internship opportunities to twelve (12) recent graduates in various fields of training and three (3) students who required work-place attachment as part of their university training programs. - Need Interns and attachments/ short term contracts?

The Commission appreciates that global warming is a big environmental threat and seeks to join the concerted efforts towards its alleviation. Towards this end the Commission has continued to observe tree planting where the Commission participated in planting One thousand Five Hundred (1,500) tree seedlings at Konza Technopolis and One Hundred (100) trees at its headquarter in Loresho. Medicinal, indigenous and fruits trees were planted, and steps undertaken to nurse the seedlings to ensure a high rate of survival. The Commission hopes to expand this exercise to other public areas in the coming seasons.

Conscious of the fact that Kenya loses close to three thousand lives annually, and many others injured due to road traffic crashes, the Commission found it rewarding to sensitize its clientele and

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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other members of the public on road safety risk factors. Various key messages were shared through our social media platforms as well as IEC materials. Posters containing key road safety messages such as over speeding, drunk driving, use of undesignated road crossings were designed and shared.

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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**I. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended 30 June 2024, which show the state of the Commission's affairs.

**i. Principal activities**

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

**ii. Results**

The results of the Commission for the year ended 30 June 2024, are set out on page 1-4

**iii. Directors**

The members of the Board of Directors who served during the year are shown on page v - viii. During the year no director retired/resigned.

**iv. Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. However, the commission had only a marginal surplus during the year which it will request for the authority to plough back into financing its activities.

**v. Auditors**

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

By Order of the Board



.....  
**Prof. Walter Oyawa**  
**CEO/Secretary to the Board**

## **11. Statement of Directors Responsibilities**

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

The Directors are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on 30 June 2024. 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 Commission; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Commission (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended 30 June 2023, and of the Commission's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

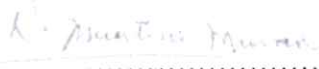
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**


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

**Approval of the financial statements**

The Commission's financial statements were approved by the Board on **30th September 2024** and signed on its behalf by:

  
.....  
**Name: Prof. Raphael Okunribido**  
**for Chairperson of the Board**

  
.....  
**Name: Prof. Walter Oyawa**  
**Accounting Officer**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION FOR THE YEAR ENDED 30 JUNE, 2024**

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Commission for Science, Technology and Innovation set out on pages 1 to 48, which comprise the

statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Commission for Science, Technology and Innovation as at 30 June, 2024 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 Science, Technology and Innovation Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Netting of Overdrawn Cashbook Balances**

The statement of financial position reflects bank balance of Kshs.1,695,486 as disclosed in Note 20 to the financial statements. The balance is net of overdrawn cash book balance of Kshs.10,509,111, contrary to Paragraph 48 of International Public Sector Accounting Standards (IPSAS) 1 which provides that assets and liabilities shall not be offset unless required or permitted by an IPSAS.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,695,486 could not be confirmed.

#### **2. Misstatement of Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,469,627,914 as disclosed in Note 24 to the financial statements. As previously reported, included in this balance is work in progress balance of Kshs.1,341,252,770 relating to certified works on the building which has not been capitalized. The project supervisor, the State Department for Public Works issued the Commission with a certificate of substantial completion allowing it to move into the building in May, 2017 and to partially release 50% of the retention money. Management explained the delay in capitalization was due to disputed claims by the contractor relating to additional claims on account of penalties and interest on delayed payments. However, no depreciation is being charged despite the building being put into use.

In addition, review of the project status report dated 19 January, 2020, indicated that total certified works amounted to Kshs.1,297,971,643, therefore exceeding the contract sum by Kshs.306,980,653 or 31%. Management has attributed the excess amount to variations due to cost fluctuations above the Bills of Quantity provisions, interest on delayed payment and contractual claims already provided in Clause 23.3 of Conditions

of Contract and penalties due to contractual breaches on the part of the Commission. Review of the current status revealed that the main contractor presented claims for penalties, interest and contractual sums amounting to Kshs.362,000,000 which was however at variance with the State Department for Public Work's computed amount of Kshs.154,961,000. Further, the pending bills committee appointed by the Principal Secretary, State Department for University Education and Research has not finalized negotiations with the contractor to waive their claims for interest on delayed payments. The main contractor has declared a dispute on the claims and the Commission is waiting for the outcome of the legal process.

In the circumstances, the accuracy, valuation and completeness of property, plant and equipment balance of Kshs. Kshs.1,469,627,914 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or given any explanation for failure to implement the recommendations as at 30 June, 2024.

### **Other Information**

The Management is responsible for the Other Information set out on pages iv to lxxiii which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives for the FY 2023/2024, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and the Statement of Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Un-Surrendered Excess Appropriation-In-Aid**

The statement of comparison of budget and actual amounts reflects internally generated revenue final budget and actual on a comparable basis of Kshs.90,000,000 and Kshs.101,153,962 respectively, resulting to excess Appropriation-In-Aid (AIA) amounting to Kshs.11,153,962 or 12% of the revenue budget. However, the excess AIA was not surrendered to the National Exchequer, contrary to Regulation 84 of the Public Finance Management (National Government) Regulations, 2015.

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

#### **2. Irregularities in Management of Petty Cash**

Examination of the petty cash book revealed that payments totalling Kshs.11,389,662 were made beyond the set limit of Kshs.15,000 from the petty cash. Further, it was noted that the petty cashbook was used to make provisions for expenditure, therefore exceeding the set float balance of Kshs.300,000. This was contrary to Section 9.2 of the Commission's Finance Manual, of 2019 on petty cash procedures which states that 'expenditure for small recurring items may be paid from petty cash whose float is set at Kshs.300,000. Further, cash payments shall be limited to Kshs.15,000 and any amount in excess shall be transferred through the bank or paid by cheque unless prior written authority has been granted'.

In the circumstances, Management was in breach law.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in

the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### 1. Failure to Maintain an Updated Fixed Assets Register

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment balance of Kshs.1,469,627,914. However, the fixed assets register did not reflect detailed opening balances in the respective asset classes. Further, the Finance Manual, 2019 does not give guidance on the capitalization threshold for assets acquired and amortization rates for intangible assets.

