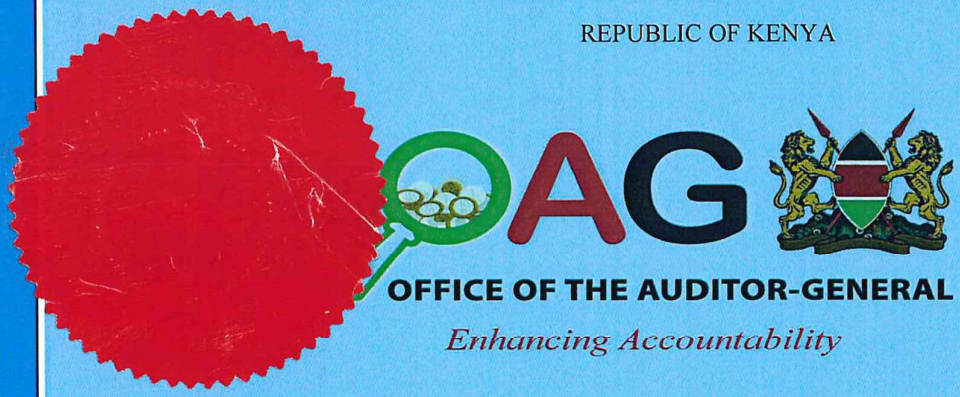
REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

NATIONAL BIOSAFETY AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2021

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL BIOSAFETY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Biosafety Authority set out on pages 1 to 37, which comprise of the statement of financial position as at

30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Biosafety Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Biosafety Act, 2009 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Cash and Cash Equivalents Balances

The statement of financial position as at 30 June, 2021 reflects cash and cash equivalents balance of Kshs.57,843,848. The balance excludes an unreconciled amount of Kshs.883,473 comprising of receipts inform of inward swift transfers that were credited to the Authority's bank account in a commercial bank but had not been recorded in the Authority's cash book. Out of the balance of Ksh.883,473 an amount of Kshs.129,000 was banked during the year under review leaving a balance of Kshs.754,453. Management has explained that the matter is being pursued with the bank to ensure the long outstanding cash entries are resolved.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.57,843,848 could not be confirmed.

2. Inaccuracies in the Financial Statements

The statement of comparison of budget and actual amounts reflects actual expenses balances of Kshs.45,538,857, Kshs.13,908,827 and Kshs.19,563,036 under use of goods and services, repairs and maintenance and project expenses respectively, which differed with the statement of financial performance balances of Kshs.41,819,641, Kshs.2,973,834 and Kshs.8,387,137, respectively. The resultant variances of Kshs.3,719,216, Kshs.10,934,993 and Kshs.11,175,899 respectively have not been explained or reconciled.

Further, the statement reflects a surplus for the period of Kshs.48,511,783 which differs with the surplus indicated in the statement of financial performance of Kshs.4,107,850 by an unexplained variance of Kshs.44,403,933.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could be ascertained.

3. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects addition to provisions amounting to Kshs.2,120,611. However, the statement of financial position as at 30 June, 2021 reflects a provision of Kshs.10,789,822 for financial year 2019/2020 and Kshs.6,207,752 for 2020/2021 financial year resulting to a decline in provision of Kshs.4,582,070. The balance of addition to provision of Kshs.2,120,611 reflected in the statement of cash flows differs with the decline in provision of Kshs.4,582,070 by an unexplained variance of Kshs.6,702,681.

In addition, contract retention money increased from Kshs.988,675 to Kshs.2,036,089 by Kshs.1,047,414 which has not been included in the statement of cash flows.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be ascertained.

4. Unsupported Adjustments to Retained Earnings

The statement of changes in net assets reflects a retained earnings balance of Kshs.51,353,832 for the year ended 30 June, 2021. Further, the statement indicated a retained earnings balance of Kshs.47,245,982 for the year ended 30 June, 2020. However, the statement of financial position reflects an accumulated surplus balance of Kshs.21,125,659 as at 30 June, 2020 thereby resulting in a variance of Kshs.26,120,323. The adjustment is indicated to be an additional charge to retained earnings but the debit has not been identified in the financial statements.

In the circumstances, the accuracy of the retained earnings balance of Kshs.51,353,832 could not be ascertained.

5. Unconfirmed Deferred Income Movement

The statement of financial position reflects deferred income of Kshs.2,608,707 which reduced from Kshs.16,389,195. Note 21 to the financial statements indicated that there were additions of Kshs.5,760,687 and total transfers of Kshs.19,521,175 from the deferred income. However, the movement has not been accounted for either in statement of financial performance or the statement of changes in net assets since the utilization of Kshs.19,521,175 from deferred income was not included in the income of the Authority while the additions of Kshs.5,760,687 were not recorded in the statement of cash flows during the year.

In the circumstances, the accuracy and validity of deferred income balance of Kshs.2,608,707 as at 30 June, 2021 could not be confirmed.

6. Unsupported Contractors Retention Money

The statement of financial position reflects contract retention moneys amounting to Kshs.2,036,089 which has increased from the previous year's balance of Kshs.988,675. However, Management did not support the retention moneys balance. Further, although

the retention mainly relates to construction of assets, no details of assets acquired during the year in respect of which the retention was withheld have been provided.

In the circumstances, the accuracy and completeness of the contract retention money balance of Kshs.2,036,089 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 in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.213,422,104 and Kshs.164,934,321 respectively resulting to an under-expenditure of Kshs.48,487,783 or 23% of the budget. The under-performance affected the planned activities of the Authority and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved all the issues.

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 controls 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 Authority's 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.

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 September, 2022

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
30 SEP 2021
RECEIVED

NATIONAL BIOSAFETY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

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

Table of Contents

Page

1. KEY ENTITY INFORMATION AND MANAGEMENT ii
2. THE BOARD OF DIRECTORS vii
3. MANAGEMENT TEAM xiv
4. CHAIRMAN'S STATEMENT xxi
5. REPORT OF THE CHIEF EXECUTIVE OFFICER xxiii
7. CORPORATE GOVERNANCE STATEMENT xxix
8. MANAGEMENT DISCUSSION AND ANALYSIS xxxv
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING xxxvi
10. REPORT OF THE DIRECTORS xli
11. STATEMENT OF DIRECTORS'RESPONSIBILITIES xliii
12. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF NATIONAL BIOSAFETY AUTHORITY xlv
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021 1
14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 2
15 STATEMENT OF CHANGES IN NET ASSETS 3
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021 5
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021 6
18. NOTES TO THE FINANCIAL STATEMENTS 7
APPENDIX 37

1. 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. 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

Vision

A world class Biosafety Agency.

Mission

To ensure and assure safe development, transfer, handling and use of genetically modified organisms in Kenya.

Core values

In pursuit of its vision and mission, the Authority shall be guided by the following fundamental core values:

- Integrity
- Professionalism
- Transparency
- Accountability

(c) Key Management

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

- Chief Executive Officer as the head of the Authority and the Accounting Officer assisted by three Directors, namely;

- Director, Finance and Administration who heads the Directorate of Finance and Administration in supporting the Chief Executive Officer on all matters that pertains to corporate service.

- Director, Technical Services heads the Directorate of Technical Services and supports the Chief Executive Officer on all matters regarding the Authority's core mandate.

- Director Legal Services heads the Directorate of Legal Services and supports the Chief Executive on all matters regarding legal affairs.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	**Prof. Dorington O. Ogoyi**
2.	Director, Technical Services	**Prof. Theophilus Mutui**
3.	Director, Finance and Administration	**CPA Florence Birya**
4.	Director, Legal Services & Corporate Secretary	**Margaret Njuguna**
5.	Deputy Director, Technical Services	**Josephat Muchiri**
6.	Assistant Director, Finance	**CPA Esther Thuku**

(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.

