

REPUBLIC OF KENYA



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Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
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Monrovia Street
P.O Box 30084-00100
NAIROBI

OAG/AWS/AUD/5/6/KEPHIS/2023-2024(16)

31 December, 2024

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FYA

27/01/2025

Prof. Theophilus M. Mutui, PHD
Managing Director
Kenya Plant Health Inspectorate Service
P.O. Box 49592-00100
Ololua Ridge, Karen
NAIROBI



Dear Sir,

REPORT OF THE AUDITOR-GENERAL ON KENYA PLANT HEALTH INSPECTORATE SERVICE FOR THE YEAR ENDED 30 JUNE, 2024

Enclosed, please find one set of the Report of the Auditor-General on Kenya Plant Health Inspectorate Service for the year ended 30 June, 2024, duly certified and with the seal of the Auditor-General thereon for your retention and necessary action.

Yours sincerely,


CPA Wilson Maiyo
For: AUDITOR-GENERAL

Copy to: The Principal Secretary
State Department for Agriculture
P.O. Box 49720-00100
NAIROBI

The Secretary
State Corporations Advisory Committee (SCAC)
K.I.C.C 9th Floor
P.O. Box 42145-00100
NAIROBI

REPUBLIC OF KENYA



REPORT

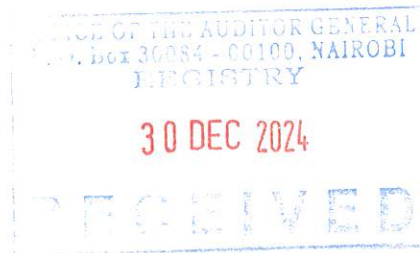
OF

THE AUDITOR-GENERAL

ON

**KENYA PLANT HEALTH INSPECTORATE
SERVICE**

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



KENYA PLANT HEALTH INSPECTORATE SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2024

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

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1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms and Abbreviations

ACL	Analytical Chemistry Laboratory
BOD	Board of Directors
CPAK	Certified Public Accountant of Kenya
COMESA	Common Market for East and Southern Africa
COPE	Centre of Phytosanitary Excellence
DOB	Date of Birth
EU	European Union
EAC	East African Community
FY	Financial Year
GOK	Government of Kenya
ICT	Information and Communication Technology
IECS	Import and Export Certification System
IPPC	International Plant Protection Convention
IPSAS	International Public Sector Accounting Standards
KEPHIS	Kenya Plant Health Inspectorate Service
KPI	Key Performance Indicators
KRAs	Key Result Areas
MD	Managing Director
MRL	Maximum residual Level
NPT	National Performance Trials
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OECD	Organisation for Economic Cooperation and Development
PBR	Plant Breeders Rights
PFM	Public Finance Management
PIP	Plant import Permit
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PVP	Plant Variety Protection
SAGAs	Semi-Autonomous Government Agencies
USDA	United States Department of Agriculture
WTO-SPS	World Trade Organisation- Sanitary and Phytosanitary measures

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

Kenya Plant Health Inspectorate Service (KEPHIS) (also referred to as “The Service”) is a regulatory body established by the KEPHIS Act No.54 of 2012. The role of KEPHIS is to undertake regulatory function in the agricultural sector on matters regarding plant protection, seeds and plant varieties to assure quality of agricultural inputs and produce. KEPHIS is the designated National Plant Protection Organization, the National Designated Authority on Seed Quality and the National Plant Breeders Rights Office.

b) Principal Activities

The functions of KEPHIS are outlined in the KEPHIS Act No. 54 of 2012 as follows:

- a) Regulate matters relating to plant protection, seeds and plant varieties;
- b) Administer and enforce Sanitary and Phytosanitary measures;
- c) Support the administration and enforcement of food safety measures;
- d) Establish service laboratories to monitor the quality and levels of toxic residues in agro-inputs, irrigation water, plants, soils and produce;
- e) Be the principal advisor to the Government on issues relating to seeds and planting material;
- f) Implement plant variety protection in Kenya, administer plant breeders' rights and maintain the Plant Breeders' Rights Register;
- g) Undertake plant variety testing and description, seed certification and plant quarantine control;
- h) Undertake inspection and grading of plants and plant produce at the ports of entry and exit;
- i) In consultation with other relevant agencies, develop and implement standards for seed and plant materials;
- j) Implement and enforce national biosafety regulations on the introduction and use of genetically or living modified species of plants, insects and microorganisms, plant products and other related species;
- k) Regulate import and export of plants and plant materials;
- l) In consultation with other relevant agencies, regulate the commercial exploitation of naturally occurring plants and plant-related microorganisms;
- m) Register and license seed merchants, seed growers, agents and any other person who may be required to be registered under the provisions of this Act or any of the laws specified in the First Schedule;
- n) Enter into association with such other bodies or organizations or authorised persons as the Board may consider desirable or appropriate in furtherance of the purposes for which the Service is established;
- o) Be the liaison office for international conventions relating to plant variety protection, plant protection, seed certification and dealing with endangered species or any other related conventions.

