

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

NATIONAL ASSEMBLY PAPERS LAID	
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**THE AUDITOR-GENERAL**

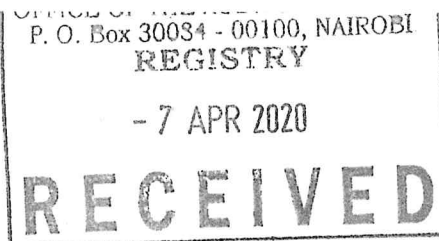
**ON**

**NATIONAL BIOSAFETY AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2019**







# **NATIONAL BIOSAFETY AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2019**

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

***NATIONAL BIOSAFETY AUTHORITY***  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

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## **KEY ENTITY INFORMATION AND MANAGEMENT**

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

National Biosafety Authority (NBA) was established pursuant to the provisions of the Biosafety Act No. 2, 2009 and became fully operational in 2010. The Authority is headed by a Board of Management responsible for the general policy and strategic direction of the Authority. The ministerial responsibility is vested on the Cabinet Secretaries for Ministry responsible for Science and Technology as per the Biosafety Act No. 2 of 2009, and Ministry of Agriculture, Livestock and Fisheries as provided for in the Executive Order No. 1 of 2018. Executive Order No. 1 of 2018 (Revised), vested Ministerial responsibility on the Cabinet Secretary for Ministry of Education. The day to day Management of the Authority is carried out by a Management Team headed by the Chief Executive Officer.

### **(b) Principal Activities**

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

### **(c) Key Management**

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

- Chief Executive Officer as the head of the Authority and the Accounting Officer assisted by two Directors, namely;
- Director, Finance and Administration who heads the Directorate of Finance and Administration in supporting the Chief Executive Officer on all matters that pertains to corporate service.
- Director, Technical Services heads the Directorate of Technical Services and supports the Chief Executive Officer on all matters regarding the Authority's core mandate.
- Director Legal Services heads the Directorate of Legal Services and supports the Chief Executive on all matters regarding legal affairs.

### **(d) Fiduciary Management**

The key Management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer	<b>Prof. Dorington O. Ogoyi</b>
2.	Director, Finance & Administration	<b>CPA Florence Biryia</b>
3.	Acting Director, Technical Services	<b>Prof. Theophilus Mutui</b>
4.	Corporation Secretary	<b>Margaret Njuguna</b>

**(e) Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements include: -

○ The Board of Directors.

The Board provides the overall oversight over the management of the Authority. The Board is organized in committees which interrogates in detail all the aspects of the Authority's operations and reports to the full Board on a quarterly basis. These committees include: -

- Audit Committee – reviews the activities of Management to ensure compliance with the Authority's policies, Government directives and legal provisions.
- Finance and Administration Committee – reviews Management activities to ensure compliance with financial prudence and administrative effectiveness.
- Technical Committee – reviews Management activities in regard to the implementation of the Authority's core mandate to ensure compliance with the provisions of the Biosafety Act and relevant International conventions on matters of Biosafety.

○ The Auditor General.

The Office of Auditor General reviews the Financial Statements of the Authority and renders an opinion on the state of affairs. In addition, he reviews the internal controls through systems audit and advice on the adequacy of the internal control systems in place.

○ Parliamentary Committees:

- Public Investment Committee - reviews the Auditor General's reports and seeks further explanations from Management on any adverse reports with recommendations to Parliament for adoption and action by the Executive.
- Education, Science and Technology Committee – Interrogates the performance of the Authority on matters of Science and Technology.
- Agricultural Committee – Interested on role of the Authority in agricultural biotechnology regulation and provision of budgetary resources to support the Authority.
- Health Committee - Interested on role of the Authority in promoting public health through biosafety regulations on the safety of GMOs.

○ Development Partners

They review the Management activities and reports in regard to the sponsored projects to ensure compliance with the agreement conditions.



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**(f) Authority's Headquarters**

P. O. Box 28251-00100  
Pest Control and Products Board Building  
Loresho - Off Waiyaki Way  
Nairobi, KENYA

**(g) Authority's Contacts**

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

**(h) Authority's Bankers**

Kenya Commercial Bank  
Kipande House Branch  
Kenyatta Avenue  
Nairobi, KENYA



**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**THE BOARD OF DIRECTORS**




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



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

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 <p><b>Cecil L. Kuyo</b> Board Member</p>	<p>DOB: 29/02/1984</p> <p>Cecil is an advocate of the Kenyan bar with the law firm of Coulson Harney Advocates. He trained for his articles and upon admission to the bar in 2009, worked with the law firm of Tripleoklaw Advocates for 5 years. He has considerable experience and expertise in commercial litigation practice, intellectual property and arbitration.</p> <p>He is a member of the Law Society of Kenya, the Chartered Institute of Arbitrators (Kenya Branch) and the Institute of Certified Public Secretaries of Kenya. He is also an alumnus of the International Lawyers for Africa programme, 2011 edition.</p> <p>Appointed 02.10.2015</p>
 <p><b>Dr. Warkach Kipkorir Tonui</b> Board Member</p>	<p>DOB: 25/12/1949</p> <p>Dr. Warkach Tonui holds a Ph.D (Environmental Modelling) 2008 Awarded Kenyatta University School of Environmental Studies Department of Environmental science. He was a lecturer for 23 Years at Kenya University (1989 -2012). Currently, he is a Senior Lecturer and the Head of Department at the Jaramogi Oginga Odinga University of Science and Technology, School of Humanities and Social Sciences, Department Of Geography and Social Development.</p> <p>Appointed 02.10.2015</p>
 <p><b>Dr. Edwardina Ndhine, PhD</b> Rep of Director General, NACOSTI</p>	<p>DOB: 1961</p> <p>Trained as a Zoologist at the Makerere University, Uganda. She also attained Master of Science in Applied Physiology and Cellular Biology from University of Nairobi, Bachelor's Degree in Chemistry, Botany and Zoology from University of Jabalpur, India.</p> <p>Currently, she is the Head of Biological Sciences Schedule at the National Commission for Science, Technology and Innovation (NACOSTI) and Board Member to create, in consultation with stakeholders enabling environment for science and technology development and application, use and</p>



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	<p>innovations. Until 2013, she was a member of Board of Management at the Centre for Mathematics, Science and Technology Education in Africa (CEMASTEa) with a vision on icon of professional teacher development. Life member of “Maendeleo ya Wanawake” with a mission to improve the quality of life of the rural communities through various interventions empowering especially women and youth in Kenya for sustainable livelihoods.</p>
 <p><b>Dr. Roselida Owuor</b>  <b>Rep of PS Science &amp; Technology</b></p>	<p>Dr. Roselida Owuor holds a PhD in Cell and Molecular Biology from Maseno University and MSc. in Reproductive Biology and Cellular and Applied Physiology from the University of Nairobi.</p> <p>Dr. Owuor is a Deputy Director of Research in the Directorate of Research, Science and Technology in the State Department for University Education and Research, Ministry of Education.</p> <p>Dr. Owuor has served at Senior Management Positions in Public and Private Sector for a period of more than eighteen years. She has been coordinating science, technology and innovation activities at national, regional and international level. She has served in the Board of Management in certain national institutions and international organizations.</p> <p>Dr. Owuor participated in drafting of Biosafety Bill which was enacted in 2009. She also participated in drafting of Regulations under Biosafety Act, 2009. She recently participated in finalization of Science, Technology and Innovation Policy.</p>

