



NATIONAL BIOSAFETY AUTHORITY

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED 30TH JUNE
2012**

NATIONAL BIOSAFETY AUTHORITY

WHO WE ARE

The Government of Kenya recognizes the role biotechnology can play in poverty reduction, enhancing food security and in the conservation of biodiversity as well as the environment, but on the other hand recognizes that if applied irresponsibly, modern biotechnology can result in unforeseen negative impacts on human health, the environment and biodiversity.

The publication of a national biotechnology development policy in 2006 was an effort by the Kenya to domesticate the Cartagena Protocol. The policy seeks to safeguard the citizens and the environment against the development or introduction of any deleterious organisms in whatever form by assuring safe application of modern biotechnology.

The Biosafety Act, 2009 established the National Biosafety Authority (NBA) to exercise supervision and control over the transfer, handling and use of genetically modified organisms with a view to ensuring safety of human and animal health as well as the provision of an adequate level of protection of the environment.

Other than establishment of NBA, which is the national focal point for the Cartagena Protocol on Biosafety, the objectives of the Authority are:

- a. To facilitate responsible research into, and minimize the risks that may be posed by genetically modified organisms
- b. To ensure an adequate level protection for the safe development, transfer handling and use of genetically modified organisms that may have adverse effect on the health of the people and the environment; and
- c. To establish a transparent, science-based and predictable process for reviewing and making decisions on the development, transfer, handling and use of genetically modified organisms and related activities.

Our Vision: *A World-Class Biosafety Agency.*

Our Mission: *To ensure and assure safe development, transfer, handling and use of genetically modified organisms.*

Mandate:

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



NATIONAL BIOSAFETY AUTHORITY

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**FOR THE YEAR ENDED 30TH JUNE
2012**

CORPORATE INFORMATION

a) National Biosafety Authority is a State Corporation established in 2009 through the Biosafety Act No 2 of 2009 of the laws of Kenya.

b) Principal Activity

The principal activity is to exercise general supervision and control over the transfer, handling and use of Genetically Modified Organisms (GMOs) with a view to ensuring:

(i) safety of human and animal health; and (ii) provision of adequate level of protection to environment.

c) Bankers

Kenya Commercial Bank,
Kipande House,
Kenyatta Avenue, Nairobi.

d) Auditors

The Auditor General,
Kenya National Audit Office
P. O. Box 30084-00100, Nairobi.

e) Domicile

The domicile of the Authority is Kenya.

f) Physical Location

Commission for Higher Education Campus, Red Hill Road, off Limuru Road, Gigiri. Address 28251-00100, Nairobi.

g) Core Value

- Integrity
- Professionalisms
- Transparency
- Accountability

i) Members of the Board

- Prof. Miriam Kinyua, Chairperson - NBA Board, Appointed on 19th April, 2010
- Prof. Moses Limo, Appointed on 19th April, 2010
- Mrs. Grace Thitai, Appointed on 19th April, 2010
- Mr. Otula Owuor, Appointed on 19th April, 2010
- Mrs. Dorcas W. Kamunya, Appointed on 19th April, 2010
- Mr. Willy Bett, Appointed on 19th April 2010
- Mr. Jitendrah Shah, Appointed on 19th April, 2010
- PS Ministry of Finance (Alt. Eng. Stanley Kamau)
- PS Ministry of Higher Education, Science and Technology (Alt. Dr. George A. Ombakho)
- Director Division of Veterinary Services (Alt. Dr. Joseph Macharia)
- Managing Director Kenya Bereaus of Standards (Alt. Mrs. Margaret Aleke)
- Dr. James Onsando, Director Kenya Plant Health Inspectorate Services
- PS Ministry of Public Health and Sanitation (Alt. Mr. Robert Kilonzo)
- Prof. Shaukat A. Abdulrazak, Executive secretary National Council of Science and Technology
- Managing Director National Environment Management Authority (Alt. Mr. Julius Ithangu)
- Willy Tonui, PhD, RBP, Secretary to the Board & Chief Executive Officer

j) Senior Management

- Willy Tonui, PhD, RBP, Chief Executive Officer
- Mr. Julius Itunga, Director, Finance and Administration
- Prof. Dorington Ogoyi, Director, Technical Services