In the absence of a comprehensive assets register, identification, accountability and monitoring of the Commission's assets could not be confirmed

#### 2. Internal Control Weaknesses

##### 2.1 Understaffing of Internal Audit Department

Review of the Commissions' staffing levels in the internal audit department revealed that the department has only two (2) staff against the current staff establishment of four (4).

The deficiency may affected the department's capacity to undertake its mandate effectively.

##### 2.2 Failure to Conduct Formal Risk Assessment

Review of the Commission's internal control and risk management environment revealed that the Commission has in place a risk management policy. However, a risk assessment for the year under review was not performed, an indication of weak internal controls on detection and correction of possible misstatements in the financial statements and areas of non-compliance.

In the circumstances, risk assessment to identify emerging risks, risk management strategy, which includes risk mitigation plan could not be confirmed

### **3. Irregularities in Board Expenses**

The statement of financial performance reflects Board expenses of Kshs.18,638,445 as disclosed in Note 17 to the financial statements. Review of the expenditure and related documents revealed the following anomalies;

- i) Board expenses expenditure exceeded its budgeted amount of Kshs.18,000,000 by Kshs.638,445 leading to an unauthorized expenditure of the excess.
- ii) As previously reported, the Board Chairperson had not been appointed as at the time of audit. The Board therefore operated without a Chairperson during the year under review.
- iii) The Board composition did not meet the 1/3 rule on gender balance since out of the total of nine (9) board members only two (2) were of female gender.

In the circumstances, the Commission's oversight role might be impaired for lack of a Board Chairman and the Board's failure to comply with its almanac.

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

### **Responsibilities of the Management and Board of Directors**

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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


### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**20 December, 2024**

**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**13. Statement of Financial Performance for the year ended 30 June 2024**


Description	Note	2024	2023
		Kshs.	Kshs.
<b>Revenue from Non-Exchange Transactions</b>			
Government Recurrent Grants	6	170,415,533	207,841,804
Licenses and permits	7	62,484,165	49,939,164
Collaborative Research Projects	8	63,205,323	20,503,858
<b>Revenue from Exchange Transactions</b>			
Rental Income	9	31,298,678	33,874,055
Other Income	10	8,490,755	11,101,012
<b>Total Revenue</b>		<b>335,894,454</b>	<b>323,259,893</b>
<b>Expenses</b>			
Employee Costs	11	140,051,805	123,287,232
Depreciation and Amortization Expense	12	15,235,260	15,488,945
Repairs and Maintenance	13	9,681,714	10,138,568
Contracted Professional Services	14	7,634,199	6,810,184
Collaborative Projects Cost	15	30,411,961	32,360,787
Use of Goods and Services	16	109,629,339	119,004,485
Board Expenses	17	18,638,445	11,198,618
Bank Charges	18	888,962	900,636
Audit Fees	19	1,000,000	1,000,000
<b>Total Expenses</b>		<b>333,171,685</b>	<b>320,189,455</b>
<b>Surplus/(Deficit) before tax</b>		<b>2,722,769</b>	<b>3,070,438</b>
<b>Surplus/(Deficit) for the period</b>		<b>2,722,769</b>	<b>3,070,438</b>

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

  
 .....

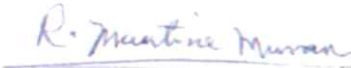
**Name: Prof. Walter Oyawa**  
**CEO/Accounting Officer**

**Date 30/09/2024**

  
 .....

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

**Date 30/09/2024**

  
 .....

**Name: Prof. Raphael Mwanvu**  
**for Chairman of the Board**


**Date 30/09/2024**


**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

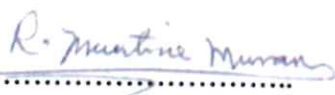
**15 Statement of Financial Position as at 30 June 2024**

Description	Note	2024 Kshs.	2023 Kshs.
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	20	1,695,486	87,937,524
Receivables from Exchange Transactions	21	11,834,437	13,018,080
Receivables from Non-Exchange Transactions	22	78,340,844	4,418,815
Inventories	23	5,242,458	6,738,769
<b>Total Current Assets</b>		<b>97,113,226</b>	<b>112,113,187</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	24	1,469,627,914	1,465,158,888
Intangible Assets - ERP Software	25	19,248,298	25,664,397
<b>Total Non-Current Assets</b>		<b>1,488,876,212</b>	<b>1,490,823,284</b>
<b>Total Assets</b>		<b>1,585,989,438</b>	<b>1,602,936,472</b>
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	26	185,735,388	205,405,191
<b>Total Current Liabilities</b>		<b>185,735,388</b>	<b>205,405,191</b>
<b>Net Assets</b>			
Revaluation Reserves	27	86,886,293	86,886,293
Revenue Reserves	28	175,279,531	172,556,762
Capital Grants	29	1,138,088,226	1,138,088,226
		<b>1,400,254,050</b>	<b>1,397,531,281</b>
<b>Total Net Assets and Liabilities</b>		<b>1,585,989,438</b>	<b>1,602,936,472</b>

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

  
 Name: Prof. Walter Oyawa  
 Accounting Officer/CEO

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

  
 Name: Prof. Raphael Mwanja  
 for Chairman of the Board

Date 30/09/2024

Date 30/09/2024

Date 30/09/2024

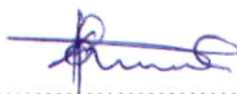
16. Statement of Changes in Net Assets for the year ended 30 June 2024

Details	Capital Grants	Revaluation Reserves	Revenue Reserves	TOTAL
	Kshs	Kshs	Kshs	Kshs
<b>1st July 2022</b>	<b>1,138,088,226</b>	<b>86,886,292</b>	<b>311,874,646</b>	<b>1,536,849,164</b>
				-
Additional Capital	-	-	-	-
Stock of Partitioning Material w/o			(5,746,188)	(5,746,188)
Revenue Reserves w/o			(136,642,133)	(136,642,133)
Surplus/(Deficit) for the period	-	-	3,070,438	3,070,438
<b>30th June 2023</b>	<b>1,138,088,226</b>	<b>86,886,292</b>	<b>172,556,762</b>	<b>1,397,531,280</b>
<b>1st July 2023</b>	<b>1,138,088,226</b>	<b>86,886,292</b>	<b>172,556,762</b>	<b>1,397,531,280</b>
				-
Additional Capital	-	-	-	-
Stock of Partitioning Material w/o			-	-
Revenue Reserves w/o			-	-
Surplus/(Deficit) for the period	-	-	2,722,769	2,722,769
<b>30th June 2024</b>	<b>1,138,088,226</b>	<b>86,886,292</b>	<b>175,279,531</b>	<b>1,400,254,049</b>