(f) Entity Headquarters

P.O. Box 28251-00100
NACOSTI Building
Loresho – Off Waiyaki Way
Nairobi, KENYA

(g) Entity Contacts

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

(h) Entity Bankers

1. Central Bank of Kenya
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   NAIROBI, KENYA

2. Kenya Commercial Bank
   Kipande House Branch
   Kenyatta Avenue
   Nairobi, KENYA

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS

Ref	Directors	Details
	Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each 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. Indicate whether the director is independent and or whether alternate.
1.	 **Dr. Joseph Kithaka Chavutia** **Chairman Board of Directors**	**D.O.B: 23/05/1963** Dr Joseph Chavutia is a registered pharmacist and holds a Bachelor of Pharmacy degree and a Post-Graduate Diploma in Education (PGDE) from Moi University. Likewise, he has participated in numerous short courses. He is the current Head of Health Sciences Department at the Eldoret National Polytechnic in Eldoret, Kenya. He has held that position since 2006. Before his appointment as the department head, he worked as a trainer in the same institution from 2005 to 2006. Dr Chavutia has worked as an accomplished pharmacist in various organisations in Kenya. His stint as a pharmacist started at Kenyatta National Hospital (KNH) from 1988 to 1989. There, he served as an intern before joining Thika District Hospital as the pharmacist in charge. From 1989 to 1996, he worked as a Pharmaceutical Sales representative at Pfizer Laboratories Ltd. Afterwards; he joined Polymerics Pharmaceuticals and worked as a company pharmacist from 1996 to 1998. He later served as

vii

		a Manager at Makenson Pharmacy from 1998 to 2006. Besides his career growth accomplishments, he is a long-serving member of the Pharmaceutical Society of Kenya. Also, he is a Resource Person Pharmacy & Poisons Board, Training and Assessment Committee member. Dr. Chavutia has also been a member of Board of Directors in a number of institutions.
2.	 **Mr. Archibald Munyi** **Board Member**	**D.O.B: 19/07/1981** Mr. Archibald Munyi is an Advocate of the High Court of Kenya, a Commissioner for Oaths and a Notary Public with over 13 years of experience in civil and commercial practice. He is a Certified Arbitrator (ACIArb) with the Chartered Institute of Arbitrators (London) and holds a Bachelor of Laws (LLB) degree from the University of Nairobi, a Post-Graduate Diploma in Law from the Kenya School of Law and a Masters in International Trade and Investment Law from University of Nairobi. He is also a member of the Law Society of Kenya and the Chartered Institute of Arbitrators (London).

3.	 **Dr. Roselida Owuor** **Rep of PS Science & Technology**	**DOB: 13/06/1968** 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. 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. 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. 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.

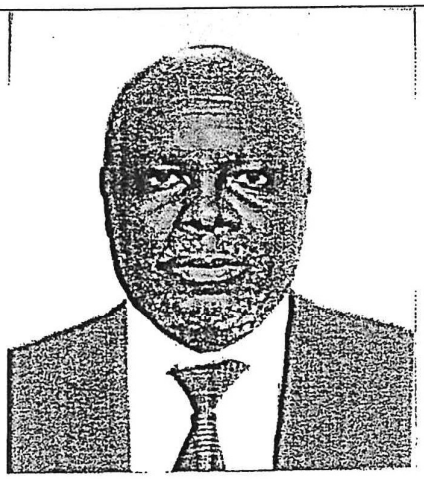
4.	 **Dr. Oscar Magenya** **Rep of PS Agriculture, Livestock & Fisheries**	**DOB: 06/07/1965** Dr. Oscar E.V. Magenya holds a PhD in Insect-Viral-Environmental interactions from Wageningen University, The Netherlands and Post-Doctoral work at ICIPE on insect science; MSc in Agricultural Entomology from Kenyatta University. He is an agro-developmental specialist currently working as Director of Research and Innovation, Ministry of Agriculture, Livestock, Fisheries and Cooperatives. Previously, Dr. Magenya was a researcher at the Kenya Agricultural Research Institute and rose through the ranks to the position of Chief Research Administrator. Dr. Magenya has many and varied skills, capabilities and experiences, which span over 30 years as a research and development manager in government, senior-level policy development and public administration, university-level graduate supervision, agricultural leadership and administration and innovation management to mention but a few. He has over 20 years of research, project management and technology expertise gained from years in Government, International research Organizations and Non-Governmental Organizations. He is currently serving as a member of several National and International Boards, and previously on technical institutions and an advisor to global

		developmental, non-governmental and multilateral organizations. He is currently the Vice Chair of a Committee reviewing the National Agricultural Research System Policy.
5.	**Lt. Col. Susan Koki Mutua** **Rep of PS Ministry of Health**	**DOB: 27/07/1977** Susan Koki Mutua is a Public Health Officer currently deployed as the Acting Head, Department of Public Health in the Ministry of Health - Kenya, where she has been coordinating matters regarding disease prevention and control during this COVID-19 pandemic period. She has had particular interest in Port Health, coordinating personnel activities and logistics to ensure that we are safe within our borders through screening of travellers and coordinating quarantine. She has spearheaded introduction of digital surveillance systems at the Jomo Kenyatta International Airport and Ground crossings, and currently working on expansion of the Airport surveillance system to all other local and international airports within the country. She is also a member of the National Taskforce which has been in place since 2018 in preparation for Ebola and later COVID-19. Prior to secondment to MOH, she was representing Kenya Defense Forces in the taskforce. In KDF she has served as Staff Officer I (SOI) Public Health, deployed at the Defense Headquarters, tasked with matters disease prevention, taking a lead role in Disease Surveillance and control activities, especially

		with the Dengue Fever outbreaks in the coastal region and Mandera. She was deployed for one year in United Nations Mission in Sudan, where she was tasked with ensuring Hygiene and safety of troops as they fulfilled their mandate of peacekeeping. Susan has a degree in Public Health, Higher National Diploma in Food Science and Inspection, and currently pursuing MSC in Epidemiology.
6.	 **Prof. Dorington O. Ogoyi** **Chief Executive Officer**	**D.O.B:18/07/1962** Prof. Ogoyi holds a Ph.D., MSc, and BSc (Biochemistry) degrees from the University of Nairobi and an M.B.A. (Strategic Management) from Moi University. He gained his postdoctoral exposure at the Department of Experimental Zoology, the University of Utrecht, Netherlands (1995-1996), and 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. During his tenure at the University, he carried out research and mentored numerous graduate students (Ph.D and Masters degree levels) in Molecular Biology and Proteomics.

		Prof. Ogoyi has previously served for six years as Director of Technical Services at the Authority. He is currently, the National Focal Point (Kenya) for Cartagena Protocol on Biosafety, the National Focal Point for the GM-Food platform and represents the African region in the Compliance Committee of the Cartagena Protocol on Biosafety. He previously served as a member of the Adhoc Advisory Committee on Biosafety Clearing House. Prof. Ogoyi has served as the Chief Executive officer at the National Biosafety Authority since May, 2018.
7.	 **Margaret Njuguna** **Corporation Secretary**	**DOB: 01/08/1963** Ms. Margaret Njuguna was an advocate of the High Court of Kenya and a Certified Public Secretary (CPSK). She held 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 held a B. Ed degree from the University of Nairobi. Ms. Njuguna 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.Ms.Njuguna served the Authority until 10th December,2021.

3. MANAGEMENT TEAM

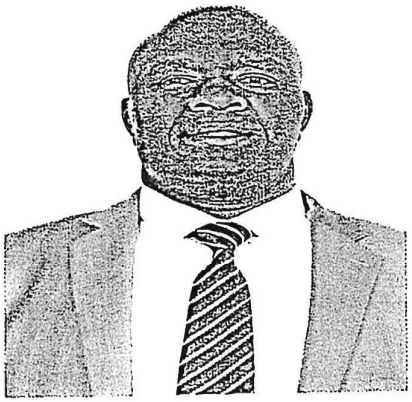
X	Management	Details
	Insert each key manager's passport-size photo and name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
1.	 **Prof. Dorington O. Ogoyi** **Chief Executive Officer** Prof. Ogoyi holds a Ph.D., MSc, and BSc (Biochemistry) degrees from the University of Nairobi and an M.B.A. (Strategic Management) from Moi University. He gained his postdoctoral exposure at the Department of Experimental Zoology, the University of Utrecht, Netherlands (1995-1996), and 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.	The Chief Executive Officer and the Accounting Officer of the Authority.

	During his tenure at the University, he carried out research and mentored numerous graduate students (Ph.D and Masters degree levels) in Molecular Biology and Proteomics. Prof. Ogoyi has previously served for six years as Director of Technical Services at the Authority. He is currently, the National Focal Point (Kenya) for Cartagena Protocol on Biosafety, the National Focal Point for the GM-Food platform and represents the African region in the Compliance Committee of the Cartagena Protocol on Biosafety. He previously served as a member of the Adhoc Advisory Committee on Biosafety Clearing House. Prof. Ogoyi has served as the Chief Executive officer at the National Biosafety Authority since May, 2018.	
2.	 **CPA Florence Birya** **Director, Finance and Administration** She is a qualified accountant and administrator with vast experience in the public sector. She holds a Master in Business Administration-Finance major and Bachelor's Degree Finance Major from the University of Nairobi. She is also a CPA (K), a member of the Institute of Certified Public Accountants Kenya (ICPAK) and is currently the ICPAK Coast Branch	She served as the Director in-charge of Finance and Administration upto 11th November 2020.