PICTORIAL

Members of the Board



Prof. Miriam Kinyua
 Chairperson, NBA Board



Prof. Shaukat A. Abdulrazak, Exe.
 Sec. Nat. Council of
 Sci. & Tech



Alt. Mr. Julius Ithangu
 Man. Dir. Nat. Env.
 Mangemt Authority



Willy Tonui, PhD,
 RBP, Sec. to the
 Board & CEO



Prof. Moses Limo
 Member



Mrs. Dorcas Thithai
 Member



Mr. Otula Owuor
 Member



Mrs. Dorcas W. Kamunya
 Member



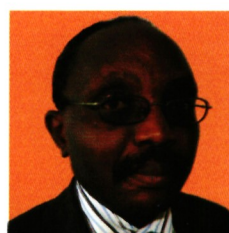
Willy Bett
 Member



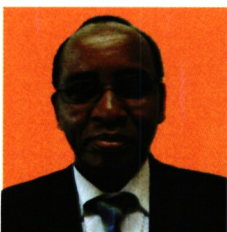
Mr. Jitendra Shah
 Member



Alt. Eng. Daniel Mutua
 PS, Ministry of
 Finance



Alt. Dr. George A. Ombakho
 PS, Min. of Higher
 Educ., Sci. & Tech.



Alt. Dr. Joseph Macharia
 Director DVS,



Alt. Mrs. Margaret Aleke
 Managing Dir. KEBS,



Dr. James Onsando
 Dir., Kenya Plant
 Health Inspectorate
 Services



Alt. Mr. Robert Kilonzo
 PS Ministry of Public
 Health & Sanitation

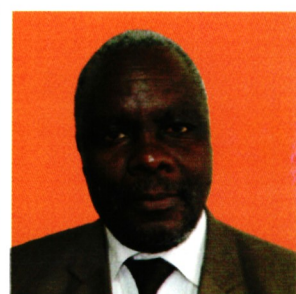
Senior Management



Willy Tonui, PhD, RBP,
 Chief Executive Officer



Mr. Julius Itunga,
 Director, Finance and
 Administration.



Prof. Dorington Ogoyi
 Director,
 Technical Services.

THE CHIEF EXECUTIVE OFFICER'S REPORT

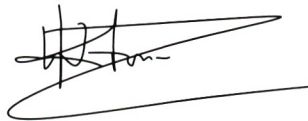
It is my pleasure to present the Financial Statements of the National Biosafety Authority (NBA) for the year ended 30th June, 2012.

In the year ending June 30th 2012, the Authority continued to pursue its mission of ensuring and assuring safe development, transfer, handling and use of Genetically Modified Organisms (GMOs).

I would like to record my sincere gratitude to the Government of Kenya through the Ministry of Higher Education, Science and technology for facilitating our operations.

To our Board for their commitment and dedication to the Authority, and to the Management team and all the NBA staff for their determination, hard work and continued service to the Authority.

I also thank our stakeholders and customers for their valued support.



WILLY TONUUI, PhD, RBP
CHIEF EXECUTIVE OFFICER



STATEMENT OF DIRECTORS RESPONSIBILITY

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Authority as at the end of each financial year and of its surplus or deficit for that year. The Directors are required to ensure that the Authority maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the Authority. They are also responsible for safeguarding the asses of the Authority.

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal controls relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Financial Reporting Standards and in a manner required by State Corporates Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the National Biosafety Authority as at 30th June 2012 and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain an on-going concern for at least twelve months from the date of this statement.