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



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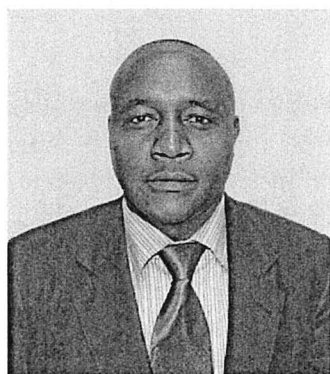
**Mr. Bernard Gibet**  
**Rep of Treasury**

D.O.B:04/01/1985

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

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

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





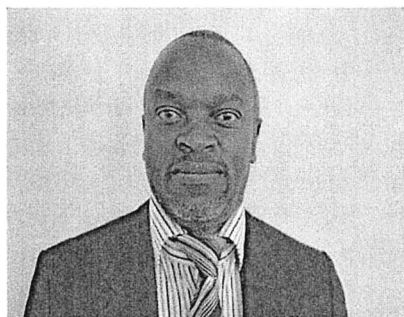
**Mr. Robert Kilonzo**  
**Rep of Chief Public Health Officer**

DOB:10/10/1973

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

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 <p><b>Mrs. Margaret Aleke</b>  <b>Rep of CEO KEBS</b></p>	<p>DOB:08/05/1960</p> <p>She holds a BSc in Food science and technology and another BSc in Applied human nutrition from the University of Nairobi and a postgraduate certificate in Biosafety in plant biotechnology from Ghent University, Belgium.</p> <p>She has worked with Kenya Bureau of Standards for 30 years, has experience in standards development and quality assurance. She participates in development of regional (EAC) and international standards (Codex and ISO)</p>
 <p><b>Mrs. Jane Otadoh</b>  <b>Rep of PS Agriculture</b></p>	<p>DOB: 12/09/1960</p> <p>She holds a Master of Science (Plant Biotechnology) from the University of Nairobi and a Bachelor of Science in Agriculture from Andrews University (Michigan, USA). She is currently the Assistant Director in charge of Biotechnology and Biosafety matters in the State Department of Agriculture. She has skills development and fellowship in biotechnology from Osaka Prefecture University, Japan, Fort Valley State University, USA and Michigan state University, USA.</p> <p>She has previously served in the Board of Coffee Research Foundation. She is a member of Finance and Administration committee and Technical Committee in the board of NBA. She is trained in Strategic Leadership Development Program (KIA Nairobi, 2011) and Corporate Governance for Directors (Centre for corporate Governance, 2010).</p> <p>She has participated in the development of policy documents such as National Biotechnology Awareness Strategy, Biosafety Act of 2009 and Standards on genetically modified organisms and derived products modified organisms and derived products.</p>



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

**D.O.B:1969**

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

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

**Contributions:**

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

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

**Prof.Peter Nyamuhanga Mwita**

**D.O.B:15/07/1968**

Prof. Peter Mwita is currently the Deputy Vice Chancellor in-charge of Research Innovation and Linkages in Machakos University. He has over twenty years' experience of teaching and research at the Jomo Kenyatta University of Agriculture and Technology. His main research interests are in Nonparametric Estimation, Time Series, Extreme Value Theory, Bootstrap Methods and their Applications in Finance and risk exposures.



Prof. Mwita has previously worked at Jomo Kenyatta University of Agriculture and Technology where he held various positions including being a Full Professor in the Department of Statistics and Actuarial Sciences.

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	<p>He has also in the past held the positions of Council Member of the Multimedia University of Kenya and Chairman of the Board of Directors, Kenya National Bureau of Statistics. Currently, he is the Chairman of the Kenya National Statistical Society (KNSS). He has published widely in local and international journals and also undertaken many research/projects in diverse areas of interest. He holds a PhD degree from the University of Kaiserslautern, Germany; a Masters of Applied Statistics from Macquarie University, Australia and Bachelor of Science from Kenyatta University, Kenya.</p> <p>Date of Appointment:6/05/2019</p>
<b>Mr.Samuel Macharia Gatitu</b>	<p>D.O.B:5/01/1958</p> <p>Mr. Samuel Macharia Gatitu holds a Masters of Business Administration/International Management and BSc. Business Administration both from Morgan State University, USA; and Diploma in Education from Kagumo College. He has vast experience in private and public sector gained in USA and Kenya. He is currently working as a Sub-County Administrator in Murang'a County Government.</p> <p>Previously he held positions in East Africa Portland Cement Company Ltd where he held various positions - Administration Manager; Distribution and Exports Manager; Corporate Accounts Manager; and Customer Relation Officer. In the USA, he worked as an Area Manager for the Central Parking System and a Supervisor at the Penn Parking Company Ltd among other positions</p> <p>Date of Appointment:6/05/2019</p>





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 <p><b>Prof. Dorington O. Ogoyi</b>  <b>Chief Executive Officer</b></p>	<p><b>D.O.B:18/07/1962</b></p> <p>He obtained his PhD, MSc and BSc (Biochemistry) degrees from the University of Nairobi and MBA (Strategic Management) from Moi University. He gained his postdoctoral exposure at the Department of Experimental Zoology, University of Utrecht, Netherlands (1995-1996) and at the National Institute of Entomological Sciences (NISES), Tsukuba, Japan (2000-2002). He previously served as an Associate Professor in the Department of Biochemistry and Biotechnology and Director of Research and Development at the Technical University of Kenya. He also taught and carried out research for several years at the Department of Biochemistry, University of Nairobi.</p>
 <p><b>Margaret Njuguna</b>  <b>Corporation Secretary</b></p>	<p><b>DOB:</b></p> <p>Ms. Margaret Njuguna is an advocate of the High Court of Kenya and a Certified Public Secretary (CPSK). She holds an LLB degree from the University of Nairobi, a post-graduate certificate in Biosafety in Plant Biotechnology from Ghent University, Belgium; and Master's degree in Governance and Ethics from Mount Kenya University. Ms. Njuguna also holds a B. Ed degree from the University of Nairobi.</p> <p>Ms. Njuguna has had extensive training in diverse areas including corporate governance, intellectual property laws, biosafety and leadership among others. She also has in the past participated in initiatives for development of phytosanitary legal framework in the EAC region. Prior to joining NBA, she held various positions in the public sector.</p>

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**MANAGEMENT TEAM**

1. Insert each key manager's passport-size photo and name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
 <p><b>Prof. Dorington O. Ogoyi</b>  <b>Chief Executive Officer</b></p> <p>He obtained his PhD, MSc and BSc (Biochemistry) degrees from the University of Nairobi and MBA (Strategic Management) from Moi University. He gained his postdoctoral exposure at the Department of Experimental Zoology, University of Utrecht, Netherlands (1995-1996) and at the National Institute of Entomological Sciences (NISES), Tsukuba, Japan (2000-2002). He previously served as an Associate Professor in the Department of Biochemistry and Biotechnology and Director of Research and Development at the Technical University of Kenya. He also taught and carried out research for several years at the Department of Biochemistry, University of Nairobi.</p>	<p>The Chief Executive Officer and the Accounting Officer of the Authority.</p>
 <p><b>CPA Florence Birya</b>  <b>Director, Finance and Administration</b></p>	<p>She is the Director in-charge of Finance and Administration.</p>