	Chairperson. 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 mentorship and secondary school motivational talks.	
3.	 **Margaret Njuguna** **Corporation Secretary** Ms. Margaret Njuguna was an advocate of the High Court of Kenya and a Certified Public Secretary (CPSK). She held 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 held a B.Ed degree from the University of Nairobi. Ms. Njuguna had extensive training in diverse areas including corporate governance, intellectual property laws, biosafety and leadership among others. She also had in the past participated in initiatives for	She served as the Corporation Secretary and Director Legal Services up to 10th December 2020.

	development of phytosanitary legal framework in the EAC region. Prior to joining NBA, she held various positions in the public sector. Ms. Njuguna served the Authority until 10th December,2020.	
4.	 **Prof. Theophilus Mutui** **Acting Director Technical Services** 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	He served as the acting Director in charge of Technical Services up to 10th December 2020.

	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.	
5.	 **CPA Esther Njeri Thuku** **Assistant Director, Finance & Administration** Ms Esther Njeri Thuku is a qualified accountant with vast experience in the public sector. She holds a Master's in Business Administration-Finance major from Kenyatta University and Bachelor's Degree Finance and Accounts Major from Strathmore University. She is also a CPA (K) and a member of the Institute of Certified Public Accountants Kenya (ICPAK). Prior to joining NBA, she held senior positions in public and private sector including serving as a Financial Accountant at Agricultural Development Corporation.	She is the Acting Director in-charge of Finance and Administration with effect from December 2020.

6.	 **Mr. Josphat Muchiri** **Deputy Director, Technical Services** Mr. Josphat Muchiri is the Deputy Director, Technical Services, National Biosafety Authority. He holds a Bachelor Degree in Agriculture (2000) from University of Nairobi, Kenya, Master's Degree in Horticulture (2005), University of Nairobi, Kenya and M.Sc. Biosafety in Plant Biotechnology from Marche Polytechnic University, Italy. He is currently in-charge of Technical Services Directorate, in an acting capacity, mandated to implement the core mandate of the Authority. He is also the National Focal Point to the Biosafety Clearing House (BCH) as well as the Emergency Contacts person to the Cartagena Protocol on Biosafety. Prior to joining NBA, he worked with the Kenya Plant Health Inspectorate Service (KEPHIS). Mr. Muchiri was a member of the AHTEG Committee on Risk Assessment and Risk Management of the CBD between year 2014 and 2016. He has facilitated in	He is the acting Director in charge of Technical Services with effect from December 2020.

	various fora nationally and internationally as an expert on biosafety regulatory frameworks in Kenya and other diverse topics related to biotechnology, biosafety and emerging technologies.	

4. CHAIRMAN'S STATEMENT



It is with great pleasure that I present to you the National Biosafety Authority (NBA) Annual Report and Financial Statement for the year 2020/2021.

The National Biosafety Authority (NBA) is a state corporation in Kenya mandated to ensure the safety of human and animal health and provide adequate protection of the environment from harmful effects that may result from genetically modified organisms (GMOs). The Authority was established pursuant to the provisions of the Biosafety Act No. 2 of 2009.

NBA has made great strides in establishing a solid biosafety regulatory framework. These frameworks have enabled the Authority to successfully approve and monitor GMO research projects at contained use (trials at the laboratory, growth chambers, greenhouse and animal facilities), confined field trials and after commercialization/ placement in the market. The activities were focused on implementing the five strategic pillars and objectives stipulated in the FY 2018/2020-2022/2023.

Among the achievements during the financial year 2020/2021 includes the approval for the commercialization of *Bt-Cotton. Bt-cotton* farming is likely to change cotton productivity by increasing the number of bales of cotton produced annually. The revival of the cotton sector is expected to improve Kenya's GDP and contribute to government priorities in the Big 4 Agenda that comprises Food Security, Affordable Housing, Manufacturing and Affordable Healthcare. The National Performance Trials of BT Maize were also concluded and are awaiting approval for commercialization. If adopted, the *Bt-maize* will improve the grain quality of maize yields, thus fostering food security. Furthermore, its value addition will promote manufacturing. The NBA Board also approved the environmental release application for GM Cassava. This approval paves the way for conducting National Performance Trials (NPTs)- the penultimate stage for full environmental release and placement into the market. In addition, the anticipated increase in cassava yields resulting from the intervention will significantly contribute to addressing Food Security and Nutrition, and Manufacturing.

Finally, without the steady support of the government and, more precisely, the Ministry for Education Science and Technology, we would have never successfully realized the achievements mentioned above. I, therefore, wish to thank the Ministry for Education Science and Technology and other Government Ministries and Departments for their priceless contributions and support in implementing the tasks outlined in the 2020/2021 period.

DR. JOSEPH KITHAKA CHAVUTIA
CHAIR OF BOARD
NATIONAL BIOSAFETY AUTHORITY

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



With sincere pleasure, we welcome you to this financial report for the year 2020/2021. Our achievements in this report are a culmination of enormous collective efforts during the financial year period of 2020/2021.

The National Biosafety Authority (NBA) is committed to supporting the Government in implementing the United Nations' new 2030 Agenda for Sustainable Development, including the Sustainable Development Goals (SDGs). Thus, while executing our mandates, we were guided by our Strategic Plan for 2020-2025. The Plan's overall objective is to ensure that the Authority effectively achieves positive outcomes for regulating research and commercial use of Genetically Modified Organisms (GMOs) in Kenya. Additionally, the Strategic Plan supports the national priorities as spelt out in Vision 2030 and Medium-Term Plan III, the Big 4 Agenda, and other national, sectoral, and stakeholder considerations.

To begin, during the financial year 2020/2021, the National Biosafety Authority (NBA) was privileged to have new board members. I want to take this unique opportunity to express my most profound appreciation to the NBA Board members for their support in enabling us to achieve significant milestones identified in our strategic visions and goals. These goals are meant to drive the Authority towards realizing its full potential and stimulate greatness in our partners and stakeholders.

As mentioned by the Board Chair, later during the financial year, the Authority also approved the application for environmental release of genetically modified (GM) cassava. The GM cassava application was reviewed by experts on food safety, environmental safety assessment and the Relevant Regulatory agencies and was shown to be as safe as the conventional cassava variety. The improved cassava is resistant to Cassava Brown Streak Disease (CBSD) because of the modern biotechnology used to express the high levels of resistance. CBSD is a common viral disease present in Kenya and is spread by whiteflies and by infected cuttings. The effective management of CBSD disease will be of great economic and social benefit to the Kenyan population. Cassava farmers will be protected from devastating losses caused by CBSD. Together with consumers, farmers will benefit from increased cassava root quality and marketable yield.

During the financial year 2020/2021, the Authority conducted the 9th Annual Biosafety Conference. Themed, *"Functional Biosafety Systems towards Commercialization of Agricultural Biotechnologies for Economic Development in Kenya"*, the objective of the Conference was to provide a forum for engaging stakeholders (developers, relevant government agencies, policymakers, academia, NGOs, industry and the general public) on strengthening Biosafety Systems towards commercialization of GMOs for economic development in Kenya. As an organization, we acknowledge that Kenya has made significant steps towards developing and commercializing valuable biotechnology crops and products. Yet, one of the most limiting challenges towards biotechnology development in the Country has been the low level of public awareness on biosafety matters among policymakers, the Kenyan scientific community, and the public. Thus, this Conference was critical towards bridging the gap.

To strengthen our capacity in supervision and control over the transfer, handling and use of GMOs in Kenya, the organization is setting up a molecular laboratory to facilitate sample testing for the presence of GMOs. The molecular laboratory will facilitate analysis of samples collected points of entry and those collected during scheduled GMO market surveillance. This is set to also ease operations and cargo clearance exercises.

Finally, as an organization, we owe our gratitude to the Cabinet Secretary, Principal Secretaries, the Board members, the Ministry for Education Science and Technology staff and other Government Ministries and Departments for their invaluable contributions to various achievements during the financial year 2020/2021.



PROF. DORINGTON O. OGOYI
CHIEF EXECUTIVE OFFICER
NATIONAL BIOSAFETY AUTHORITY

6. STATEMENT OF NBA'S PERFOMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The National Biosafety Authority has five strategic Key Result Areas within its 2020-2025 Strategic Plan. These Key Result Areas are as follows:

Key Result Area 1: Biosafety management system

Key Result Area 2: Legal and Regulatory Frameworks

Key Result Area 3: Institutional Capacity and Resource Mobilization

Key Result Area 4: Knowledge management and corporate branding

Key Result Area 5: Partnership, linkages and collaborations

The National Biosafety Authority develops its annual work plans based on the above five Key Result Areas. The performance of the 2020/2021 financial is as tabulated below.