This statement is approved by the Authority Directors and its signed on their behalf by:



PROF. MIRIAM KINYUA
BOARD MEMBER



WILLY TONU, PhD, RBP
CHIEF EXECUTIVE OFFICER



REPUBLIC OF KENYA

TELEPHONE: +254 20 342330
FAX: +254 20 311482
E-MAIL: cag@kenao.go.ke
WEBSITE: www.kenao.go.ke

P. O. BOX 30084 - 00100
NAIROBI.



KENYA NATIONAL AUDIT OFFICE

**REPORT OF THE AUDITOR-GENERAL ON NATIONAL BIOSAFETY
AUTHORITY FOR THE YEAR ENDED 30TH JUNE 2012**

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Biosafety Authority set out on pages 6 to 16, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows, and a summary of significant accounting policies and other explanatory information for the year then ended, in accordance with the provision of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provision of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The Audit was conducted in accordance with International Standard on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depth on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also include evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Top Up Allowances

As similarly reported in the previous year, the Authority paid top-up allowances totaling Kshs 5,954,696 to the Parent Ministry's staff seconded to it in the year 2010-2011. Although the top-up allowances had been approved by the Board of Management, the decision was later on rescinded and instructions issued that 50% of the amount

paid be recovered through the payroll. However, the then acting Chief Executive officer who has since been redeployed to his former working station, left without being recovered Kasha. 2,639,310. The amount has been included under receivables as disclosed in Note 5 to the financial statements. However, efforts made by the Authority have not led to the recovery of the outstanding amount from the officer. Consequently, the recoverability of Kshs. 2,639,310 paid to the former Chief Executive Officer could not be ascertained.

2. Board Expenses

According to Sub-section 10 (1) of the State Corporations Act, Cap 446 of the Laws of Kenya, the Chairman and Members of a Board, other than the Chief Executive are to be paid sitting allowance from the funds of the state corporation upon attending Board and/or Committee meetings.

However in the year under review, the Authority paid a total of Kshs 480,000 to non-Board members in attendance during Board and Committee meetings. The Authority was therefore in breach of the Law to the extent of these payments.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Authority as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standard and complies with the Bio-Safety Act, 2009.



Edward R.O Ouko, CBS
AUDITOR-GENERAL

NAIROBI

26th March, 2013.

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2012

ASSETS	Note	2012	2011
Non-Current Assets		Kshs.	Kshs.
Property, Plant and Equipment	2	28,652,684	19,712,030
Work in Progress	3	0	7,635,992
Total Non-Current assets		28,652,684	27,348,022
Current Assets			
Cash and Cash equivalent	4	50,142,788	5,207,430
Accounts Receivable	5	6,278,418	3,988,492
Total Non-Current assets		56,421,206	9,195,922
Total Assets		85,073,890	36,543,943

ACCUMULATED FUNDS AND LIABILITIES


Accumulated Funds

Capital reserve	30,282,003	30,282,003
Revenue Reserve	49,607,278	(2,041,178)
	79,889,281	28,240,825

Current Liabilities

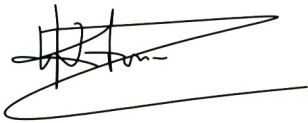
Object Deposits	6	1,145,417	167,126
Accounts Payable	7	4,039,192	8,135,992
		5,184,609	8,303,118
Total accumulated funds and Liabilities		85,073,890	36,543,943

The financial statement were approved by

Signature 

PROF. MIRIAM KINYUA,
CHAIRMAN BOARD OF MANAGEMENT

Date **11/3/2013**

Signature 

WILLY TONU, PhD, RBP,
CHIEF EXECUTIVE OFFICER

Date **11/3/2013**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2012

	Note	2012 Kshs.	2011 Kshs.
Income	8	159,464,760	60,365,912
Expenditure			
Staff Emoluments	9	30,042,916	11,185,700
Travelling & Accomodation	10	9,734,178	4,887,683
Administration & Operation	11	40,939,499	26,882,987
Board Expenses	12	22,705,628	16,777,806
		103,422,221	59,734,176
Project costs			
PBS (Program for Biosafety System)	13	3,122,044	2,672,914
BCH (Biosafety Clearing House)	14	1,272,039	0
		4,394,083	2,672,914
Surplus/ (Deficit)		107,816,304	62,407,090
		51,648,456	(2,041,178)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 30TH JUNE 2012