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<p>She is a qualified accountant and administrator with vast experience in the public sector. She holds a Master in Business Administration-Finance major and Bachelor's Degree Finance Major from the University of Nairobi. She is also a CPA (K), a member of the Institute of Certified Public Accountants Kenya (ICPAK) and is currently the ICPAK Convener for Kilifi County. She has held various senior management positions in the Kenya public sector including County Treasury Director, Finance Manager, Grants Manager, and Senior Accountant among others. She is an abridged trained trainer and participates a lot in civic education, youth counselling and secondary school motivational talks.</p>	
<div data-bbox="181 862 588 1303" data-label="Image"> </div> <p><b>Margaret Njuguna</b>  <b>Corporation Secretary</b></p> <p>Ms. Margaret Njuguna is an advocate of the High Court of Kenya and a Certified Public Secretary (CPSK). She holds an LLB degree from the University of Nairobi, a post-graduate certificate in Biosafety in Plant Biotechnology from Ghent University, Belgium; and Masters degree in Governance and Ethics from Mount Kenya University. Ms. Njuguna also holds a B. Ed degree from the University of Nairobi. Ms. Njuguna has had extensive training in diverse areas including corporate governance, intellectual property laws, biosafety and leadership among others. She also has in the past participated in initiatives for development of phytosanitary legal framework in the EAC region. Prior to joining NBA, she held various</p>	<p>She is the Corporation Secretary and also Director Legal Services.</p>

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



## **REPORT OF THE CHIEF EXECUTIVE OFFICER**



During the Year under review, the Authority registered progress towards fulfilling her mandates as required in the Biosafety Act 2009 and the Strategic Plan 2016-2020.

During the year, NBA attained Certification of ISO 9001:2015 Quality Management System (QMS). In brief, attainment of QMS, investment in Technology and high speed computing has significantly improved our decision making, coordination, analysis, and visualization of our business processes and service delivery.

In this contract year, the Authority contributed to the country's industrial transformation agenda of the Vision 2030 and the Big 4 Initiatives under the Manufacturing sector. The National Biosafety Authority approved an application for environmental release of Bt-cotton varieties for the purpose of conducting National Performance Trials (NPTs) on 2<sup>nd</sup> September 2016. However, the NPTs were to proceed only after issuance of NEMA's EIA Licence. This licence was issued on 8<sup>th</sup> June 2018 and the first and second NPT Trials have since been carried out. The Bt-cotton is the first Genetically Modified crop to have reached NPT stage in Kenya which is the last phase towards commercialization of biotechnology products. Once commercialized, it's expected that the Bt-cotton will play a significant role in the manufacturing sector specifically in the textile sector. This will be in the production phase and the entire value chain including ginneries, apparel factories in Export Processing Zone (EPZ) leading to employment of youth and women and generation of income to farmers. The Authority also continued to play an enabling role towards the realization of the other Big 4 Agenda namely; Food Security and Universal Health.

As part of sustaining our efforts in promoting stakeholder awareness and participation in Biosafety, NBA hosted the 7<sup>th</sup> National Annual Biosafety Conference in Kenya. The Conference brought together diverse stakeholders in the various fields of policy, biotechnology, biosafety and biosecurity, research, agriculture, public and animal health, environment, engineering, industry, academia and the media fraternity under one Conference theme: ***"The Role of Biotechnology and Biosafety towards Realizing "The Big Four" Action Plan"***. The Conference was a huge success in that we hosted over 100 local and international participants.

Since its inception, NBA has gained recognition nationally and regionally. We have hosted policy makers from several partners and countries including Uganda, to learn from each other. This is the direction that NBA wishes to continue on towards the establishment of functional Biosafety regulatory systems.

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

A handwritten signature in dark ink, appearing to read 'Dorington Ogoyi'.

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

## **CORPORATE GOVERNANCE STATEMENT**

### **Overview**

The National Biosafety Authority (NBA) is established under the Biosafety Act, 2009. The object and purpose for establishment of the Authority is to exercise general supervision and control over the transfer, handling and use of genetically modified organisms with view to ensuring—

- (a) safety of human and animal health;
- (b) provision of an adequate level of protection of the environment.

### **Board Composition and Tenure of Service**

The Authority is managed by a Board as stipulated under S.6 of Biosafety Act, 2009. The Board comprises of:

- (a) *a chairperson, who should be an eminent scientist, appointed by the Minister; and*
- (b) *the principal secretary in the Ministry for the time being responsible for science and technology;*
- (c) *the principal secretary in the Ministry for the time being responsible for finance;*
- (d) *the principal secretary of the Ministry for the time being responsible for agriculture;*
- (e) *the Director-General of the National Environment Management Authority;*
- (f) *the Managing Director of the Kenya Bureau of Standards;*
- (g) *the Managing Director of the Kenya Plant Health Inspectorate Services;*
- (h) *the Director of the Department of Veterinary Services;*
- (i) *the Secretary, National Council for Science and Technology;*
- (j) *the Chief Public Health Officer;*
- (k) *six other persons appointed by the Minister; of whom at least two shall be of either gender and of whom—*
  - (i) *three shall be experts in the following respective sciences, namely biological, environmental and social sciences;*
  - (ii) *one shall represent the interests of farmers;*
  - (iii) *one shall represent the interests of the biotechnology industry; and*
- (l) *a Chief Executive Officer appointed under Section 12 of the Biosafety Act, who shall be the Secretary to the Board.*

During the year under review, the Authority did not have a Chairperson following the resignation of the immediate holder of the position, with effect from 1<sup>st</sup> December, 2017. Subsequently, the Board Meetings were presided over in line with the provisions of S.8 (f) of the State Corporations Act.

Secondly, the tenure of the Board expired on 1<sup>st</sup> October, 2018 and the Management accordingly notified the parent Ministry. Thus, the Authority only had a Board during the first quarter of the year under review. For effectiveness in terms of governance the Management continually sought guidance and approvals from the relevant oversight entities for ease of decision making.

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**Board Operations**

The Board had three committees, namely Technical Committee responsible for technical functions, Finance & Administration (F&A); and Audit Committee. The F&A Committee was responsible for the human resource aspects while the Audit Committee handled governance matters.

During the year full Board meetings and Committee Meetings were held during the first quarter of the period under review as required under the State Corporations Act. In convening the meetings, the Board's Work plan was adhered to and the activities earmarked for the first quarter were undertaken.