Key Result Area 1: Biosafety management system			
Objective	**Key Performance Indicators**	**Activities based on 2020/2021 PC targets**	**Achievements 2020/2021**
To carry out risk assessment and socio-economic impact assessments of GMOs	% of GMO Applications whose risk assessment is conducted within legal timelines	Conduct risk assessment in all GMO applications submitted Communicate GMO applications decisions to applicants Publish decisions on GMO applications in the NBA website for public information	100% of GMO applications were processed.
	No. of environmental release applications processed	Conduct food safety assessment, environmental risk	One application processed and approved for

		assessment, socio-economic impact assessment and public participation for GM cassava.	environmental release to initiate the next step of National Performance Trials
	No. of commercialized GM crops	Consider and make decision on commercialization of Bt cotton	Bt cotton approved for commercialization in 2020
	No. of guidelines developed	Develop guidelines on genome editing technologies Develop guidelines on regulation of animal biotechnologies	Two guidelines developed
enhance ance and ment ies on ty	% of GMO Projects inspected	Inspect and monitor contained use GMO projects Inspect and monitor GMO projects at confined field trials (CFT)	100% of ongoing GMO projects for contained use and CFTs inspected
	% of Bt cotton National Performance Trials (NPTs) monitored	Conduct monitoring of Bt cotton NPT sites for compliance to approval conditions	100% of cotton NPT sites monitored
	% of Bt maize National Performance Trials (NPTs) monitored	Conduct monitoring of Bt maize NPT sites for compliance to approval conditions	100% of maize NPT sites monitored
	No. of counties surveyed	Conduct market surveillance in 20 counties to determine if there are un-approved GMOs in the market	Market surveillance conducted in 25 counties. The increase in counties was due to counties not surveyed in 2019/2020 due to COVID 19 pandemic.

	Testing of samples tested for GMO presence	Conduct GMO tests in 45 samples collected from market surveillance	Tests was conducted in 50 samples due to increase number of counties surveyed.
To Serve as a regional Centre of Excellence on Biosafety Management	% of establishment of GMO Testing Lab	Civil works for lab space Procurement and installation of lab equipment Procurement of lab reagents Training of lab personnel Development of GMO sampling and testing protocols	The activities were achieved at 98%. Training and development of sampling/GMO testing protocols are scheduled for Quarter one 2021/2022.
Key Result Area 3: Institutional Capacity and Resource Mobilization			
To enhance staff and infrastructure capacities	No. of HR instruments reviewed to align with SCAC Guidelines	Review career progression guidelines Review HR policy and manual Review of NBA organogram and staff establishment Development of 2020-2025 Strategic plan	The four documents were developed and approved by the NBA Board in June 2021.
Key Result Area 4: Knowledge management and corporate branding			
To promote public awareness and public participation on biosafety	No. of biosafety conference held	Hold one biosafety conference	One biosafety conference was organized and held in November 2020
	No. of biosafety awareness held to different stakeholders in the country	Hold five biosafety awareness fora	5 biosafety awareness for a held physically and virtually to create awareness on biosafety.
Key Result Area 5: Partnership, linkages and collaborations			

To strengthen linkages with partners and compliance with international obligations	No. of concept notes and proposals developed	Develop concept notes for possible funding by development partners	13 concept notes developed and submitted to different potential partners
	No. of partnerships signed between NBA and other development partners	Sign contracts with development partners on funding agreed biosafety programs	3 contracts signed with USAID/PBS, FAO and UNEP on funding of agreed biosafety programs

7. CORPORATE GOVERNANCE STATEMENT

Overview

The National Biosafety Authority (NBA) is established under the Biosafety Act, 2009 (revised in 2018). 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.

The Members of the Board are committed to achieving the highest standards of good governance. In this regard, the members of the Board and Management have committed to work honestly and diligently and have put policies and strategies to ensure compliance with the law and highest standards of best practice in good governance and business ethics.

Number of Board meetings held and the attendance to those meetings by members

The Board holds quarterly meetings while special meetings are called when its deemed necessary to do so. During the year, the Board held three (3) meetings and eleven (11) special meetings.

Board Size, Composition, Appointment of Members and Succession Plan

The Biosafety Act provides for appointment of the Board by the Cabinet Secretary responsible for matters relating to science and technology. During the year under review, the Authority Board Chairman and one independent board member were appointed on 7th August, 2020 via Kenya Gazette Notice Vol.CXX 11 No.150. The chair's position had been vacant since 1st December, 2017.The tenure of the previous board had ended on 1st October 2018.Other independent Board member are yet to be appointed while representatives from the Ministry of Education, Ministry of Health and Ministry of Agriculture were already in place. The Board held an induction and its first board meeting on 27th January 2021 and 28th January, 2021 respectively.

The Biosafety Act, 2009, Section 6 which was revised in 2018 through the Statute Law (Miscellaneous Amendments) Act, No.18 of 2018, stipulates that the Authority shall be managed by a Board comprising of nine members as follows:

(a) Chairperson who shall be an eminent scientist, appointed by the Cabinet Secretary;
(b) The Principal Secretary in the Ministry for the time being responsible for Science and Technology or a representative;
(c) The Principal Secretary in the Ministry for the time being responsible for finance or a representative;
(d) The Principal Secretary in the Ministry for the time being responsible for agriculture or a representative;
(e) The Principal Secretary in the Ministry for the time being responsible for health or a representative;
(f) Two experts in the biological, environmental and social sciences respectively, appointed by the Cabinet Secretary;
(g) One member with financial expertise, appointed by the Cabinet Secretary; and
(h) The Chief Executive Officer who shall be an ex-officio member.

Removal of Members

The circumstances under which a Board member other than an *ex officio* member shall vacate office are stipulated in the Second Schedule of the Biosafety Act. The grounds are:

a) Upon the expiry of the appointment;
b) Upon death;
c) If adjudged bankrupt;
d) If sentenced for any offence against any written law to a term of imprisonment of six months or more;
e) If he is convicted of an offence involving fraud, dishonesty or moral turpitude;
f) If absent, without permission of the chairperson of the Board, from three successive meetings of the Board of which he has received notice;
g) Upon notice in writing of his intention to resign his office;
h) If in the opinion of the Board, he becomes by reason of mental or physical infirmity incapable of performing his duties as a member of the Board; or
i) Upon the commission of an offence under this Act.

Board Operations

The Board have three committees namely;

a) Technical Committee responsible for technical functions
b) Finance & Administration (F&A)
c) Audit Committee

During the year under review, the Board appointed members into the Technical Committee and the Finance &Administration Committee (F&A). The Audit Committee was not appointed. The Board operated in accordance with the provisions of its charter and the work plan. Each committee has a formal and approved terms of reference. The committees are provided with all necessary resources to enable them to undertake their duties effectively.

Role and Functions of the Board

The role and functions of the Authority's Board are premised on the objects and functions of the Authority as stipulated under Section 7 of the Biosafety Act; and further, as outlined in the *Mwongozo code of Governance.* The Act provides that the object and purpose for which the Authority is established is to exercise general supervision and control over the transfer, handling and use of genetically modified organisms with a view to ensuring safety of human and animal health; and provision of an adequate level of protection of the environment.

The Code of governance for State Corporations – *Mwongozo* sets out the role and functions of the Board to include:

a) Determine the organization's mission, vision, purpose and core values.
b) Set and oversee the overall strategy and approve significant policies of the organization.
c) Ensure that the strategy of the organization is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
d) Approve the organizational structure.
e) Approve the annual budget of the organization.
f) Monitor the organization's performance and ensure sustainability.
g) Enhance the corporate image of the organization.
h) Ensure availability of adequate resources for the achievement of the organization's objectives.
i) Hire the CEO, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management.
j) Ensure effective communication with stakeholders.

Induction and Training

The Authority's Board undergo regular training and education to enable them fulfill their responsibilities. All board members receive an induction upon joining. This provides and overview of the Authority, new developments in the environment in which the Authority operates, as well as any regulatory changes.

Board and Member Performance and Evaluation

During the year, Authority's Board did not conduct a self-evaluation as provided for in the law under the guidance of officials from the State Corporations Advisory Committee (SCAC). This is because the Board had just been appointed since 2018 when the tenure of the previous board expired. During this exercise, members are provided with an opportunity to interrogate their performance and point out issues that require the attention of both individual members and the Board as a whole.

Board Charter

The Board Charter is critical to the Authority's governance framework and offers guidance on matters including but not limited to the following; The separation of the roles, functions, responsibilities and powers of the board and its individual members; Powers delegated to the board committees; matters reserved for final decision making and approval by the board; policies and practices of the board on matters of corporate governance, directors' declarations and conflict of interest, conduct of board and board committee meetings; appointment, induction, ongoing training and performance evaluation of the board and its committees. The 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 2020/21 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.