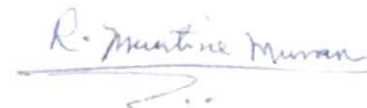
Name: Prof. Walter Oyawa  
Accounting Officer/CEO

Date 30/09/2024



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

Date 30/09/2024



Name: Prof. Raphael Mwanja  
for Chairman of the Board

Date 30/09/2024

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**17. Statement of Cash Flows for the year ended 30 June 2024**

Details	Note	2023-2024	2022-2023
		Kshs.	Kshs.
<b>Cash and Cash equivalents at the beginning of the Year</b>		87,937,523.84	67,488,873
<b>Cash flows from Operating Activities</b>			
<b>Receipts</b>			
GoK Recurrent Grants	6	136,608,565.50	207,841,804
Licences and Permits	7	60,306,006.60	49,939,164
Collaborative Research Projects	8	58,930,167.70	20,503,858
Rental Income	9	32,482,320.50	30,781,805
Other Income	10	8,365,634.71	10,446,132
<b>Total Receipts</b>		<b>296,692,695</b>	<b>319,512,763</b>
<b>Payments</b>			-
Employee Costs	11	141,038,688.50	120,113,149
Repairs and Maintenance	13	9,737,854.20	9,514,878
Contracted Services	14	7,260,408.37	6,435,168
Collaborative Projects Expenses	15	54,880,435.80	32,245,787
Use of goods and services	16	135,160,750.63	104,875,876
Board Expenses	17	18,638,445.30	11,198,618
Bank Charges	18	888,962.00	900,636
Audit Fees	19	1,000,000.00	1,000,000
<b>Total Payments</b>		<b>368,605,545</b>	<b>286,284,112</b>
<b>Net Cash flows from Operating Activities</b>		<b>(71,912,849.79)</b>	<b>33,228,651</b>
<b>Cash flows from Investing Activities</b>			-
<b>Purchase of Property, Plant and Intangible Assets</b>	23-24	<b>(14,329,187.70)</b>	<b>(12,780,000)</b>
<b>Cashflows from Financing Activities</b>		-	-
<b>Net cash flows from Financing Activities</b>		-	-
<b>Net Increase/ (Decrease) in cash and cash equivalents</b>		<b>(86,242,037)</b>	<b>20,448,651</b>
<b>Cash and Cash Equivalents at the end of the Year</b>		<b>1,695,486</b>	<b>87,937,524</b>

.....  
**Name: Prof. Walter Oyawa**  
**Accounting Officer/CEO**

**Date 30/09/2024**

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

**Date 30/09/2024**

.....  
**Name: Prof. Raphael Mwanja**  
**for Chairman of the Board**

**Date 30/09/2024**

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

Details	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	Percentage of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>Revenue</b>						
Recurrent Grants	202,841,804	(32,426,271)	170,415,533	136,608,566	(33,806,967.50)	80%
Internally generated revenue	70,000,000	20,000,000	90,000,000	101,153,962	11,153,962	112%
Collaborative Research Projects	30,500,000	28,430,168	58,930,168	58,930,168	-	100%
<b>Total Income</b>	<b>303,341,804</b>	<b>16,003,897</b>	<b>319,345,701</b>	<b>296,692,695</b>	<b>(22,653,006)</b>	<b>93%</b>
<b>Expenses</b>						
Employee Costs	150,000,000	(7,426,271)	142,573,729	141,038,689	1,535,041	99%
Repairs and Maintenance	10,000,000		10,000,000	9,737,854	262,146	97%
Contracted Professional Services	6,766,804		6,766,804	7,260,408	(493,604)	107%
Use of goods and Services	92,275,000	(11,000,000)	81,275,000	135,160,751	(53,885,751)	166%
Board Expenses	12,000,000	6,000,000	18,000,000	18,638,445	(638,445)	104%
Bank Charges	800,000		800,000	888,962	(88,962)	111%
Audit Fee	1,000,000		1,000,000	1,000,000	-	100%
Collaborative Projects Cost	30,500,000	28,430,168	58,930,168	54,880,436	4,049,732	93%
<b>Total Expenses</b>	<b>303,341,804</b>	<b>16,003,897</b>	<b>319,345,701</b>	<b>368,605,545</b>	<b>(49,259,844)</b>	<b>115%</b>
<b>Surplus/(Deficit)</b>	-	-	-	<b>(71,912,850)</b>		

Budget notes

**1. Differences in Budgeted and Actual Figures (IPSAS 24.14)**

- There was no significant underutilization as the commission faced cash flow challenges following delay in disbursement of 4<sup>th</sup> Quarter recurrent grants from the National Treasury.
- Internally Generated Revenue surpassed the target due to increase in income generated from research licenses and Permits. There has been increased awareness on the need to acquire research permits by the researchers. Included in Internally generated revenue is Ksh. 4,427,009 unrealized foreign exchange gain due to exchange rate fluctuations experienced during the year.
- Over utilization as classified under use of goods and services comprised of a receivable of Ksh. 31,573,723.00. Included in the receivable is Ksh. 7,220,248.00 paid for facilitations towards operationalization of Open University of Kenya, Ksh.,24,353,475.00 was an advance booking to Safari Park Hotel and other facilitations towards IAEA Project Expenses for FY 2024/2025

**2. Changes between original and final budget. (IPSAS 24.29)**

In the supplementary budget revision 1, the Commission allocation for GoK recurrent grants was reduced by Ksh. 32,426,271.00 while the A-i-A was increased by Ksh. 20,000,000.00. The reduction in GoK grants and additional appropriations were added to the original budget of the Commission upon receiving the respective approvals to conclude the final budget.