The composition of the committees was as follows:

<b>TECHNICAL COMMITTEE</b>	<b>FINANCE &amp; ADMINISTRATION</b>	<b>AUDIT COMMITTEE</b>
Dr. Joy W. Kiano (Chair)	Mr. Abdalla H. Mwaruwa	Prof. Bancy Mate
Dr. Warkach Tonui	Mr. Cecil L. Kuyo	Dr. George Ombakho
Dr. Charles Ochodo (Rep. DVS)	Mr. Bernard Gibet (Alt. PS, Finance)	Dr. Edwardina Ndhine (Rep. DG-NACOSTI)
Mrs Margaret Aleke (Rep. MD, KEBS)	Mrs Jane Otadoh (Alt. PS, MOALFI)	Mr. J.M. Muiruri
Mr. David W. Ong'are (Rep. DG- NEMA)	Dr. George Ombakho (Alt. MOE)	
Mr. Robert Kilonzo (Rep. Public Health)	Dr. Charles Ochodo (Rep. DVS)	
Mr. James Wahome (Rep. MD, KEPHIS)	Prof. D. Ogoyi (CEO)	
Prof. D. Ogoyi (CEO)		

The number of meetings held during the quarter was as follows:

<b>No.</b>	<b>Meeting</b>	<b>Date</b>	<b>Attendance</b>	<b>Costs (Ksh)</b>
1	F & A Committee	12 <sup>th</sup> July, 2018	Apologies: Dr. C. Ochodo	The total Board-related expenses during the quarter amounted to Ksh. 2,672,196.
2	Technical Committee	19 <sup>th</sup> July, 2018	All Members Attended	
3	Audit Committee	18 <sup>th</sup> July, 2018	All Members Attended	
4	Full Board	2 <sup>nd</sup> August, 2018	All Attended except: Dr. G. Ombakho	
5	F & A Committee	20 <sup>th</sup> September, 2018	All Attended except: Dr. G. Ombakho	
6	Technical Committee	20 <sup>th</sup> September, 2018	All Members Attended	
7	Full Board	27 <sup>th</sup> September, 2018	All Members Attended and Dr. Roselida Owuor – Rep. MoE joined the Board	

**Board Evaluation**

The results of Board evaluation were presented to the Board and discussed through the facilitation of an official from the State Corporations Advisory Committee (SCAC). The report was subsequently availed to the parent Ministry.

**Board Charter**

The Authority's Board Charter was reviewed and awaits Board approval. The revised charter includes the terms of reference for the three Committees which are incorporated as an annex.



### **Governance Audit**

Whilst the need for and significance of governance audit is recognized, the Authority was not able to engage external governance auditors during the 2018/19 financial year to undertake the exercise due to financial constraints. However, the Management continually monitored and ensured compliance with the legal requirements and governance principles as stipulated in *Mwongozo*.

### **Register of Conflict of Interests**

The Authority maintained registers of conflict of interests for recording any declarations made by Board members and employees.

### **Code of Conduct and Ethics**

The Authority had a Code of Conduct and Ethics and the Board members and staff had subscribed their commitment to comply with the espoused values.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **The Authority's operational and financial performance**

The Authority through the MTEF Budget process for the financial year 2018/2019 requested for Ksh.504 Million from the National Treasury through the line Ministry MOALF to cater for recurrent expenditure. Ksh.200 Million was proposed to cater for the compensation of Employees and Ksh.304 Million for the use of Goods and Services. In addition, the Authority requested for an allocation of Ksh.750 Million as Capital Grants for the construction of the state of art GMO testing and reference laboratory. At the end of the process the Authority was only granted Ksh. 108,600,000 for recurrent expenditure while the Capital grant was not approved. Under the supplementary Estimate 1 of 2018/19, the recurrent expenditure was reduced to Ksh. 106,428,000.

During the year, the Authority received its full allocation of Ksh 106,428,000 from the Exchequer. The total expenditure during the year was Ksh 119,445,275.

The Authority continues to deliver on its mandate of regulating GMO's towards safe development, handling, transfer and use of GMO's. The Authority held various key activities during the year which include; conducting risk assessment of GMO applications, monitoring of GMO projects to ensure compliance to biosafety laws, conducting random and impromptu Market surveillance in 15 Counties in Kenya, testing of samples to detect presence or absence of unauthorized GMOs in the market, monitoring and participating in the National Performance Trials (NPTs) of Bt cotton at various sites, holding the 7<sup>th</sup> Annual Biosafety Conference, conducting biosafety awareness forums at National level to policy makers and selected Counties and capacity building of NBA staff and key stakeholders on risk assessment, biosafety compliance issues, socio-economic considerations and new emerging technologies.

The Authority also participated in activities geared towards meeting international obligations such as participating in COP-MOP 9 meeting held in November 2018 in Egypt and participating in the BCH III project that entailed sustainable capacity building to stakeholders on the use and operations of the Biosafety Clearing House (BCH). The Authority is now fully integrated in the single window system of cargo clearance at the ports of entry where NBA Inspectors are also deployed.

### **Authority's compliance with statutory requirements**

The Authority has fully complied with all statutory requirements. This includes timely submission of PAYE, HELB, N.S.S.F and N.H.I.F to respective institutions during the Financial Year ending June 30, 2019.

### **Key projects and investment decisions the Authority is planning/implementing**

During the Financial Year 2018/2019, the Authority did not have any key projects and investments.

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**Major risks facing the Authority**

The major risks facing the Authority include;

- (a) The reduction of budgetary allocations, and a further reduction during the financial year 2018/19 to Ksh. 106,428,000. This has affected the implementation of the programs planned by the Authority in the revised Strategic Plan 2016-2020.
- (b) During the previous years, the Authority has not received any Capital Grants from the G.O.K.
- (c) The ban on GMO import activities has reduced the A.I.A for the Authority further affecting the implementations of programs.
- (d) Inadequate awareness on biosafety and networking. Due to reduced budgetary allocation, the Authority is limited in creating adequate awareness on biosafety among Kenyan public and creating awareness of NBA and its regulatory role.
- (e) Limited capacity due to reduction in government funding, inadequate human resources as well as inadequate infrastructure (office space, laboratory for testing, equipment and facilities)

**Material arrears in statutory/financial obligations**

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

**The Authority's financial probity and serious governance issues**

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

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

The Authority was audited during the financial year 2016-2017 and a certificate of audit submitted to the management. The external auditor issued a qualified audit opinion. There were no financial probity and governance issues raised in the audit opinion.

The Authority was audited during the financial year 2017-2018 and a certificate of audit issued to the management. The external auditor issued a qualified audit opinion. There were no financial probity and governance issues raised in the audit opinion.



## **REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the National Biosafety Authority affairs.

### **Principal activities**

The mandate of the Authority is to exercise general supervision and control over the transfer, handling and use of genetically modified organisms (GMOs) with a view to ensuring safety of human and animal health, and provision of an adequate level of protection of the environment.

The principal activities of the Authority are to;

- consider and determine applications for approval for the transfer, handling and use of GMOs and related activities;
- co-ordinate, monitor and assess activities relating to the safe transfer, handling and use of GMOs in order to ensure that such activities do not have adverse effect on human health and the environment;
- co-ordinate research and surveys in matters relating to the safe development, transfer, handling and use of GMOs, and to collect, collate and disseminate information about the findings of such research, investigation or survey;
- identify national requirements for manpower development and capacity building in biosafety;
- advise the Government on legislative and other measures relating to the safe transfer, handling and use of GMOs;
- promote awareness among the general public relating to biosafety; and
- establish and maintain a biosafety clearing house to serve as a means through which information is made available to facilitate the exchange of scientific, technical, environmental and legal information on, and experience with GMOs.

### **Results**

The results of the entity for the year ended June 30, 2019 are set out on page 1 to 30.

### **Directors**

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

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**Dividends/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 entity did not make any surplus during the year (FY 2018 Nil) and hence no remittance to the Consolidated Fund.