Board remuneration

Members are remunerated as per the guidelines set out in the State Corporations Advisory Committee circulars, Salaries and Remuneration and National Treasury directives in respect to sitting allowance, Honoraria, transport, airtime and accommodation costs.

Code of Conduct and Ethics

The Authority has an approved Code of Conduct and Ethics which govern the general conduct with persons interacting with the organization, Human Resource Policies and Procedures Manual, NBA's code of Ethics, NBA's Whistle Blowing Policy and the staff have subscribed their commitment to comply with the espoused values.

The Authority is consistent with its values of Professionalism, Integrity, Transparency and Accountability all contributing to commitment with respect to high quality governance system.

The Board and Committee Membership

The Authority has three committees whose membership is as follows:

1. **Technical Committee**
   i. Mr. Archibald Munyi Kithaka-Chairperson
   ii. Dr. Roselida Owuor
   iii. Lt. Col. Susan Koki Mutua
   iv. Prof. Dorington Ogoyi-CEO

2. **Finance and Administration (F&A)**
   i. Mr. Archibald Munyi Kithaka-Chairperson
   ii. Dr. Roselida Owuor
   iii. Lt. Col. Susan Koki Mutua
   iv. Prof. Dorington Ogoyi-CEO

3. **Audit Committee**

During the year, the Audit Committee had not been constituted.

The Number of Board Meetings

During the year, the Authority held the following meetings:

i. Full Board-Three regular meetings and eleven special meetings

ii. Finance &Administration (F&A) - Two meetings

iii. Technical Committee-Two meetings

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Authority through the MTEF Budget process for the financial year 2020/2021 requested for Ksh. 287 Million from the National Treasury through the line Ministry MOE to cater for recurrent expenditure. In addition, the Authority submitted a Capital project concept note requesting for construction of a state of the art GMO testing and reference laboratory estimated to cost Ksh. 1.0 Billion over a period of four years.

At the end of the process, the Authority was granted Ksh. 144.9 Million for recurrent expenditure while the Capital grant was not approved. The budget allocation was further reduced to Ksh. 134.9 Million during supplementary 1-budget estimates.During the year, the Authority received an allocation Ksh. 134.9 Milion from the Exchequer. The total expenditure during the year was Ksh. 139.1 Million.

The Authority continues to deliver on its mandate of regulating GMO's towards safe development, handling, transfer and use of GMOs. The Authority has held various key activities during the year which include; review of contained use GMO applications and application for environmental of genetically modified cassava that has resistance to cassava brown streak disease. The Board in its 41st meeting approved environmental release of GM cassava, a milestone in that Kenya is the first country in the world to have considered an application of this crop.

The Authority issued GMO- Free Certificates for various non-GMO products meant for export on request which were processed within set timelines. The Authority is also integrated in the online KENTRADE system for faster clearance of cargo at entry and exit points. The GMO lab being established at NACOSTI Building is in the final stages of completion at 98%.

The Authority continued to enforce measures to mitigate against the COVID-19 pandemic. Measures put in place include provision of personal protective equipment such as facemasks and hand sanitation facilities to its employees and clients, sensitization of staff on COVID-19 and the preventive measures advocated by the Government, proper cleaning and sanitation of the workplace, putting in place working schedules in line with Government circulars, and vaccination of staff with Covishield on voluntary basis.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The National Biosafety Authority of Kenya (NBA) seeks to be a responsible corporate citizen in all aspects of its operations and activities. It exists to transform lives and through its various initiatives, the National Biosafety Authority seeks to guide all its stakeholders including its employees on its key role and obligations towards our five pillars, which include; Biosafety Management System, Legal & Regulatory Frameworks, Institutional capacity Resource mobilization, Knowledge Management &corporate branding and partnership, linkages &collaborations. The Authority is aware that good corporate responsibility practice and responsible behavior are integral parts of sustainable development which its fully committed to conducting its work responsibly and in the best interests of its customers, employees and other stakeholders that it in interacts with that are affected by its activities. This is what guides us to deliver our mandate, which are enlisted in the Strategic Plan 2020-2025. Below is a brief highlight of our achievements in the period 2020/2021:

Sustainability strategy and profile

1.The Authority is committed to supporting the Government to implement the United Nations' 2030 Agenda for Sustainable Development, including the Sustainable Development Goals (SDGs) adopted by the UN General Assembly on 25 September 2015. The Authority contributes towards the achievement of the following relevant SDGs;

1. **Poverty**: End poverty in all its forms everywhere
2. **Food**: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. **Health:** Ensure healthy lives and promote wellbeing for all at all ages
4. **Economy:** Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
5. **Ecosystems:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss

2. Part of the Authority's achievements during the financial year include; effective implementation of the NBA Strategic Plan 2016-2020 and the approval by the Board of the 2020-2025 Strategic Plan, the approval of the Environmental release of Bt-maize for purposes of conducting of National Performance Trials (NPTs) countrywide. The approval of the environmental release of genetically modified cassava with inbuilt resistance to cassava brown streak disease (CBSD) to allow conduct of

National Performance Trials. These achievements are geared towards the Authority's contributions to the achievement of the Big 4 Agenda in Kenya. However, one of the challenges is the slow rate of development of biotechnology regulatory regimes within the region.

Environmental performance

The National Biosafety Authority promotes an effective and efficient regulatory framework that regulates modern biotechnology for, among others, maximizing productivity in agriculture and industry, protecting the environment, conserving biodiversity, bio-prospecting, and generally improving the quality of human welfare. Modern biotechnology as a Science, Technology, and Innovation tool, underpins the critical areas of national development as identified in the Vision 2030 Third Medium Term Plan programme on Biotechnology and Biosciences specifically Biotechnology stewardship. Under this, the Authority facilitates the safe application and adoption of Biotechnology through technology stewardship of the approved National Performance Trials (NPT) for the insect protected and water-efficient Bt. Maize and Bt. Cotton.

Employee welfare

The National Biosafety Authority has continued to support training of staff (both individual and organizational level as it considers it important in improving the efficiency and service delivery. In its effort to address performance and skills gaps with the aim of enhancing service delivery, the Authority has made it a routine to train its entire staff through various training institutions. The training process is guided by the Human Resource policy and the trainings requested for by staff evaluated for approval by the Staff Development Committee, which has been put in place. Below is a summary on how the Human Resource department has continued to enhance the employee welfare in the Authority;

1. **Efforts made in improving skills;**
   a) The Authority has put in place a Career Progression Policy.
   b) An officially appointed Training Committee is in place to assist in guiding decision making on matters training and development.
   c) There is a training and development program where all organizational, departmental and individual trainings are assessed and approved, a training plan and commensurate budget is prepared for approval by the committee while HR monitors its application and evaluates the performance at the end of the program.
   d) The Authority has also planned for on-the-job training program on employee mentorship.
   e) It also offers Internship and attachment programs for acquisition of skills.

2. **Efforts made in managing careers;**

   The Authority has put in place;

   a) A career progression policy
   b) A performance management program for evaluating individual staff performance as a prerequisite to consideration of career growth/promotion.
   c) An appointed committee to review the process for fairness and transparency.

3. **Efforts made in managing appraisal and reward systems.**

   a) A policy on Performance management is in place
   b) The Authority works using Performance Contracting process and work-plans (Individual and departmental).
   c) Staff Performance management and appraisal is carried out annually.
   d) A policy on performance-based rewards management is underway for formulation.

4. **The organizational policy on Safety and Health in place and in compliance with Occupational Safety and Health Act of 2007, (OSHA) provides for;**

   a) General guidelines for safety of staff at the work place.
   b) Emergency preparedness plans and sensitization of staff on the same.
   c) Provision of fire protection facilities and measures to be adhered to by staff.
   d) Staff insurance for injury at the work place benefits
   e) Undertaking annual safety and health Audit.
   f) Performance Contracting reporting on safety and health activities.
   g) Recording Accidents and incidents at the work place by the point person on safety and health.
   h) Having in place a safety and health Committee running with all matters safety and health at the work place.
   i) Procurement of PPE's
   j) Registration of the Authority with the Directorate of Occupational Safety and Health services.
   k) Ensuring staff welfare provisions are in place.

4. Market place practices-

Good business practise in National Biosafety Authority procurement is maintained through equal and fare opportunity to all suppliers working National Biosafety Authority by rotational identification of supplier in the delivering of goods, works and service.

National Biosafety Authority procurement equally provides sensitization of all suppliers to help them understand what is expected of them together with supplier's rights through brochure accessed in National Biosafety Website and premise, which helps to promote and maintain good, and cordial business relation between National Biosafety Authority procurement and suppliers.