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

**Annual Reports and Financial Statements  
for the year ended June 30, 2024.**

**3. Reconciliation of Statement of Financial Performance to Statement of Budget and Actual**

**Amounts:** The total actual on comparable amounts in this statement and the statement of financial performance amounts for all the expenditure items do not tie due to differences in accounting basis. The budget is prepared and implemented on cash basis, while the financial statements are prepared on the accrual basis. The differences are majorly caused by the accrued income, accrued expenses, provisions and prepayments. The differences are reconciled below:

<b>GoK Recurrent Grants</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		170,415,533
Less Accrued GoK Grants	(33,806,968)	(33,806,968)
		-
Balance as per the budget/cash flow	(33,806,968)	136,608,566

<b>Collaborative Research Project Grants</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		63,205,323
Less Accrued Project Grants	(4,275,156)	(4,275,156)
		-
Balance as per the budget/cash flow	(4,275,156)	58,930,168

<b>Rental Income</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		31,298,678
Add Accrued Rent b/f	13,018,080	13,018,080
Less Accrued Rent c/f	(11,834,437)	(11,834,437)
Balance as per the budget/cash flow	1,183,643	32,482,321

<b>Other Incomes</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		8,490,755
Add Accrued other Income b/f	654,880	654,880
Less Accrued Other income c/f	(780,000)	(780,000)
Balance as per the budget/cash flow	(125,120)	8,365,635

<b>Internally generated revenue</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		101,948,797
Add Accrued Rent b/f	13,018,080	13,018,080
Less Accrued Rent c/f	(11,834,437)	(11,834,437)
Add Accrued other Income b/f	654,880	654,880
Less Accrued Other income c/f	(780,000)	(780,000)
Accrued Licenses and Permits	(1,853,358)	(1,853,358)
Balance as per the budget/Cash flow	(794,836)	101,153,962

<b>Employees Cost</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		140,051,805
Less Provision for Gratuity	(2,683,223)	(2,683,223)
Less PAYE Tax Payable b/f	3,254,162	3,254,162

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*

**Annual Reports and Financial Statements**

**for the year ended June 30, 2024.**

Add Employee advance receivable b/f	579,392	579,392
Add Employee advance receivable	(163,447)	(163,447)
Balance as per the budget	986,884	141,038,689

<b>Repairs and Maintenance</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		9,681,714
Less accrued motor vehicle expenses	(357,283)	(357,283)
Add Prepaid Licenses	413,424	413,424
Balance as per the budget	56,141	9,737,854

<b>Contracted professional Services</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		7,634,199
Add accrued contracted services b/f	375,015	375,015
Less accrued contracted services c/f	(748,806)	(748,806)
Balance as per the budget	(373,791)	7,260,408

<b>Use of goods and Services</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		109,629,339
Add Accrued Expenses b/f	14,128,609	14,128,609
Add Prepayments ouk	7,220,248	7,220,248
Add Insurances Prepayments	5,230,875	5,230,875
Less Accrued Expenses c/f	(1,048,320)	(1,048,320)
Balance as per the budget	25,531,412	135,160,751

<b>Collaborative Project Expenses</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		30,411,961
Add Accrued collaborative project expenses b/f	115,000	115,000
Add Prepayments	24,353,475	24,353,475
Balance as per the budget	24,468,475	54,880,436

<b>Assets Acquisition</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as per the financial statements		13,288,188
Add Payable for Laptops b/f	1,383,000	1,383,000
Less Payables c/f	(342,000)	(342,000)
Balance as per the budget	1,041,000	14,329,188

**19. Notes to the Financial Statements**

**1. General Information**

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

**2. Statement of Compliance and Basis of Preparation**

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>The Commission rents out office space to other state corporations where the lease agreement stipulates payment of rent in quarterly basis. IPSAS 43 will be applicable in measurement of the underlying asset.</b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>The Commission has no intention of selling any of its non-current assets. Therefore, it is highly unlikely that IPSAS 44 will be applied. However, in any case the need will be established, the standard will then be applied.</b></p>
IPSAS 45- Property Plant	<p><i>Applicable 1<sup>st</sup> January 2025</i></p>

Annual Reports and Financial Statements  
for the year ended June 30, 2024.

Standard	Effective date and impact:
and Equipment	<p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b>The commission does not hold heritage or infrastructure assets hence the standard has no impact to the Commission</b></p>
IPSAS 46 Measurement	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>The commission will implement IPSAS 46 in due time in improving the measurement guidance</b></p>
IPSAS 47- Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial</p>

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*

**Annual Reports and Financial Statements**

**for the year ended June 30, 2024.**

<b>Standard</b>	<b>Effective date and impact:</b>
	<p>statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b>The commission will adopt IPSAS 47 in due time. The Standard will change reporting and classification of revenue.</b></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b>The Commission has no transfer expenses, hence the standard will have no impact to its reporting.</b></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b>The Commission does not operate a retirement benefit plan hence the standard does not apply</b></p>

*iii. Early adoption of standards*

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

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

NACOSTI 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.

**Summary of Significant Accounting Policies (Continued)**

**Sale of goods**

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

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. The commission holds a Kenya shillings bank account at KCB and dollar account at NCBA Bank. The two accounts attract monthly interest which forms part of the commission's stream of revenue in A-i-A.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Commission's right to receive payments is established. However, the commission does not have investors who require dividend payouts.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue. The tenants are issued with invoices on a quarterly basis.

**b) Budget information**

The original budget for the Current FY 2023/2024 was approved by the National Assembly in April 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with Supplementary 1 estimates. In the supplementary revision, the Commission allocation for GoK recurrent grants was reduced from Ksh. 202, 841, 404.00 to 170, 415, 533.00, a reduction of Ksh. 32,426,271.00 while A-i-A was increased from Ksh. 70,000,000 to Ksh. 90,000,000.00, an increase of Ksh. 20,000,000.00. The reduction in GoK grants and additional

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

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appropriations were added to the original budget of the Commission upon receiving the respective approvals in order to conclude the final budget on 20<sup>th</sup> December 2023.