**Auditors**

The Auditor General is responsible for the statutory audit of the National Biosafety Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2019.

**By Order of the Board**

  
**MARGARET NJUGUNA**  
**CORPORATE SECRETARY**

**Date:** *19-3-2020*

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**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 National Biosafety Authority, which give a true and fair view of the state of affairs of the National Biosafety Authority at the end of the financial year and the operating results of the National Biosafety Authority for that year. The Directors are also required to ensure that the National Biosafety Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the National Biosafety Authority. The Directors are also responsible for safeguarding the assets of the National Biosafety Authority.

The Directors are responsible for the preparation and presentation of the National Biosafety Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2019, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority 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 Authority's financial statements were approved on behalf of the Board on 2019 and signed on its behalf by:

19/3/2020



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

\_\_\_\_\_  
**CHAIRMAN BOARD OF DIRECTORS**

***NATIONAL BIOSAFETY AUTHORITY***  
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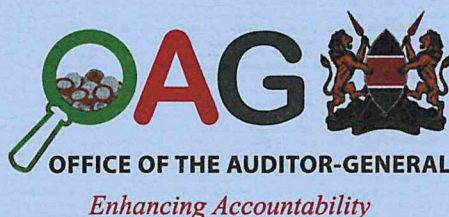
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**REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL BIOSAFETY  
AUTHORITY**



# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL BIOSAFETY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Biosafety Authority set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Biosafety Authority as at 30 June, 2019, 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 Public Finance Management Act, 2012 and the Biosafety Act No.2 of 2009.

#### Basis for Qualified Opinion

##### 1. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.28,783,673. The balance excludes an amount of Kshs.351,363 (comprising of receipts in form of inward swift transfers whose source the Authority could not identify. The funds have been credited to the Authority's commercial bank over the years by the bank but an amount of Kshs.87,613 was credited during the year under review. No efforts appear to have been made by the Authority to establish the source of the funds.

Consequently, the accuracy, completeness and validity of cash and cash equivalents balance of Kshs.28,783,673 reflected in the statement of financial position as at 30 June, 2019 could not be confirmed.



## **2. Inaccuracies in the Financial Statements**

The statement of financial position reflects a balance of Kshs.25,200,005 under accumulated deficit. However, the statement of financial performance reflects surplus for the year of Kshs.8,901,911 which, when credited to the accumulated surplus/deficit would have resulted in an accumulated deficit balance of Kshs.11,351,348 resulting to unreconciled variance of Kshs.13,848,657. This is reflected in the statement of changes in net assets as a transfer of National Research Fund (NRF) from retained earnings. It is not clear how the amount was transferred from the retained earnings as the corresponding entry has not been indicated.

In the circumstances, the completeness, validity and accuracy of the financial statements for the year ended 30 June, 2019 could not be confirmed.

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

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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 overall governance were not effective.

### **Basis for Conclusion**

#### **Lack of a Functional Board of Directors**

The Authority operated without a functional Board of Directors between October, 2018 and May, 2019 contrary to Section 6(1) of the Biosafety Act, 2009. The term of the previous Board members expired on 1 October, 2018 while the Chairman resigned on 1 December, 2017. Through a Gazette Notice No.4400 dated 6 May, 2019, only two Board members were appointed by the Cabinet Secretary for Education which was still short of a complete Board.

Consequently, the Authority did not have an effective governance structure necessary to enable it to effectively execute its mandate.

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

#### **Responsibilities of Management and Board of 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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



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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may



occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

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Nancy Gathungu  
**AUDITOR-GENERAL**

**Nairobi**

**22 July, 2021**

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**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Recurrent government grants	6	106,428,000	108,600,000
		<b>106,428,000</b>	<b>108,600,000</b>
<b>Revenue from exchange transactions</b>			
Application fees	7	1,273,000	1,478,000
Conference fees	8	4,222,100	175,000
Other Income	9	16,424,086	5,439,450
<b>Total revenue</b>		<b>128,347,186</b>	<b>115,692,450</b>
<b>Expenses</b>			
Employee costs	10	72,730,534	85,813,794
Remuneration of directors	11	2,672,196	9,408,722
Depreciation expense	12	2,315,787	2,488,735
Repairs and maintenance	13	2,888,400	1,509,600
Contracted services	14	3,546,594	3,947,535
General expenses	15	30,952,652	24,829,584
Project expenses	16	4,339,112	9,059,717
<b>Total expenses</b>		<b>119,445,275</b>	<b>137,057,687</b>
<b>Surplus/( deficit) for the period/year</b>		<b>8,901,911</b>	<b>(21,365,237)</b>
Remission to National Treasury	29	0	0
<b>Net Surplus for the year</b>		<b>8,901,911</b>	<b>0</b>

The notes set out on pages 8 to 27 form an integral part of these Financial Statements

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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	28,783,673	18,682,617
Receivables from exchange transactions	18	0	210,000
		<b>28,783,673</b>	<b>18,892,617</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	4,635,023	6,950,809
		4,635,023	6,950,809
<b>Total assets</b>		<b>33,418,696</b>	<b>25,843,426</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	20	6,004,780	9,414,286
Contract retention money	21	988,675	988,675
Provisions	22	580,000	0
Deferred income	23	14,939,018	2,866,844
Employee benefit obligation	24	5,824,225	2,544,877
		<b>28,336,698</b>	<b>15,814,682</b>
<b>Total liabilities</b>		<b>28,336,698</b>	<b>15,814,682</b>
<b>Net assets</b>		<b>5,081,998</b>	<b>10,028,744</b>
Reserves		30,282,003	30,282,003
Accumulated surplus (deficit)		(25,200,005)	(20,253,259)
<b>Total net assets and liabilities</b>		<b>33,418,696</b>	<b>25,843,426</b>

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Board of Directors by:

CHIEF EXECUTIVE OFFICER  
PROF. DORINGTON OGOYI

Date.....19/3/2020

HEAD OF FINANCE  
ESTHER THUKU  
ICPAK Member  
Number:10108

Date.....19/03/2020

CHAIRMAN OF THE BOARD

Date-----



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**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Capital Replacement Development Reserve	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
<b>At July 1, 2017</b>	30,282,003	-	-	1,111,978	-	-	31,393,981
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(21,365,237)	-	-	(21,365,237)
Capital/Development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-	-
Dividends paid – 2017	-	-	-	-	-	-	-
Interim dividends paid – 2018	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
<b>At June 30, 2018</b>	30,282,003	-	-	(20,253,259)	-	-	10,028,744
<b>At July 1, 2018</b>	30,282,003	-	-	(20,253,259)	-	-	10,028,744
Issue of new share capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	8,901,911	-	-	8,901,911

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	Capital Replacement Development Reserve	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
Capital/Development grants received during the year	-	-	-	-	-	-	-
Transfer of NRF Funds from retained earnings	-	-	-	(13,848,657)	-	-	(13,848,657)
Dividends paid – 2018	-	-	-	-	-	-	-
Interim dividends paid – 2019	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
<b>At June 30, 2019</b>	<b>30,282,003</b>	<b>-</b>	<b>-</b>	<b>(25,200,005)</b>	<b>-</b>	<b>-</b>	<b>5,081,998</b>

Note:

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

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

		2018-2019	2017-2018
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Surplus for the year before tax		8,901,911	(21,365,237)
Adjusted for:			
Depreciation		2,315,787	2,488,735
		<b>11,217,698</b>	<b>(18,876,502)</b>
<b>Working capital adjustments</b>			
Increase/Decrease in receivables		210,000	3,881,805
Increase/Decrease in payables		(1,326,642)	1,681,593
<b>Total Payments</b>		<b>(1,116,642)</b>	<b>5,563,398</b>
<b>Net cash flows from operating activities</b>	25	<b>10,101,056</b>	<b>(13,313,104)</b>
<b>Cash flows from investing activities</b>			
Purchase of furniture		0	(118,000)
Purchase of computers		0	(904,100)
<b>Net cash flows used in investing activities</b>		<b>0</b>	<b>(1,022,100)</b>
<b>Cash flows from financing activities</b>			
Increase in deposits		0	0
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<b>10,101,056</b>	<b>(14,335,204)</b>
Cash and cash equivalents at 1 JULY		18,682,617	33,017,820
<b>Cash and cash equivalents at 30 JUNE</b>	17	<b>28,783,673</b>	<b>18,682,617</b>



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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Application fees	1,000,000	0	1,000,000	1,273,000	273,000
Government grants and subsidies	108,600,000	(2,172,000)	106,428,000	106,428,000	0
Conference fees	1,000,000	3,222,100	4,222,100	4,222,100	0
Finance income –fixed deposit interest	0	0	0	0	0
Other income	26,189,230	(5,967,204)	20,222,026	16,424,086	(3,797,941)
<b>Total income</b>	<b>136,789,230</b>	<b>(4,917,104)</b>	<b>131,872,126</b>	<b>128,347,186</b>	<b>(3,524,941)</b>
<b>Expenses</b>					
Compensation of employees	83,392,000	(6,102,076)	77,289,924	72,730,534	4,559,390
Remuneration of board	6,497,070	0	6,497,070	2,672,196	3,824,874
Repair and maintenance	3,458,388	1,669,419	5,127,807	2,888,400	2,239,407
Contracted services	3,960,250	191,580	4,151,830	3,546,594	605,236
General expenses	29,033,522	5,391,177	34,424,699	30,952,652	3,472,047
Project expenses	10,448,000	(6,067,204)	4,380,796	4,339,112	41,684
<b>Total expenditure</b>	<b>136,789,230</b>	<b>(4,917,104)</b>	<b>131,872,126</b>	<b>117,129,488</b>	<b>14,742,638</b>
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,217,698</b>	<b>11,217,697</b>

**Budget notes**

- The budget was adjusted to cater for recurrent expenditures that had low budgetary allocations during the original budget and there was need to make adjustments to various budget lines. The reduction of budgetary allocation from the exchequer to Ksh 106,428,000 for the financial year also necessitated adjustments to the recurrent budget.
- Application fees – The variance of 27% was caused by receipts of applications for contained use research. Some of the applications are fully dependent on the applicants and therefore a positive variance where the Authority received more than the budgeted income.
- Remuneration of the board – The variance of 59% (positive) was as a result of the expiry of the tenure of the board on 1<sup>st</sup> October 2018. The Authority only had a board during the first quarter of the financial year.



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- Repair and maintenance – The variance of 44% (positive). The Authority revised its budget and allocated more funds to service for motor vehicles from Ksh 0.4 million to Ksh 1.7 million. This was to cater for motor vehicle repair costs, most of the payments were carried over to the financial year 2019/2020. The allocation for Alterations to buildings was increased from Ksh 0.8 million to Ksh 1.3 million, this was to cater for office alteration works which were going on. Most of the payments were carried over to the financial year 2019/2020. Some of the activities carried over were still going on at the end of the financial year.
- Contracted services – the variance is 15% (positive). During the financial year, the Authority was still undergoing the ISO recertification process and all invoices had not been paid at the end of the financial year and some were carried over to the financial year 2019/2020.

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

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

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

The 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 Authority's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

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.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Standard	Impact
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>The Authority does not have any Public Sector Combinations, therefore, the standard does not apply.</i>

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**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>The Authority does not deal in financial instruments, therefore, the standard does not apply.</i></p>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul>

**iii. Early adoption of standards**

The Authority did not early – adopt any new or amended standards in year 2019.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Revenue recognition**

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

###### **Transfers from government**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

##### **ii) Revenue from exchange transactions**

###### ***Rendering of services***

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

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

###### ***Application fees***

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

###### **Interest income**

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

**b) Budget information**

The original budget for FY 2018-2019 was approved by the Board of Directors on 2<sup>nd</sup> August 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of Ksh 4,917,104 on the 2018-2019 budget following the governing body's approval.

The Authority'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.

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

**c) Taxes**

***Current income tax***

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

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



**d) Property, plant and equipment**

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

Depreciation is calculated using straight line method based on useful life as;

- |                              |       |
|------------------------------|-------|
| • Motor vehicles             | 20%   |
| • Furniture and fittings     | 10%   |
| • Computers and IT equipment | 33.3% |

The Authority does not provide for depreciation of motor vehicles in the year of acquisition.

**e) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

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

***Financial liabilities***

***Initial recognition and measurement***

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

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

**i) Provisions**

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

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

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

***Contingent liabilities***

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

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

***Contingent assets***

The Authority 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 Authority 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.

**j) Nature and purpose of reserves**

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

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

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

**l) Employee benefits**

**Retirement benefit plans**

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

**m) Related parties**

The Authority 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 Authority, or vice versa. Members of key management are regarded as related parties and comprise the board of directors, the CEO and heads of directorates.

**n) 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.

**o) Comparative figures**

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

**p) 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, 2019.

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

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

**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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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**Useful lives and residual values**

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

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

**Provisions**

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

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.

**6. TRANSFERS FROM OTHER GOVERNMENTS**

Description	2018-2019	2017-2018
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	106,428,000	108,600,000
Other grants	0	0
	<b>106,428,000</b>	<b>108,600,000</b>
<b>Total government grants and subsidies</b>	<b>106,428,000</b>	<b>108,600,000</b>

**6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2017-2018 KShs
Ministry of Agriculture	106,428,000	0	0	106,428,000	108,600,000
<b>Total</b>	<b>106,428,000</b>	<b>0</b>	<b>0</b>	<b>106,428,000</b>	<b>108,600,000</b>

*The details of the reconciliation have been included under Appendix III*

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**7. APPLICATION FEES**

Description	2018-2019	2017-2018
	KShs	KShs
Application Fees	1,273,000	1,478,000
<b>Total revenue from Application fees</b>	<b>1,273,000</b>	<b>1,478,000</b>

**8. CONFERENCE FEES**

Description	2018-2019	2017-2018
	KShs	KShs
Conference Fees	4,222,100	175,000
<b>Total revenue from Conference Fees</b>	<b>4,222,100</b>	<b>175,000</b>

**9. OTHER INCOME- DONOR FUNDS & COURIER REFUNDS**

Description	2018-2019	2017-2018
	KShs	KShs
Program for Biosafety Systems	2,562,629	3,290,969
UN BCH III Project	0	1,485,000
Advert and Announcement Refund	0	635,485
Courier Services Refund	12,800	13,200
Others- Sale of Newspapers/Inspectors refunds	0	14,796
NRF Grant	13,848,657	0
<b>Total other income</b>	<b>16,424,086</b>	<b>5,439,450</b>