National Biosafety Authority procurement also ensure timely forwarding of invoices to accounts and follow-up to ensure timely payment by accounts, this is held true as it is anchored in National Biosafety Authority procurement SOPS uploaded on the organisational website.

5. Corporate Social Responsibility / Community Engagements

The National Biosafety Authority (NBA) staff members participated in a tree planting exercise at the National Commission for Science, Technology and Innovation (NACOSTI) compound. The tree planting initiative is in support of the high priority Government-driven initiative conceived in the 2019/2020 financial year, to implement the Presidential directive and National Strategy for achieving and maintaining over 10% Tree Cover by 2022.

NBA is committed to ensuring an adequate number of tree seedlings are planted in its corporate social responsibility projects as part of the Government's Panda Miti, Penda Kenya drive that H.E. President Uhuru Kenyatta officially launched. The Authority's tree planting drive is geared at planting trees to conserve the environment.

According to the government, approximately 1.8 billion tree seedlings must be planted to achieve ten per cent tree cover by 2022.



NBA staff members in a tree planting exercise at NACOSTI on 28th May 2021

I. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the National Biosafety Authority affairs.

i) 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.

ii) Results

The results of the Authority for the year ended June 30, 2021, are set out on pages 1 to 44.

iii) Directors

The members of the Board of Directors who served during the year are shown on page vii. During the year, the board chair and one independent board member were appointed with effect from 7th August 2020.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The surplus appearing in the Statement of Financial Performance of Ksh. 4,107,850 had pending bills to be offset against for ongoing office partitioning and laboratory construction works. The activities had been committed in the FY 2021 but had not been completed at the close of the year (FY 2021) and hence no remittance to the consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2021.

By Order of the Board

PROF. DORINGTON O. OGOYI
CHIEF EXECUTIVE OFFICER

Date.....29/9/2021.....

II. STATEMENT OF DIRECTORS'RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2021. 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 Authority; (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, 2021, and of the Authority's financial position as at that date. The Directors further confirms 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 by the Board on 29th Sept. 2021 and signed on its behalf by:

.....

DR. JOSEPH CHAVUTIA
CHAIR BOARD OF DIRECTORS

.....

PROF. DORINGTON OGOYI
CHIEF EXECUTIVE OFFICER

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

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	134,900,000	161,000,000
		134,900,000	**161,000,000**
Revenue from exchange transactions			
Application Fees	7	1,078,000	1,276,000
Conference Fees	8	1,203,443	1,253,000
Other income	9	6,030,620	2,949,798
Total revenue		**143,212,063**	**166,478,798**
Expenses			
Use of goods and services	10	41,819,641	34,542,172
Employee costs	11	78,299,456	76,977,086
Remuneration of directors	12	3,066,503	0
Depreciation and amortization expense	13	4,557,642	2,430,563
Repairs and maintenance	14	2,973,834	2,320,044
Project Expenses	15	8,387,137	1,756,168
Total expenses		**139,104,213**	**118,026,033**
Surplus/(deficit) for the period/year		**4,107,850**	**48,452,765**
Remission to National Treasury	26	**0**	**0**
Net Surplus for the year		**4,107,850**	**48,452,765**

The notes set out on pages 8 to 37 form an integral part of these Financial Statements.

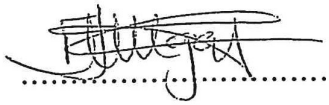
The Financial Statements set out on pages 1 to 41 were signed on behalf of the Board of Directors by:



CHIEF EXECUTIVE OFFICER
PROF. DORINGTON OGOYI
Date: 29/9/2021



HEAD OF FINANCE
ESTHER THUKU
ICPAK M/NO. 10108
Date: 29/09/2021



CHAIR OF THE BOARD
DR. JOSEPH CHAVUTIA
Date: 29/09/2021

14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	57,843,848	69,545,569
Total Current Assets		**57,843,848**	**69,545,569**
Non-Current Assets			
Property, plant and equipment	17	37,391,951	16,119,485
Total Non- Current Assets		**37,391,951**	**16,119,485**
Total Assets		**95,235,799**	**85,665,054**
Liabilities			
Current Liabilities			
Trade and other payables	18	2,767,416	6,089,700
Contract Retention Money	19	2,036,089	988,675
Current Provision	20	6,207,752	10,789,822
Deferred income	21	2,608,707	16,389,195
Total Current Liabilities		**13,599,964**	**34,257,392**
Total Liabilities		**13,599,964**	**34,257,392**
Net assets			
Reserves		30,282,003	30,282,003
Accumulated surplus		51,353,832	21,125,659
Total Net Assets		81,635,835	51,407,662
Total Net Assets and Liabilities		**95,235,799**	**85,665,054**

The Financial Statements set out on pages 1 to 41 were signed on behalf of the Board of Directors by:

.....	.....	.....
CHIEF EXECUTIVE OFFICER	HEAD OF FINANCE	CHAIR OF THE BOARD
PROF. DORINGTON OGOYI	ESTHER THUKU	DR. JOSEPH CHAVUTIA
Date: 29/9/2021	ICPAK M/NO. 10108	Date: 29/09/2021
	Date: 29/09/2021	

15 STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2021

	notes	Revaluation reserve	Retained earnings	Total
As at July 1, 2019		30,282,003	(25,200,005)	5,081,998
Issued new capital		-	-	-
Revaluation gain			-	-
Transfer of excess depreciation on revaluation		-	-	-
Deferred tax on excess depreciation		-	-	-
Fair value adjustment on quoted investments		-	-	-
Surplus/ Deficit for the year		-	48,452,765	48,452,765
Capital/Development grants received during the year		-	-	-
Additional charge to retained earnings		-	23,993,192	23,993,192
Dividends paid – 2020		-	-	-
Interim dividends paid – 2021		-	-	-
Proposed final dividends		-	-	-
As at June 30, 2020		30,282,003	47,245,982	77,527,985
As at July 1, 2020		30,282,003	47,245,982	77,527,985
Issue of new share capital		-	-	-
Revaluation gain		-	-	-
Transfer of excess depreciation on revaluation		-	-	-
Deferred tax on excess depreciation		-	-	-
Fair value adjustment on quoted investments		-	-	-
Surplus/ deficit for the year		-	4,107,850	4,107,850
Capital/Development grants received during the year		-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-
Dividends paid – 2021		-	-	-
Interim dividends paid – 2021		-	-	-
Proposed final dividends		-	-	-

	notes	Revaluation reserve	Retained earnings	Total
As at June 30, 2021		30,282,003	51,353,832	81,635,835

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021 Kshs	2019-2020 Kshs
Cash flows from operating activities			
Receipts			
Surplus for the Year before tax		**4,107,850**	**48,452,765**
Adjusted for:			
Depreciation		4,557,642	2,430,563
Addition to provisions	20	2,120,611	4,385,597
Non Cashbook receipts		0	(688,473)
Working capital Adjustments			
Increase/Decrease in receivables		0	0
Increase/Decrease in payables		3,342,284	76,514
Net cash flows from/(used in) operating activities	23	**14,128,387**	**54,656,966**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(25,830,108)	(13,895,070)
Proceeds from sale of property, plant and Equipment		0	0
Purchase/sale of investments		0	0
Net cash flows from/(used in) investing activities		**(25,830,108)**	**(13,895,070)**
Net increase/(decrease) in cash and cash equivalents		**(11,701,721)**	**40,761,896**
Cash and cash equivalents at 1 JULY	16	69,545,569	28,783,673
Cash and cash equivalents at 30 JUNE	16	**57,843,848**	**69,545,569**

The Financial Statements set out on pages 1 to 41 were signed on behalf of the Board of Directors

by:

.....	.....	.....
CHIEF EXECUTIVE OFFICER	HEAD OF FINANCE	CHAIRMAN OF THE BOARD
PROF. DORINGTON OGOYI	ESTHER THUKU	DR. JOSEPH CHAVUTIA
Date: 29/9/2021	ICPAK M/NO. 10108	Date: 29/09/2021
	Date: 29/09/2021	