Key Entity Information and Management (continued)

c) Board of Directors and Key Management

The KEPHIS day-to-day management is under the following key organs:

No	Designation	Name
1.	Board of Directors	1. Hon. Joseph M'eruaki Chairman 2. Prof. Theophilus M. Mutui Managing Director 3. Mr. Silas Killingo Member 4. Mr. Moses Atuko Member 5. Dr. Rose Njeru Member 6. Prof. Albert Kimutai Member 7. Hon. CPA Hussein Haji Member 8. Mr. Samuel Manja Member 9. Mr. Julius Mutua Member 10. Mr. James Wanjohi Member
2.	Managing Director	Prof. Theophilus M. Mutui
3.	Director Phytosanitary and Biosecurity	Dr. Isaac Macharia
4.	Director seed certification and Plant Variety Protection	Mr. Simon Maina
5	Acting Corporation Secretary and Head of Legal Services	Ms. Ivy Mburu
6	Acting Senior Manager Internal Audit and Risk	Mr. Raphael Nderitu
7	Director Corporate Services	Ms. Nancy Ndumia – (from 18 th June 2024). Mr. Bartonjo Cheptarus – (acted up to 17 th June 2024)
8	Manager Supply Chain Management	Ms. Ireen Nyaga – (from 18 th June 2024) Ms. Ireen Wambui – (acted up to 17 th June 2024)

d) Fiduciary Management

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

	Designation	Name
1.	Managing Director	Prof. Theophilus M. Mutui
2.	Ag. Corporation Secretary and Legal Services Director	Ms Ivy Rose Waithera Bosco
3.	Ag. Internal Audit and Risk Directorate	Mr. Raphael Wanjohi Nderitu
4.	Director of Corporate Services	Ms. Nancy Ndumia (from 18 th June 2024) Mr. Bartonjo Cheptarus (Acted up to 17 th June 2024)
5.	Director of Phytosanitary and Biosecurity	Dr. Isaac Macharia
6.	Director of Seed Certification & Plant Variety	Mr. Simon Maina

**Kenya Plant Health Inspectorate Service,
Annual Report and Financial Statements
For the year ended June 30, 2024**

	Designation	Name
7.	Deputy Director Finance & Accounts	Mr. Bartonjo Cheptarus (from 18 th June 2024) Mr. Ezekiel Mucheru (Acted up to 17 th June 2024)
8.	Manager Supply Chain Management	Ms. Ireen Nyaga (from 18 th June 2024) Ms. Irene Wambui (acted up to 17 th June 2024)
9.	Ag. Deputy Director Kisumu Regional Office	Ms. Deborah Shituvi (from 22 February 2024) Ms. Chelangat Tonui (up to 21 st February 2024)
10.	Ag. Deputy Director Mombasa Regional Office	Mr. Fredrick Koome (from 22 nd February 2024) Mr. Thomas Kosiom (up to 21 st February 2024)
11.	Deputy Director Kitale Regional Office	Mr. Thomas Kosiom (from 22 nd February 2024) Mr. Ephraim Wachira (up to 21 st February 2024)
12.	Deputy Director Nakuru Regional Office	Mr. Charles Owino (from 22 nd February 2024) Mr. Geoffrey Malemba (up to 21 st February 2024)
13.	Deputy Director Plant Inspection Unit, JKIA	Mr. Josiah Syanda (from 1 st November 2023) Mr. James Wahome (up to 31 st October 2023)
14.	Deputy Director Plant Quarantine Station, Muguga	Mr. Ephraim Wachira (from 22 nd February 2024) Ms. Florence Munguti (up to 21 st February 2024)
15.	Deputy Director Plant Inspection Unit, Naivasha	Ms. Pamela Agwenyi (from 22 nd February 2024) Ms. Hilda Miranyi (up to 21 st February 2024)
16.	Deputy Director Embu Regional Office	Mr Geoffrey Malemba (from 22 nd February 2024) Mr. Charles Owino (up to 21 st February 2024)