**10. EMPLOYEE COSTS**

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	34,540,183	36,866,099
Employee related costs - contributions to pensions and gratuity	3,199,638	14,180,459
Transport allowance	6,364,181	6,434,839
Housing benefits and allowances	24,231,042	24,132,397
CEO's Salary	4,395,490	4,200,000
<b>Employee costs</b>	<b>72,730,534</b>	<b>85,813,794</b>



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**11. REMUNERATION TO THE BOARD**

Description	2018-2019	2017-2018
	KShs	KShs
Sitting and Lunch Allowance	1,366,000	6,029,181
Mileage	89,172	305,187
Accommodation	291,200	803,400
Honoraria	0	400,000
Domestic Travelling	264,830	704,302
Foreign Travelling	0	0
Training Expenses	0	579,800
Airtime	0	49,000
Insurance	660,994	537,852
<b>Total Remuneration to the Board</b>	<b>2,672,196</b>	<b>9,408,722</b>

**12. DEPRECIATION EXPENSE**

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	2,315,787	2,488,735
<b>Total depreciation and amortization</b>	<b>2,315,787</b>	<b>2,488,735</b>

**13. REPAIRS AND MAINTENANCE**

Description	2018-2019	2017-2018
	KShs	KShs
Buildings	355,000	248,874
Vehicles	794,280	846,590
Furniture and Equipment	0	2,500
Computers and accessories	1,730,720	341,455
Other	8,400	70,181
<b>Total repairs and maintenance</b>	<b>2,888,400</b>	<b>1,509,600</b>

**14. CONTRACTED SERVICES**

Description	2018-2019	2017-2018
	KShs	KShs
Legal fees and arbitration	0	10,000
Cleaning Services	732,865	863,595
Professional services	115,642	335,485
Consultancy services	819,868	1,284,800
Refined fuel	718,219	873,655
Audit fees	1,160,000	580,000
<b>Total Contracted services</b>	<b>3,546,594</b>	<b>3,947,535</b>

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**15. GENERAL EXPENSES**

Description	2018-2019	2017-2018
	KShs	KShs
Advertising, shows and Branding	1,050,515	2,084,422
Bank Charges	88,864	124,921
Catering Services	1,029,559	1,021,550
Conferences and seminars	580,360	650,487
Computer accessories	456,994	434,908
Cleaning Materials	1,149	5,222
Electricity	6,230	12,173
General office	215,698	128,696
Insurance	7,317,255	6,276,598
Internet	4,060,766	405,965
Postage	33,782	52,084
Printing and Publishing & Newspapers	311,087	289,928
Reagents and Market Surveillance	1,400,240	780,677
Rental	7,163,856	5,991,734
Stationery	304,677	192,058
Uniform & other clothing	0	80,749
Telecommunication	1,546,800	1,978,280
Training	2,169,982	1,343,937
Travel and Subsistence	3,214,838	2,975,195
<b>Total general expenses</b>	<b>30,952,652</b>	<b>24,829,584</b>

**16. PROJECT COSTS**

Description	2018-2019	2017-2018
	KShs	KShs
Program for Biosafety Systems (PBS)	3,513,294	4,940,812
ERAfrica	94,400	3,085,465
AATF	275,690	64,500
UN BCH III Project	455,728	968,940
<b>Total project costs</b>	<b>4,339,112</b>	<b>9,059,717</b>

**17. CASH AND CASH EQUIVALENTS**

Description	2018-2019	2017-2018
	KShs	KShs
Current account	28,783,673	18,637,377
Cash on hand and in transit	0	45,240
Fixed deposits account	0	0
<b>Total cash and cash equivalents</b>	<b>28,783,673</b>	<b>18,682,617</b>

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**17 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

Financial institution	Account number	2018-2019 KShs	2017-2018 KShs
<b>a) Current account</b>			
Kenya Commercial bank		28,783,673	18,637,377
<b>Sub- total</b>		<b>28,783,673</b>	<b>18,637,377</b>
<b>b) Others(specify)</b>			
Cash in transit		0	0
cash in hand		0	45,240
M pesa		0	0
<b>Sub- total</b>		<b>0</b>	<b>45,240</b>
<b>Grand total</b>		<b>28,783,673</b>	<b>18,682,617</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2018-2019	2017-2018
	KShs	KShs
<b>Current receivables</b>		
Accounts receivables	0	0
Salary receivables	0	0
Prepayment	0	0
Imprest	0	210,000
<b>Total current receivables</b>	<b>0</b>	<b>210,000</b>

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**19. PROPERTY, PLANT AND EQUIPMENT**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers & other IT Equipment	Other Assets (specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At July 2017	-	18,201,325	20,420,123	6,703,434	-	-	-	45,324,882
Additions	-	0	118,000	904,100	-	-	-	1,022,100
Disposals	-	0	0	0	-	-	-	-
Transfers/adjustments	-	0	0	0	-	-	-	-
At 30 <sup>th</sup> June 2018	-	18,201,325	20,538,123	7,607,534	-	-	-	46,346,982
Additions	-	0	0	0	-	-	-	0
Disposals	-	0	0	0	-	-	-	0
Transfer/adjustments	-	0	0	0	-	-	-	0
At 30 <sup>th</sup> June 2019	-	18,201,325	20,538,123	7,607,534	-	-	-	46,346,982
Depreciation and impairment								
At July 2017	-	18,201,325	12,083,603	6,622,509	-	-	-	36,907,436
Depreciation	-	0	2,039,412	449,323	-	-	-	2,488,736
Impairment	-	0	0	0	-	-	-	0
At 30 June 2018	-	18,201,325	14,123,015	7,071,832	-	-	-	39,396,172
Depreciation	-	0	1,921,412	394,375	-	-	-	2,315,787
Disposals	-	0	0	0	-	-	-	0
Impairment	-	0	0	0	-	-	-	0
Transfer/adjustment	-	0	0	0	-	-	-	0
At 30 <sup>th</sup> June 2019	-	18,201,325	16,044,472	7,446,207	-	-	-	41,711,959
Net book values								
At 30 <sup>th</sup> June 2019	-	0	4,493,696	141,327	-	-	-	4,635,023
At 30 <sup>th</sup> June 2018	-	0	6,415,108	535,702	-	-	-	6,950,809
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**20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	6,004,780	9,414,286
<b>Total trade and other payables</b>	<b>6,004,780</b>	<b>9,414,286</b>

**21. CONTRACT RETENTION MONEY**

Description	2018-2019	2017-2018
	KShs	KShs
Retention money	988,675	988,675
<b>Total deposits</b>	<b>988,675</b>	<b>988,675</b>

**22. CURRENT PROVISIONS**

Description	Audit fee	Other provision	Total
	KShs	KShs	KShs
<b>Balance b/d (1.07.2018)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional Provisions	580,000	0	580,000
Provision utilised	0	0	0
Transfers from non -current provisions	0	0	0
<b>Total provisions as at 30.6.2019</b>	<b>580,000</b>	<b>0</b>	<b>580,000</b>