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

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Commission* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

***Sales tax***

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (entity to amend appropriately based on the model adopted)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) **Property, plant and equipment**

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

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

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

f) **Leases**

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

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

**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

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

**g) Intangible assets**

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

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

<b>Intangible Asset</b>	<b>Amortization Rate</b>	<b>Mode of Amortization</b>
ERP software	20%	Straight line basis

**h) Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) **Financial instruments**

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

a) **Financial assets**

**Classification of financial assets**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Fair value through surplus or deficit**

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

**Impairment**

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

**b) Financial liabilities**

**Classification**

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

**j) Inventories**

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

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

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**k) Provisions**

Provisions are recognized when the *Entity* 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 *Entity* 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.

**l) Social Benefits**

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

**m) Contingent liabilities**

The Entity 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.

**n) Contingent assets**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**o) Nature and purpose of reserves**

The Commission creates and maintains reserves in terms of specific requirements. The Commission creates and maintains two reserves: Revenue and revaluation reserves. The revenue reserve contains accumulated surpluses in previous financial periods while the revaluation reserve relates to the Commission's land revalued gains.

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

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

**q) Employee benefits**

**Retirement benefit plans**

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

**r) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**s) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**t) Related parties**

The Commission regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission, or vice versa. Members of key management are regarded as related parties and comprise *the Director General, the Directors and senior managers*.

**u) Service concession arrangements**

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

**v) 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 Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**w) Comparative figures**

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

**x) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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.

**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

**Notes to the Financial Statements (Continued)**

**6. Government Recurrent Grants**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
GoK Recurrent Grants	170,415,533	207,841,804
Other Government Grants	-	-
<b>Total</b>	<b>170,415,533</b>	<b>207,841,804</b>

GoK Recurrent grants are the Commission's major source of income. The Commission was allocated Ksh. 202,841,804 in the FY 2023/2024, However, during the Supplementary No. 1 Estimates for FY 2023/2024, the GoK recurrent Grants reduced by Ksh. 32,426,271 to Ksh. 170,415,533.00

**b) Transfers from Ministries, Departments and Agencies (MDA'S)**

Name of The Commission Sending the Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (Current FY)	Insert Comparative FY
	KShs	KShs	KShs	KShs	KShs
Ministry of Education – SDHER	170,415,533	-	-	170,415,533	207,841,804
<b>Total</b>	<b>170,415,533</b>	<b>-</b>	<b>-</b>	<b>170,415,533</b>	<b>207,841,804</b>

**7. Licenses and Permits**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Research Permit Fees	62,484,165	49,939,164

One of the Commissions mandates is to license all research studies conducted in Kenya. In this regard, the Commission receives Licensing fee from research permit applicants as A-i-A. Revenue from research permits have been increasing due to increased awareness on the need to acquire permit by the researchers.

Notes to the Financial Statements (Continued)

8. Collaborative Research Project Grants

Description	2023-2024	2022-2023
	Kshs.	Kshs.
EU Projects	895,448	6,862,592
CTBTO	24,623,756	13,641,266
Other Projects	37,686,119	-
<b>Total</b>	<b>63,205,323</b>	<b>20,503,858</b>

The Commission has collaborative research partners for which it works with the partners to finance specific research projects identified and specified in the partnership MOUs. During the year, collaborative research project income was contributed by EU project partners, Comprehensive Test Ban Treaty Organization (CTBTO) and Other Projects. The revenues and expenses on these projects are determined by the partners through the MOUs and subsequent approvals of expenditures.

9. Rental Income

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Rent Income	25,493,600	27,294,000
Service Charge	5,805,078	6,580,055
<b>Total</b>	<b>31,298,678</b>	<b>33,874,055</b>

The Commission has rented out office space in which the tenants pay rent on a quarterly basis. In the period under review, rental income reduced due to the exit of Kipevu restaurant who had rented the hotel facility.

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

**Notes to the Financial Statements (Continued)**

**10. Other Incomes**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
STI Mainstreaming Training	1,604,608	5,663,280
ISERC Cost Sharing Charges	1,319,258	550,000
Bank Interest Income	-	128,322
Foreign Exchange gain/(Loss)	4,427,009	4,759,410
Other Income	1,139,880	-
<b>Total</b>	<b>8,490,755</b>	<b>11,101,012</b>

Other Incomes include unrealized Foreign Exchange gain of Ksh. 4,427,009 which arose as a result of foreign currency translation at the exchange rate at the end of the Financial Year under review.

**11. Employees Costs**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Salaries and Allowances	118,905,956	101,594,676
Wages - Contract Staff	4,816,641	8,772,579
Employer Contribution to Staff Pension Schemes	12,137,162	11,785,171
Employer Contribution to NITA	37,000	26,800
Gratuity	2,683,223	1,108,006
Housing Levy	1,471,822	
<b>Total</b>	<b>140,051,805</b>	<b>123,287,232</b>

Employees Costs are salaries and allowances paid to the employees of the Commission in the period under review. The increase is as a result of recruitments and replacements of staff following the approval by the National Treasury and the State Corporations Advisory Council (SCAC).

Annual Reports and Financial Statements  
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

12. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Property, Plant and Equipment Depreciation	8,819,161	9,072,846
Intangible Assets - ERP Amortization	6,416,099	6,416,099
<b>Total</b>	<b>15,235,260</b>	<b>15,488,945</b>

Depreciation and amortization relate to depreciation of the Commissions tangible assets and amortization of the Commission ERP System for the year. The Commission uses reducing balance method to depreciate PPE while Straight line method is adopted for amortization of ERP Software.

13. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Computers and Softwires Maintenance	6,802,694	6,998,773
Building and Stations	62,250	1,081,057
Motor Vehicles	1,933,407	2,058,738
Furniture and Equipment	883,363	-
<b>Total</b>	<b>9,681,714</b>	<b>10,138,568</b>

Computer and Software maintenance consists of Computer maintenance, Software maintenance, software licences, and service level agreements on computers and software. Other maintenance consists of repairs on NACOSTI building, motor vehicles and furniture and fittings.