	CAPITAL GRANT Kshs.	REVENUE RESERVES Kshs.	TOTAL Kshs.
1st July 2010	24,021,131	0	24,021,131
Additional Capital	6,260,872	0	6,260,872
Surplus / Deficit	0	(2,041,178)	(2,041,178)
30th June 2011	30,282,003	(2,041,178)	28,240,825
1st July 2011	30,282,003	(2,041,178)	28,240,825
Additional Capital	0	0	0
Surplus / Deficit	0	51,648,456	51,648,456
30th June 2012	30,282,003	49,607,278	79,889,281

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	Kshs	Kshs
Cash from Operating Activities		
Surplus for the year	51,648,456	(2,041,178)
Adjusted items not involving Cash movement		
Depreciation charge	6,774,205	4,995,696
Decrease in Accounts payable	(3,118,514)	8,303,118
Increase in Accounts receivable	(2,289,932)	(3,988,492)
Cash flow from Operating activities	53,014,215	7,269,144
Cash flow from Investing Activities		
Purchase of furniture and Computers	(8,078,867)	(8,322,586)
Cash flow from Financing Activities		
Transfer from NCST	0	6,260,872
Cash flow Financing Activities	0	6,260,872
Net Increase in cash	44,935,348	5,207,430
Cash & Cash Equivalent Beginning	5,207,430	0
Cash and Cash Equivalent Ending	50,142,788	5,207,430

NOTES

Note 1

Significant Accounting Policies

a. Basis of Accounting

The Financial statements have been prepared under the historical cost basis of accounting and comply with International Financial Reporting Standards.

b. Depreciation

Property, plant and equipment are stated at their historical costs. Depreciation is calculated using straight line method based on useful life as tabulated here below;

Asset	Percentage (%)
Motor vehicle	20
Furniture and Fitting	10
Plant & equipment/machinery	7
Computers	33.3

NBA's Policy does not provide for depreciation on motor vehicles in the year of acquisition.

c. Income Recognition

NBA's Policy recognizes revenue when received. Grants are accounted for as in come in the year they are received.

d. Currency

The Financial Statements are presented in Kenya Shillings

e. Government Grants

Government Grants are accounted for when received.

Note 2

	Furniture & Fixtures	Motor Vehicle	Computers	Total
Costs				
As at 1.7.2011	3,485,867	18,201,325	3,020,534	24,707,726
Additions	14,827,621	0	887,238	15,714,859
As at 30.6.12	18,313,488	18,201,325	3,907,772	40,422,585
Depreciation				
As at 1.7.2011	348,587	3,640,265	1,006,845	4,995,696
Charge for the year	1,831,349	3,640,265	1,302,591	6,774,205
	2,179,936	7,280,530	2,309,436	11,769,901
NBV as at 30.6.12	16,133,553	10,920,795	1,598,337	28,652,684
NBV as at 30.6.11	3,137,280	14,561,060	2,013,689	19,712,030

Additions for Furniture are as follows

Purchase of Furniture	4,940,860
WIP Completed (Fixtures)	9,886,761
Total	14,827,621

Notes 3

Work in Progress

The cost of partitioning the Authority's offices at the Commission for Higher Education has been capitalized, and include in the Assets as Fixtures.

Note 4

Cash and Cash Equivalents	2012 Ksh.	2011 Ksh.
Cash In Hand	108,970	33,765
Fixed Deposit Account	20,000,000	0
Cash at Bank	30,033,808	5,173,665
Total	50,142,788	5,207,430

Note 5

Accounts Receivable	2012 Ksh.	2011 Ksh.
Staff top ups: Former CEO	2,639,310	2,639,310
Directors	0	525,251
Salary Advance to Staff	2,225,183	0
Imprests	332,500	0
Kenya Web	331,425	0
Kenya Shell	0	73,931
Rent in Advance	750,000	750,000
Total	6,278,418	3,988,492

The Rent in advance is the deposit paid as part of the rent agreement. This money is refundable at the end of the lease period.

Note 6

Project balances (Payable)	2012 Ksh.	2011 Ksh.
Program for Biosafety Systems	520,706	167,126
Biosafety Clearing House	624,711	0
Total	1,145,417	167,126

Notes 7

Accounts Payable	2012 Ksh.	2011 Ksh.
Provision for Audit Fees	500,000	500,000
Partitioning of Office (Retention Money)	988,675	7,635,992
Gratuity	1,800,517	0
Rent in arrears	750,000	0
Total	4, 039,192	8,135,992

Gratuity is in respect of the top management who are on contract terms of employment.