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**23. DEFERRED INCOME**

Description	2018-2019	2017-2018
	KShs	KShs
Program for Biosafety Systems (PBS)	0	527,843
ERAfrica	1,090,361	1,872,451
Biosafety Clearing House (BCH III)	0	466,550
National Research Fund	13,848,657	0
<b>Total deferred income</b>	<b>14,939,018</b>	<b>2,866,844</b>

The deferred income movement is as follows:

	National Government	International funders	Public contributions and donations	Total
Balance brought forward	0	2,866,844	0	2,866,844
Additions	0	16,411,286	0	16,411,286
Transfers to Capital Fund	0	0	0	0
Transfers to income statement	0	(4,339,112)	0	(4,339,112)
Other transfers	0	0	0	0
Balance carried forward	0	14,939,018	0	14,939,018

**24. EMPLOYEE BENEFIT OBLIGATIONS**

The Authority provides for gratuity for the top management who are engaged on contract terms. The gratuity is based on thirty-one percentage of salary of an employee at the time of end of contract. The liability at the end of the year is as follows:

	2018-2019	2017-2018
	Kshs	Kshs
Balance at the beginning of the year	2,544,877	5,879,808
Additional gratuity for the year	3,721,581	3,233,894
Gratuity paid during the year	(442,233)	(9,113,702)
Top management gratuity	5,824,225	2,544,877
Valuation at end of the year	5,824,225	2,544,877
	=====	=====

The Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

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**25. CASH GENERATED FROM OPERATIONS**

	2018-2019	2017-2018
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>8,901,911</b>	<b>(21,365,237)</b>
<b>Adjusted for:</b>		
Depreciation	2,315,787	2,488,735
Non-cash grants received	0	0
Finance cost	0	0
<b>Working Capital adjustments</b>		
Increase/Decrease in receivables	210,000	3,881,805
Increase/ Decrease in payables	(1,326,642)	1,681,593
<b>Net cash flow from operating activities</b>	<b>10,101,056</b>	<b>(13,313,104)</b>

**26. FINANCIAL RISK MANAGEMENT**

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority'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 Authority's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The Authority 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.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2019</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	
Bank balances	28,783,673	28,783,673	0	0
<b>Total</b>	<b>28,783,673</b>	<b>28,783,673</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2018</b>				
Receivables from exchange transactions	210,000	210,000	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	18,682,617	18,682,617	0	0
<b>Total</b>	<b>18,892,617</b>	<b>18,892,617</b>	<b>0</b>	<b>0</b>

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**(ii) Liquidity risk management**

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

The table below represents cash flows payable by the Authority 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>				
Trade payables	6,004,780	-	-	6,004,780
Current portion of borrowings	0	-	-	-
Provisions	580,000	-	-	580,000
Deferred income	1,090,361	-	-	1,090,361
Employee benefit obligation	5,824,225	-	-	5,824,225
<b>Total</b>	<b>13,499,366</b>	<b>-</b>	<b>-</b>	<b>13,499,366</b>
<b>At 30 June 2018</b>				
Trade payables	9,414,286	-	-	9,414,286
Current portion of borrowings	0	-	-	-
Provisions	0	-	-	0
Deferred income	2,866,844	-	-	2,866,844
Employee benefit obligation	2,544,877	-	-	2,544,877
<b>Total</b>	<b>14,826,007</b>	<b>-</b>	<b>-</b>	<b>14,826,007</b>



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**27. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

The related parties include:

- i) Key management;
- ii) Board of directors;

	2018-2019	2017-2018
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Key management compensation</b>		
Directors' emoluments	2,672,196	9,408,722
Compensation to the CEO	6,149,416	4,200,000
Compensation to Acting Director Technical Services	4,252,536	6,437,350
Compensation to Director Finance & Administration	5,247,012	4,867,740
Compensation to Corporate Secretary/ Director Legal	5,440,176	4,959,806
<b>Total</b>	<b>23,761,336</b>	<b>29,873,618</b>

**28. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There were no contingent liabilities during the year

**29. DIVIDENDS/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 entity did not make any surplus during the year (FY 2018 Nil) and hence no remittance to the Consolidated Fund. Included in the figure of income for the year is an amount of Ksh 13,848,657 which is a grant from National Research Fund for the purchase of Lab equipment.

**30. EVENTS AFTER THE REPORTING PERIOD**

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

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**31. ULTIMATE AND HOLDING ENTITY**

The Authority is a State Corporation under the Ministry of Agriculture. Executive Order No. 1 of 2018 (Revised), vested Ministerial responsibility on the Cabinet Secretary for Ministry of Education. Its ultimate parent is the Government of Kenya.

**32. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

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**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Cash and cash equivalents	The Authority provided a cashbook closing balance extract, a board of survey, a bank certificate and a bank reconciliation for the month of June 2018	Accounting Officer	Not Resolved	2018/2019 FY

**Guidance Notes:**

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



**PROF. DORINGTON OGOYI**

**CHIEF EXECUTIVE OFFICER**

Date.....19/3/2020.....

**CHAIRMAN BOARD OF DIRECTORS**

Date.....

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**APPENDIX II: PROJECTS IMPLEMENTED BY THE AUTHORITY**

**Projects**

Projects implemented by National Biosafety Authority Funded by development partners

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

**Status of Projects completion**

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



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**APPENDIX III: INTER-ENTITY TRANSFERS**

	ENTITY NAME:			
	Break down of Transfers from the State Department of Agriculture Research			
	FY 2018/2019			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		22/08/2018	27,150,000	FY 2018/19
		17/10/2018	27,150,000	FY 2018/19
		05/02/2019	25,521,000	FY 2018/19
		17/05/2019	26,607,000	FY 2018/19
		<b>Total</b>	<b>106,428,000</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
		<b>Total</b>	<b>0</b>	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
		<b>Total</b>	<b>0</b>	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
		<b>Total</b>	<b>0</b>	

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

Director Finance and Administration  
National Biosafety Authority

Head of Accounting Unit  
State Department of Agricultural Research

Sign -----

Sign-----

	ENTITY NAME:	NATIONAL BIOSAFETY AUTHORITY		
	Break down of Transfers from the State Department of Agricultural Research			
	FY 2018/2019			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		22/08/2018	27,150,000	FY 2018/19
		17/10/2018	27,150,000	FY 2018/19
		05/02/2019	25,521,000	FY 2018/19
		17/05/2019	26,607,000	FY 2018/19
		<b>Total</b>	<b>106,428,000</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	None		0	
		<b>Total</b>	<b>0</b>	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	None		0	
		<b>Total</b>	<b>0</b>	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	None		0	
		<b>Total</b>	<b>0</b>	

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

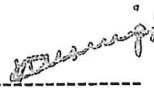
Director Finance and Administration  
National Biosafety Authority

Sign



Head of Accounting Unit  
State Department of Agricultural Research

Sign





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**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Agriculture	22/08/2018	Recurrent	27,150,000	27,150,000				27,150,000
Ministry of Agriculture	17/10/2018	Recurrent	27,150,000	27,150,000				27,150,000
Ministry of Agriculture	05/02/2019	Recurrent	25,521,000	25,521,000				25,521,000
Ministry of Agriculture	17/05/2019	Recurrent	26,607,000	26,607,000				26,607,000
<b>Total</b>			106,428,000	106,428,000	-	-	-	106,428,000