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities	144,900,000	(10,000,000)	134,900,000	134,900,000	0	100
Partners Support	5,234,622	526,065	5,760,687	5,760,687	0	100
Conference Fees	1,203,443	0	1,203,443	1,203,443	0	100
Application Fees	1,000,000	54,000	1,054,000	1,078,000	24,000	102
Other income	267,103	2,830	269,933	269,933	0	100
Cash Carried forward	70,234,041	0	70,234,041	70,234,041	0	100
Total income	**222,839,209**	**(9,417,105)**	**213,422,104**	**213,446,104**	**24,000**	**100**
Expenses						
Use of goods and services	82,022,341	9,472,000	72,550,341	45,538,857	27,011,484	63
Employee costs	104,025,698	(13,050,000)	90,975,698	78,299,456	12,676,242	86
Remuneration of directors	5,146,000	1,115,400	6,261,400	3,066,503	3,194,897	49
Depreciation and amortization expense	-	-	-	4,557,642	(4,557,642)	-
Repairs and maintenance	20,313,353	1,171,430	21,484,783	13,908,827	7,575,956	65
Project expenses	21,623,817	526,065	22,149,882	19,563,036	2,586,846	88
Total expenditure	**222,839,209**	**(9,417,105)**	**213,422,104**	**164,934,321**	**48,487,783**	**77**
Surplus for the period	**0**	**0**	**0**	**48,511,783**		

Budget notes

1. Use of good and services – Some of the programs and activities including market surveillance were slowed down due to covid 19 restrictions and hence carried forward to the financial year 2021/2022.
2. Employee costs – Recruitment process of several positions including top management was not concluded by the end of the FY.
3. Remuneration of Directors – Because of the delay in having a fully constituted board, some of the activities including board training and recruitment of top management staff were still ongoing at the end of the FY.
4. Repairs and maintenance – Office partitioning and lab construction works at NACOSTI offices were still ongoing at the end of the FY.
5. Project expense – Some of the activities as per the agreement with the donors were scheduled to be undertaken in the financial year 2021/2022.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

National Biosafety Authority is established by and derives its authority and accountability from the Biosafety Act No. 2, 2009. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to ensure and assure safe development, transfer, handling and use of genetically modified organisms (GMOs) in Kenya.

2. Statement of Compliance and Basis of Preparation

The 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 areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	**Applicable: 1st January 2021:** a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions, which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. ***The Authority does not deal in financial instruments; therefore, the standard does not apply.***
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** 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: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

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.

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Authority's right to receive payments is established.

The Authority did not receive any dividends during the year.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

The Authority did not receive any rental income during the year.

b) Budget information

The original budget for FY 2020-2021 was approved on 21st August 2020. 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 reduced appropriations of Ksh. 10 Million on the 2020-2021 budget following the governing body's approval.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The Authority's 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. Because of the adoption of the accrual basis for budgeting purposes, there is no basis, 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

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

e) Financial instruments

a) 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Authority has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into

account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

b) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

f) Provisions

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

g) 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.

h) 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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

i) Nature and purpose of reserves

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

j) 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.

k) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

l) 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 directors, and the CEO.

m) 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.

n) Comparative figures

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

o) 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, 2021.

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

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:

a) The condition of the asset based on the assessment of experts employed by the Authority.

b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

c) The nature of the processes in which the asset is deployed.

d) Availability of funding to replace the asset.

e) Changes in the market in relation to the asset

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

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 21.**

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant	134,900,000	161,000,000
Other grants	0	0
Total Unconditional Grants	**134,900,000**	**161,000,000**
Conditional grants		
Other organizational grants	0	0
Total government grants and subsidies	**134,900,000**	**161,000,000**

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total transfers 2020/21 KShs	Prior year 2019/2020 KShs
Ministry of Education, State Department of University Education & Research	134,900,000	0	0	134,900,000	161,000,000
Total	**134,900,000**	**0**	**0**	**134,900,000**	**161,000,000**

The details of the reconciliation have been included under appendix III

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Application Fees

Description	2020-2021	2019-2020
	KShs	KShs
Application Fees	1,078,000	1,276,000
Total revenue from Application Fees	**1,078,000**	**1,276,000**

8. Conference Fees

Description	2020-2021	2019-2020
	KShs	KShs
Conference Fees		
Conference Fees	1,203,443	1,253,000
Total revenue from Conference Fees	**1,203,443**	**1,253,000**

9. Other Income – Donor Funds

Description	2020-2021	2019-2020
	KShs	KShs
Program for Biosafety Systems (PBS)	904,317	763,588
Food & Agriculture Authority (FAO)	3,405,111	1,486,260
CORTEVA	1,451,259	0
Courier Services Refund	2,830	0
Advert Refund	109,760	670,000
Refund from MAHYCO	52,343	0
IBC Subscriptions	5,000	0
Refund of Last Expense	100,000	0
Disposal of Newspapers	0	2,250
Income from Other Disposals	0	27,700
Total other income	**6,030,620**	**2,949,798**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Use of Goods and Services

Description	2020-2021	2019-2020
	KShs	KShs
Electricity	0	0
Water	0	0
Security & Cleaning	1,000,011	865,976
Professional services	69,000	446,500
Advertising & Branding	901,605	1,579,862
Audit fees	580,000	580,000
Bank Charges	113,206	87,809
Catering services	1,103,458	1,034,378
Conferences & Seminars	2,987,598	2,135,677
Computer Accessories	802,797	666,457
Consulting Fees	1,722,640	1,388,512
Cleaning Materials	878,851	153,231
CSR	148,896	0
Fuel and Oil	869,956	591,707
General Office	43,350	73,264
Insurance	9,336,453	9,000,448
Internet	711,094	797,217
Legal Expenses	55,400	0
Postage	34,106	23,120
Printing , Publishing and Newspapers	871,532	628,780
Rental	8,714,860	7,524,538
Reagents & Market Surveillance	2,877,911	748,023
Stationery	534,513	111,524
Telecommunication	1,748,680	1,689,314
Training	2,943,689	788,115
Travel, accommodation, subsistence and other allowances	2,690,235	3,627,720
Uniform & Other Clothing	79,800	0
Total use of Goods and Services	**41,819,641**	**34,542,172**

11. Employee Costs

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	31,318,606	34,617,482
Employer contribution to pension schemes	2,826,578	2,773,258
Transport allowances	6,153,136	6,451,679
House allowance, Responsibility, Acting, Entertainment, Leave & Extraneous allowances	22,267,737	22,916,468
Gratuity	9,033,686	3,805,867
CEOs Salary	6,699,713	6,412,602
Employee costs	**78,299,456**	**76,977,356**

12. Board Expenses

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria	880,000	0
Sitting allowances	1,220,000	0
Lunch allowances	50,000	0
Mileage allowances	26,009	0
Accommodation allowances	509,600	0
Board Training	240,000	0
Travel allowances	70,894	0
Airtime for Board Chair	70,000	0
Insurance	0	0
Total	**3,066,503**	**0**

13. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	4,557,642	2,430,563
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	**4,557,642**	**2,430,563**

14. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Buildings	677,711	386,358
Vehicles	1,235,366	1,344,846
Furniture and fittings	0	0
Computers and accessories	1,007,467	571,880
Others	53,290	16,960
Total repairs and maintenance	**2,973,834**	**2,320,044**

15. Project Expenses

Description	2020-2021	2019-2020
	KShs	KShs
Program for Biosafety Systems (PBS)	750,203	723,293
ERAfrica	1,089,065	0
Food & Agriculture Authority (FAO)	4,522,382	390,850
National Research Fund (NRF)	1,507,487	341,225
CORTEVA	518,000	0
UNEP GEF	0	300,800
Total Project expenses	**8,387,137**	**1,756,168**

16. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current account	57,843,848	69,545,569
Savings account	0	0
On - call deposits	0	0
Fixed deposits account	0	0
Staff car loan/ mortgage	0	0
Others	0	0
Total cash and cash equivalents	**57,843,848**	**69,545,569**

16 (a) Detailed Analysis of the Cash and Cash Equivalents

		2020-2021	2019-2020
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank		57,843,848	69,545,569
Sub- total		**57,843,848**	**69,545,569**
b) On - call deposits			
Kenya Commercial bank		0	0
Sub- total		**0**	**0**
c) Fixed deposits account			
Kenya Commercial bank		0	0
Sub- total		**0**	**0**
d) Staff car loan/ mortgage			
Kenya Commercial bank		0	0
Sub- total		**0**	**0**
e) Others			
Cash in transit		0	0
cash in hand		0	0
Mobile money accounts		0	0
Sub- total		**0**	**0**
Grand total		**57,843,848**	**69,545,569**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Lab Equipment	Plant and equipment	Capital Work in progress	Total
Cost	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**
As at 1July 2019	-	18,201,325	20,538,123	7,607,534	-	-	-	46,346,982
Additions	-	10,348,448	1,726,175	1,820,447	-	-	-	13,895,070
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2020	-	28,549,773	22,264,298	9,427,981	-	-	-	60,242,052
Additions	-	-	10,934,993	3,719,216	11,175,899	-	-	25,830,108
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2021	-	28,549,773	33,199,291	13,147,197	11,175,899	-	-	86,072,160
Depreciation and impairment								
At 1 July 2019	-	(18,201,325)	(16,044,472)	(7,446,207)	-	-	-	(41,711,959)
Depreciation	-	(0)	(2,008,935)	(421,628)	-	-	-	(2,430,563)
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30 June 2020	-	(18,201,325)	(18,053,407)	(7,867,835)	-	-	-	(44,122,567)
Depreciation	-	(2,069,690)	(2,051,082)	(424,852)	(12,018)	-	-	(4,557,642)
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
As at 30th June 2021	-	(20,271,015)	(20,104,489)	(8,292,687)	(12,018)	-	-	(48,680,209)
Net book values								
As at 30th June 2021	-	8,278,758	13,094,802	4,854,510	11,163,881	-	-	37,391,951