14. Contracted Professional Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Security Services	4,301,806	2,195,184
Cleaning and Garbage Collection	3,278,394	2,305,000
Contracted Research Study	-	2,310,000
Other Contracted Services	54,000	-
<b>Total</b>	<b>7,634,199</b>	<b>6,810,184</b>

Annual Reports and Financial Statements  
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

15. Collaborative Research Project Expenses

Description	2023-2024	2022-2023
	Kshs.	Kshs.
EU Projects	891,308	13,026,852
CTBTO	14,813,473	14,706,736
Other Projects	14,707,180	4,627,200
<b>Total</b>	<b>30,411,961</b>	<b>32,360,787</b>

The Commission has collaborative research partners for which it works with the partners to finance specific research projects identified and specified in the partnership MOUs. The expenses on these projects are determined by the partners through the MOUs and subsequent approvals of expenditures.

16. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Utilities and Supplies	5,500,433	5,085,719
Printing, Advertising, Information Supplies and Services	3,168,661	3,912,704
Domestic Travel	29,334,584	29,263,768
Foreign Travel	10,531,276	10,471,618
Committee and Conferences	25,968,423	33,546,181
Staff Insurances and Medical	8,251,323	10,299,880
Motor Vehicle Insurance	1,043,186	592,254
Fuel, Oil and Lubricants	4,392,784	2,536,477
Training Expenses	6,193,547	8,896,432
Hospitality	1,782,597	3,565,334
Communication Supplies and Services	5,844,980	6,214,946
Office and General Supplies	300,562	679,735
Land Rent and Rates	201,812	403,625
Trade Shows and Exhibitions	4,010,151	613,400
Computer Supplies and Accessories	3,105,022	974,123
Subscriptions to International Organizations	-	1,948,290
<b>Total</b>	<b>109,629,339</b>	<b>119,004,485</b>

The Commission slowed down some of the activities relating to use of goods and services due to budget constraints and delay in disbursement of GoK Recurrent grants.

Annual Reports and Financial Statements  
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

17. Board Expenses

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Sitting Allowance	7,840,950	5,040,000
Lunch Allowance	180,000	98,000
Accommodation	9,561,711	3,722,634
Transport	387,270	1,310,634
Board Induction/Training expenses	668,514	1,027,350
<b>Total</b>	<b>18,638,445</b>	<b>11,198,618</b>

18. Bank Charges

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Bank Charges	888,962	900,636

19. Audit Fees

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Audit Fees	1,000,000	1,000,000

20. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Kenya Commercial Bank	(10,509,111)	62,085,344
NCBA Bank	11,924,495	25,810,553
Cash on Hand	280,102	41,627
<b>Total</b>	<b>1,695,486</b>	<b>87,937,524</b>

Notes to the Financial Statements (Continued)

21. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Rent Receivable	11,834,437	13,018,080
<b>Total</b>	<b>11,834,437</b>	<b>13,018,080</b>

Ageing analysis for Receivables from exchange transactions

Description	2023-2024	
	Kshs.	% of the Total
Less than 1 year	9,915,873	84%
Between 1 - 2 years	1,222,564	10%
Between 2-3 years	696,000	6%
Over 3 years	-	-
<b>Total</b>	<b>11,834,437</b>	

22. Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Grants Receivable	33,806,968	-
Staff Advances	163,447	579,392
Other Receivables and Prepayments	44,370,430	3,839,423
<b>Total</b>	<b>78,340,844</b>	<b>4,418,815</b>

23. Inventories

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Consumable stores	5,242,458	6,738,769
<b>Total</b>	<b>5,242,458</b>	<b>6,738,769</b>

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

**Annual Reports and Financial Statements**

**for the year ended June 30, 2024.**

**Notes to the Financial Statements (Continued)**

**24. a) Property, Plant and Equipment**

<b>Column1</b>	<b>Land &amp; Buildings</b>	<b>Furniture &amp; Fittings</b>	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Computers</b>	<b>W-i-P (Building)</b>	<b>Total</b>
<b>Rate</b>	<b>0.00%</b>	<b>12.50%</b>	<b>12.50%</b>	<b>25.00%</b>	<b>30.00%</b>	<b>0.00%</b>	
<b>Cost</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Cost 1 July 2023	86,000,000	70,160,456	12,835,394	61,380,122	35,643,521	1,341,252,770	<b>1,607,272,262</b>
Disposals	-	-	-	-	-	-	-
Additions	-	-	12,946,188	-	342,000	-	<b>13,288,188</b>
<b>Cost 30 June 2024</b>	<b>86,000,000</b>	<b>70,160,456</b>	<b>25,781,582</b>	<b>61,380,122</b>	<b>35,985,521</b>	<b>1,341,252,770</b>	<b>1,620,560,450</b>
Accumulated Depreciation 1 July 2023	-	53,050,563	9,628,675	47,017,309	32,416,828	-	<b>142,113,375</b>
Accumulated Depreciation on Disposals	-	-	-	-	-	-	-
Charge for the Year	-	2,138,737	2,019,113	3,590,703	1,070,608	-	<b>8,819,161</b>
<b>Accumulated Depreciation 30 June 2024</b>	<b>-</b>	<b>55,189,299</b>	<b>11,647,789</b>	<b>50,608,012</b>	<b>33,487,436</b>	<b>-</b>	<b>150,932,536</b>
<b>Net Book Value 30 June 2024</b>	<b>86,000,000</b>	<b>14,971,156</b>	<b>14,133,793</b>	<b>10,772,110</b>	<b>2,498,085</b>	<b>1,341,252,770</b>	<b>1,469,627,914</b>
<b>Net Book Value 30 June 2023</b>	<b>86,000,000</b>	<b>17,109,893</b>	<b>3,206,719</b>	<b>14,362,813</b>	<b>3,226,693</b>	<b>1,341,252,770</b>	<b>1,465,158,888</b>

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

**Annual Reports and Financial Statements  
for the year ended June 30, 2024.**

**Notes to the Financial Statements (Continued)**

**Valuation**

Land and buildings were valued in the year 2011 in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30<sup>th</sup> June 2020). These amounts were adopted in the year 2011. By the close of the financial period under review, the Commission had initiated the process of valuation of all its Assets including Land and Building. The process will be concluded in the next Financial Year and will be included in the subsequent reports of the Commission.