Note 8

Income Analysis	2012 Ksh.	2011 Ksh.
Recurrent Grants (GOK)	150,000,000	50,000,000
A.I.A	2,120,000	1,265,000
	152,120,000	51,265,000
Other Receipts		
Program for Biosafety Systems (PBS)	3,642,750	2,840,040
Biosafety Clearing House (BCH)	1,896,750	0
Transfer form NCST	0	6,260,872
Interest on fixed deposit	1,805,260	0
Total income	159,464,760	60,365,912

The Appropriation in Aid (A-i-A) is as follows:

Application Fees	1,535,000
Sale of tender documents	585,000
Total	2,120,000

The source of income is recurrent grants wholly financed by the government through the MoHEST. Purchase of Assets is done from the grant since NBA does not get a Capital grant.

Notes 9

Staff Emoluments	2012 Ksh.	2011 Ksh.
Basic Salaries	17,920,145	8,296,056
Other allowances as part of salary	12,122,771	2,889,644
Total	30,042,916	11,185,700

The Staff Emolument is exclusive of the CEO's remuneration. This has been captured under Board Expenses.

Note 10

Traveling & Accommodation costs	2012 Ksh.	2011 Ksh.
Domestic travelling & subsistence	5,728,963	2,565,188
Foreign travelling & subsistence	4,005,215	2,322,495
	9,734,178	4,887,683

Notes 11

Administrative Costs

Staff Emoluments	2012 Ksh.	2011 Ksh.
Communication Supplies	2,634,192	712,356
Printing, advertising Information services	7,122,918	1,372,289
Motor vehicle insurance	1,058,836	1,390,331
Office and General Supplies	2,822,140	1,112,668
Fuel, Oil and Lubricants	1,597,479	889,896
Rent	3,000,000	2,250,000
Other Operating expenses	2,646,478	2,815,811
Training	1,826,170	2,575,564
Hospitality	6,680,690	3,939,636
Routine Maintenance - Motor vehicle	1,083,572	96,862
Routine Maintenance other assets	122,250	14,600
Specialized Materials	24,835	0
Other administration costs	0	4,164,428
Purchase of software	172,482	0
Bank charges	120,290	52,850
Depreciation charge	6,774,205	4,995,696
Medical	952,445	0
Gratuity	1,800,517	0
Provision for audit fees	500,000	500,000
	40,939,499	26,882,987

Note 12

Board Expenses	2012 Kshs	2011 Kshs
Sitting & Lunch Allowance	11,826,000	11,020,064
Mileage	789,770	0
Accommodation	2,749,273	0
Domestic travelling	753,947	2,096,095
Foreign travelling	2,697,318	3,022,951
Training Expenses	1,444,320	638,696
CEO's Salary	2,445,000	0
Total	22,705,628	16,777,807

The Board Expenses is inclusive of the CEO's Salary.

Notes 13

Program for Biosafety Systems (PBS)

	2012	2011
	Ksh.	Ksh.
Opening balance	167,126	0
Add: Receipts	3,475,624	2,840,040
	3,642,750	2,840,040
Less: Payments	3,122,044	2,672,914
Closing Balance	520,706	167,132

PBS project is a partner's program to support institutionalization and full implementation of a functional biosafety regulatory framework in Kenya. It is funded by USAID through International Food Policy Research Institute (IFPRI).

Notes 14

Biosafety Clearing House (BCH)

	2012	2011
	Ksh.	Ksh.
Opening balance	0	0
Add: Receipts	1,896,750	0
	1,896,750	0
Less: Payments	1,272,039	0
Closing Balance	624,711	0



National Biosafety Authority
Commission for Higher Education Campus
Redhil Rd, off Limuru Rd (Route 108), Roselyn area, Gigiri
P.O. Box 28251 - 00100, NAIROBI. Tel: +254 202678667
Email: info@biosafetykenya.go.ke, Website: www.biosafetykenya.go.ke