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Lab Equipment	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 30th June 2020	-	10,348,448	4,210,891	1,560,146	-	-	-	16,119,485

18. Trade and Other Payables

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	2,747,416	6,089,700
Payments received in advance	-	-
Employee payables	-	-
Third-party payments	-	-
Other payables	-	-
Total trade and other payables	**2,747,416**	**6,089,700**

19. Refundable Deposits and Contract Retention Money

Description	2020-2021	2019-2020
	KShs	KShs
Contract retention Money	2,036,089	988,675
Prepayments	0	0
Other deposits	0	0
Payments received in advance	0	0
Total deposits	**2,036,089**	**988,675**

20. Current Provisions

Description	Audit Fees	Gratuity Provision	Other provision	Total
	KShs	Kshs	KShs	KShs
Balance b/d (1.07.2020)	**1,160,000**	**9,629,822**	-	**10,789,822**
Additional Provisions	580,000	1,540,611	-	2,120,611
Provision utilised	0	(6,702,681)	-	(6,702,681)
Change due to discount and time value for money	0	0	-	0
Transfers from non -current provisions	0	0	-	0
Total provisions as at 30.6.2021	**1,740,000**	**4,467,752**	-	**6,207,752**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Deferred Income

Description	2020-2021	2019-2020
	KShs	KShs
Program for Biosafety Systems (PBS)	261,956	107,842
ERAfrica	589,446	1,678,511
National Research Fund (NRF)	824,046	13,507,432
Food & Agriculture Organisation (FAO)	0	1,095,410
CORTEVA	933,259	0
Total deferred income	**2,608,707**	**16,389,195**

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
Balance brought forward	-	**16,389,195**	-	**16,389,195**
Additions	-	5,760,687	-	5,760,687
Transfers to Capital fund	-	0	-	0
Transfers to income statement	-	(8,365,276)	-	(8,365,276)
Other transfers-Purchase of Lab Equipment	-	(11,175,899)	-	(11,155,899)
Balance carried forward	-	**2,608,707**	-	**2,628,707**

22. Employee Benefit Obligations

Recognition of Retirement Benefit Asset/ Liability

The Authority 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. Other than NSSF, the Authority also has a defined contribution scheme operated by ICEA LION Pension Fund. Employees contribute 5% while employers contribute 10% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

23. Cash Generated from Operations

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year before tax	**4,107,850**	**48,452,765**
Adjusted for:		
Depreciation	4,557,642	2,430,563
Addition to provisions	2,120,611	4,385,597
Non Cashbook receipts	0	(688,473)
Working Capital adjustments		
Increase/decrease in receivables	0	0
Increase/decrease in payables	3,342,284	76,514
Net cash flow from operating activities	**14,128,387**	**54,656,966**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. 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 does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The 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. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the 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
As at 30 June 2021				
Receivables from exchange transactions	0	0	0	0
Receivables from non exchange transactions	0	0	0	0
Bank balances	57,843,848	57,843,848	0	0
Total	**57,843,848**	**57,843,848**	**0**	**0**
As at 30 June 2020				
Receivables from exchange transactions	0	0	0	0
Receivables from non exchange transactions	0	0	0	0
Bank balances	69,545,569	69,545,569	0	0
Total	**69,545,569**	**69,545,569**	**0**	**0**

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 Authority'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
As at 30 June 2021				
Trade payables	2,747,416	-	-	2,747,416
Current portion of borrowings	-	-	-	-
Provisions	6,207,752	-	-	6,207,752
Deferred income	2,628,707	-	-	2,628,707
Employee benefit obligation	-	-	-	-
Total	**11,583,875**	-	-	**11,583,875**
As at 30 June 2020				
Trade payables	6,089,700	-	-	6,089,700
Current portion of borrowings	-	-	-	-
Provisions	1,160,000	-	-	1,160,000
Deferred income	16,389,195	-	-	16,389,195
Employee benefit obligation	9,629,822	-	-	9,629,822
Total	**33,268,717**	-	-	**33,268,717**

iii) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Reserves	30,282,003	30,282,003
Retained earnings	51,353,832	21,125,659
Capital reserve	-	-
Total funds	**81,635,835**	**51,407,662**
Total borrowings	-	-
Less: cash and bank balances	57,843,848	69,545,569
Net debt/(excess cash and cash equivalents)	(57,843,848)	(69,545,569)
Gearing	-71%	-135%

25. Related Party Disclosures

Nature of related party relationships

Entities 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.

Government of Kenya

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

Other related parties include:

i) The Ministry of Education;

ii) Key management;

iii) Board of directors;

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Govt	134,900,000	161,000,000
Grants from County Government	0	0
Donations in kind	0	0
Total	**134,900,000**	**161,000,000**
b) Key management compensation		
Directors' emoluments	3,066,503	0
Compensation to key management	16,099,957	22,013,126
Total	**19,166,460**	**22,013,126**

26. Surplus Remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The surplus appearing in the Statement of Financial Performance of Ksh. 4,107,850 had pending bills to be offset against for ongoing office partitioning and laboratory construction works. The activities had been committed in the FY 2021 but had not been completed at the close of the year (FY 2020 Nil) and hence no remittance to the consolidated Fund.

The Surplus Remission has been computed as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Surplus for the period	0	0
Less: Allowable deductions by NT	0	0
90% computation (Included in Statement of Financial performance)	0	0

Surplus Remission Payable

	2020-2021	2019-2020
	Kshs	Kshs
Payable at the beginning of the year	0	0
Paid during the year	0	0
Payable at end of the year	**0**	**0**

27. Events after the Reporting Period

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

28. Ultimate And Holding Entity

The Authority is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

29. Currency

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

APPENDIX

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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.	Unsupported cash and cash equivalents	Management has continued to pursue the bank on the issues of inward swift transfers into the Authority's bank account.	Not resolved	2021/2022 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.

.....
CHIEF EXECUTIVE OFFICER
NATIONAL BIOSAFETY AUTHORITY
Date 29/9/2021.....

APPENDIX II: PROJECTS IMPLEMENTED BY THE NATIONAL BIOSAFETY AUTHORITY

Projects implemented by the National Biosafety Authority Funded by development partners and/ or the Government.

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	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2							
3							

APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	**NATIONAL BIOSAFETY AUTHORITY**		
	Break down of Transfers from the State Department of University Education & Research			
	FY 2020/2021			
a.	**Recurrent Grants**			
		Bank Statement Date	**Amount (KShs)**	**Indicate the FY to which the amounts relate**
		18/08/2020	36,225,000	FY 2020/2021
		16/01/2021	36,225,000	FY 2020/2021
		04/02/2021	36,225,000	FY 2020/2021
		10/05/2021	26,225,000	FY 2020/2021
		Total	**134,900,000**	
b.	**Development Grants**			
		Bank Statement Date	**Amount (KShs)**	**Indicate the FY to which the amounts relate**
			0	
		Total	**0**	
c.	**Direct Payments**			
		Bank Statement Date	**Amount (KShs)**	**Indicate the FY to which the amounts relate**
			0	
		Total	**0**	
d.	**Donor Receipts**			
		Bank Statement Date	**Amount (KShs)**	**Indicate the FY to which the amounts relate**
			0	
		Total	**0**	

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

Director Finance & Administration
National Biosafety Authority

Sign ----------

Head of Accounting Unit
State Department of University Education & Research

Sign----------

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				
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Education	18/08/2020	Recurrent	36,225,000	36,225,000	-	-	-	-	36,225,000
Ministry of Education	16/01/2021	Recurrent	36,225,000	36,225,000	-	-	-	-	36,225,000
Ministry of Education	04/02/2021	Recurrent	36,225,000	36,225,000	-	-	-	-	36,225,000
Ministry of Education	10/05/2021	Recurrent	26,225,000	26,225,000	-	-	-	-	26,225,000
Total			134,900,000	134,900,000	-	-	-	-	134,900,000