**24 (b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land & Building	86,000,000.00	-	86,000,000
Plant And Equipment	25,781,581.70	11,647,789	14,133,793
Motor Vehicles, Including Motorcycles	61,380,122.00	50,608,012	10,772,110
Computers And Related Equipment	35,985,521.10	33,487,436	2,498,085
Office Equipment, Furniture, And Fittings	70,160,455.50	55,189,299	14,971,156
Work in Progress	1,341,252,769.77	-	1,341,252,770
<b>Total</b>	<b>1,620,560,450.07</b>	<b>150,932,535.94</b>	<b>1,469,627,914.13</b>

Annual Reports and Financial Statements  
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

25. Intangible Assets

Description	Period Ended 30th June 2024	Prior Year Period / Actual Audited 30th June 2023
Cost	Kshs.	Kshs.
Cost 1 July 2023	32,080,496.00	30,796,241.40
Additions	-	1,284,254.60
<b>Cost 30 June 2023</b>	<b>32,080,496.00</b>	<b>32,080,496.00</b>
<b>Amortization and impairment</b>		
Accum Amortization & Impairment 1 July 2023	6,416,099.20	-
Charge for the Year	6,416,099.20	6,416,099.20
Accum Amortization & Impairment 30th June 2024	12,832,198.40	6,416,099.20
Impairment loss	-	-
<b>At end of the period</b>	<b>12,832,198.40</b>	<b>6,416,099.20</b>
<b>Net Book Value 30 June 2024</b>	<b>19,248,297.60</b>	<b>25,664,396.80</b>

26. Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Provision for Audit Fees	1,000,000	1,000,000
Milicons Ltd - WIP	173,072,820	173,072,820
Research Grants payable	-	1,184,222.50
Gratuity Payable	6,149,894	3,466,671
Other Trade Payables	5,512,673	26,681,477
<b>Total</b>	<b>185,735,388</b>	<b>205,405,191</b>

27. Revaluation Reserve

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Land valued in February 2011	86,886,293	86,886,293
<b>Total</b>	<b>86,886,293</b>	<b>86,886,293</b>

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

**Notes to the Financial Statements (Continued)**

**28. Revenue Reserve**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Opening Balance	172,556,762	169,486,324
Surplus/(Deficit) for the year	2,397,969	3,085,618
<b>Total</b>	<b>174,954,731</b>	<b>172,556,762</b>

**29. Capital Grants**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Opening Balance	1,138,088,226	1,138,088,226
<b>Total</b>	<b>1,138,088,226</b>	<b>1,138,088,226</b>

**30. Employee Benefit Obligations**

The Commission contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Commission's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 1080.00 per employee per month. Other than NSSF the Commission also has a defined contribution scheme operated by Jubilee Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance in the period in which they are incurred.

**31. Surplus Remission**

*In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Commission did not make any surplus during the year (FY 2023-2024) and hence no remittance to the Consolidated Fund.*

Annual Reports and Financial Statements  
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

32. Cash Generated from Operations

	Note	2,024.00	2023
		Kshs.	Kshs.
<b>Cash flow from Operating Activities</b>			
Surplus/(Deficit) for the year		2,722,768.69	3,070,438.07
Adjustments for items not involving cash movements			
Depreciation	11	15,235,260.36	15,488,945.20
<b>Surplus before working capital changes</b>		<b>17,958,029.06</b>	<b>18,559,383.27</b>
<b>Working Capital Changes</b>			
Decrease/Increase in Inventory	23	1,496,310.10	(608,339.32)
Increase in Accounts Receivables	21-22	(72,738,386.19)	(1,799,799.40)
Decrease/Increase in Accounts Payables	26	(19,669,802.83)	19,744,660.55
<b>Net Cash flow from operating activities</b>		<b>(72,953,849.87)</b>	<b>35,895,905.10</b>
<b>Cash flow from Investing Activities</b>			
Capital Grants			-
Changes in Fixed Assets	24-25	(13,288,187.70)	(15,447,254.60)
<b>Increase/Decrease in Cash and Cash Equivalents</b>		<b>(86,242,037.57)</b>	<b>20,448,650.50</b>
<b>Cash and Cash Equivalents - Beginning</b>		<b>87,937,523.76</b>	<b>67,488,873.26</b>
<b>Cash and Cash Equivalents - Ending</b>	19	<b><u>1,695,486.19</u></b>	<b><u>87,937,523.76</u></b>

**Notes to the Financial Statements (Continued)**

**33. Financial Risk Management**

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

**i) Credit risk**

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

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the Commission's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June (2023/2024)</b>				
Receivables from exchange transactions	11,834,437	11,834,437	0	0
Receivables from non-exchange transactions	78,340,844	78,340,844	0	0
Bank balances	1,695,486	1,695,486	0	0
<b>Total</b>	<b>91,870,767</b>	<b>91,870,767</b>	<b>0</b>	<b>0</b>
<b>As at 30 June (2022/2023)</b>				
Receivables from exchange transactions	13,018,080	13,018,080	0	0
Receivables from non-exchange transactions	4,418,815	4,418,815	0	0
Bank balances	87,937,524	87,937,524	0	0
<b>Total</b>	<b>105,374,419</b>	<b>105,374,419</b>	<b>0</b>	<b>0</b>

### **Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Commission's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### **ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Commission's directors, who have built an appropriate liquidity risk management framework for the management of the Commission's short, medium and long-term funding and liquidity management requirements. The Commission manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Commission under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June (2023/2024)</b>				
Trade payables	11,662,568	0	173,072,820	184,735,388
Current portion of borrowings	0	0	0	0
Provisions	0	1,000,000	0	1,000,000
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>11,662,568</b>	<b>1,000,000</b>	<b>173,072,820</b>	<b>185,735,388</b>
<b>As at 30<sup>th</sup> June (2022/2024)</b>				
Trade payables	31,332,370	0	173,072,820	204,405,191
Current portion of borrowings	0	0	0	0
Provisions	0	1,000,000	0	1,000,000
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>31,332,370</b>	<b>1,000,000</b>	<b>173,072,820</b>	<b>205,405,191</b>

**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

**iii) Market risk**

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

- **Foreign currency risk**

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

**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

**Notes to the Financial Statements (Continued)**

**iv) Capital Risk Management**

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Revaluation Reserve	86,886,293	86,886,293
Retained Earnings	174,954,731	172,556,762
Capital Reserve	1,138,088,226	1,138,088,226
<b>Total Funds</b>	<b>1,399,929,250</b>	<b>1,397,531,281</b>
Total Borrowings	0	0
Less: Cash and Bank Balances	(1,695,486)	(87,937,524)
Net Debt/(Excess Cash And Cash Equivalents)	1,398,233,764	1,309,593,757
<b>Gearing</b>	<b>99.8%</b>	<b>93.7%</b>

**34. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

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

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*

**Annual Reports and Financial Statements  
for the year ended June 30, 2024.**

**Notes to the Financial Statements (Continued)**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	0	0
Rent income from govt. Agencies	30,973,878	33,874,055
Water sales to govt. Agencies	0	0
Others (specify) e.g. interest and bank charges	0	0
<b>Total</b>	<b>30,973,878</b>	<b>33,874,055</b>
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC	5,500,433	5,085,719
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	201,813	403,625
Training and conference fees paid to govt. Agencies	3,300,280	2,491,768
Others (specify)	0	0
<b>Total</b>	<b>9,002,525</b>	<b>7,981,112</b>
<b>b) Grants /transfers from the government</b>		
Grants from national govt	170,415,533	207,841,804
Grants from county government	0	0
Donations in kind	0	0
<b>Total</b>	<b>170,415,533</b>	<b>207,841,804</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments	6,431,128	6,261,128
Compensation to key management	41,336,921	33,519,903
<b>Total</b>	<b>47,768,049</b>	<b>39,781,031</b>

**35. Events after the Reporting Period**

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

**36. Ultimate And Holding Entity**

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

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The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**37. Currency**

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

Annual Reports and Financial Statements  
for the year ended June 30, 2024.

38. Appendices

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

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

Issue/Observation from Auditor	Management comments	Status:	Timeframe:
<p><b>Misstatement of the Property, Plant and Equipment Balance</b></p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs 1,465,158,888 as disclosed in note 22 to the financial statements. As previously reported included in this balance is work in progress amounting to Kshs 1,341,252,770 relating to certified works on the building which has not been capitalized. The project supervisor, the State department for Public Works issued the Commission with certificate of substantial completion allowing it to move into the building in May 2017 and partially release 50% of the retention money. Management explained the delay in the capitalization was due to disputed claims on account of penalties and interest on delayed payments. However, no depreciation is being charged despite the building being put into use.</p> <p>In addition, review of the project status report dated 19 January 2020, indicated that total certified work amounted to Kshs 1,297,971,643 therefore exceeding the contract sum by Kshs 306,980,653 or 31%. Management attributed the excess amounts to variations due to cost fluctuations above the bills of quantity provisions, interest on delayed payment and contractual claims already provided in clause 23.3 of conditions of contract and penalties due to contractual breaches on the part of the Commission. Review of the current position in the year revealed that the main contractor presented claims for penalties, interests and contractual sums amounting to Ksh. 362,000,000 which was however at variance with the State Department for Public Works computed among of Ksh. 154,961,000. Further, a Pending Bills Committee appointed by the Principle Secretary, State department of University Education and Research has not finalized negotiations with the contractor to waive their claims for interest of delayed payments.</p>	<p>Delay in the capitalization was due to disputed claims by the contractor relating to additional claims on account of penalties and interest on delayed payments.</p> <p>The excess amount of Kshs 306,980,653 is attributable to cost fluctuations above the bills of quantity provisions, interest on delayed payment and contractual claims already provided in clause 23.3 of conditions of contract and penalties due to contractual breaches on the part of the Commission.</p>	<p>Not Resolved</p>	<p>The Commission is awaiting conclusion of the ongoing court case relating to the building so as to resolve this issue</p>

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2024.**

<b>Issue/Observation from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
<p>The main contractor has declared a dispute on these claims and the Commission is waiting for the outcome of the legal process. Further, value for money has not been realized from the investment in the office block.</p> <p>In the circumstances, the accuracy and fair statement of the property, plant and equipment balance of Kshs 1,465,158,888 as at 30 June, 2023 could not be confirmed.</p>			



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Director General/C.E.O/M.D

Date: 30/09/2024

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

**Annual Reports and Financial Statements**

**for the year ended June 30, 2024.**

**Appendix IV: Transfers 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
	As per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education – SDHER	28/08/2023	Recurrent	16,903,483.70	16,903,483.70					16,903,483.70
Ministry of Education – SDHER	04/10/2023	Recurrent	16,903,483.70	16,903,483.70					16,903,483.70
Ministry of Education – SDHER	05/10/2023	Recurrent	16,903,483.70	16,903,483.70					16,903,483.70
Ministry of Education – SDHER	27/11/2023	Recurrent	6,094,726.70	6,094,726.70					6,094,726.70
Ministry of Education – SDHER	27/11/2023	Recurrent	6,094,726.70	6,094,726.70					6,094,726.70
Ministry of Education – SDHER	09/01/2024	Recurrent	6,094,726.00	6,094,726.00					6,094,726.00
Ministry of Education – SDHER	28/02/2024	Recurrent	16,903,484.00	16,903,484.00					16,903,484.00

*NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION*

**Annual Reports and Financial Statements  
for the year ended June 30, 2024.**

Ministry of Education – SDHER	17/04/2024	Recurrent	16,903,484.00	16,903,484.00	0	0	0	0	<b>16,903,484.00</b>
Ministry of Education – SDHER	17/04/2024	Recurrent	16,903,484.00	16,903,484.00					<b>16,903,484.00</b>
Ministry of Education – SDHER	17/04/2024	Recurrent	16,903,483.00	16,903,483.00					<b>16,903,483.00</b>
<b>Total</b>			<b>136,608,566</b>	<b>136,608,566</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>136,608,566</b>

**Appendix V- Inter-Entity Confirmation Letter**

**Name of Transferring entity Ministry of Education – State Department of Higher Education and Research**

**Name of Beneficiary entity: National Commission for Science, Technology and Innovation**