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The Service has the following fiduciary oversight structures:

- Non-executive Chairman of the Board
- Board of Directors comprising independent non-executive directors and alternate Directors
- Technical Committee
- Finance Committee
- Human Resource and Administration Committee
- Audit, Risk & Governance Committee

(f) KEPHIS Headquarters

Oloolua Ridge, Ngong Road, Karen
P.O. Box 49592 -00100
Nairobi, KENYA

(g) KEPHIS Contacts

Telephone: +254 0206618000/0709891000
E-mail: director@kephis.org
Website: www.kephis.go.ke

(h) KEPHIS Bankers

1. Kenya Commercial Bank Ltd
P.O Box 7206 00100
Nairobi, KENYA
2. NCBA Bank
P. O Box 30437 00100
Nairobi, KENYA
3. National Bank of Kenya
P.O. Box 72866 00200
Nairobi, KENYA

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. THE BOARD OF DIRECTORS

Hon. Joseph M'eruaki M'uthari - Chairperson



Appointed: 30th June 2023

DOB: 30th June 1967

Hon. Joseph M'eruaki M'uthari is the Chairman of KEPHIS. He has Master's Degree in Development Studies from St. Paul's University, Limuru and a B.Sc. (Hons) in Forestry from Moi University.

In Year 2002, he was honoured as United Nations Person of the year in Kenya. Still, in 2002, he underwent a master class fellowship programme with CDRA South Africa, a highly specialized programme for senior social development practitioners working in various development endeavours. Hon. M'eruaki has the following certificates: Certificate in facilitating development – CDRA South Africa, Certificate in

facilitating Organization Development – Tanzania, Certificate of Attendance in National Workshop on Fundraising and a Certificate in Training Participatory Rural Appraisal for Community-based Planning and Natural Resources Management. Hon. M'eruaki has gained exposure in Natural Resource Management concerns through training and participation from seminars and workshops in Kenya, Zimbabwe, Tanzania, Zanzibar, Uganda and South Africa.

He was the Member of Parliament of Igembe North Constituency in Meru County from March 2013 to August 2017, Caritas Meru Director/Diocesan Social Development Consultant from February 2006 to March 2013, Executive Director of Kamurugu Agricultural Development Initiatives (KADI) from July 1995 to February 2006 and Head of Indigenous Plants Resources Research and Development Department from March 1994 to 1996. He worked with the Association of Volunteers Service International (AVSI) from March to April 1993 and from January to April 1992. In 1990, he worked as a teacher at Mutuati Secondary School.

He is a former Chairman of Tana Water Works Development Agency.

He is fluent in English, Kiswahili and Italian

Prof. Theophilus M. Mutui (Ph.D.) – Managing Director



Appointed: 11th December 2020

DOB: 21st May 1969

Prof. Theophilus M. Mutui, holds a PhD in Horticultural Sciences from Leibniz University of Hannover, Germany. He did his post-doctorate studies at the University of Georgia, Athens in the USA, and the United States Department of Agriculture (USDA) in Maryland under a fellowship from the International Atomic Energy Agency (IAEA). Prof. Mutui is the International Plant Protection Convention (IPPC) official contact point for the Republic of Kenya. He is also the Representative of Kenya to the Council of the International Union for the Protection of New Varieties of Plants (UPOV) as well as in the Organization for Economic Co-operation and

Development (OECD) Fruit and Vegetables Schemes and OECD Seed Schemes. He has over 30 years of experience, having previously worked at the National Biosafety Authority (NBA) as the Acting Director, Technical Services. At NBA, he was involved in establishing networks and partnerships with government entities, the private sector and development partners that were favorable to the Authority.

Prof. Mutui was previously the Country Coordinator for Better Training for Safer Food (BTSF) Programme for DG-SANCO for the European Union (EU) and a member of the National Food Safety Coordinating Committee. He has a wealth of experience in research, consultancy and teaching. He is a member in good standing of many local and International professional societies such as the International Society for Biosafety Research (ISBR), International Society of Horticultural Sciences (ISHS), Horticultural Association of Kenya (HAK) and a member of Kenya DAAD Scholars Association (KDSA). Prof. Mutui has widely published in international refereed journals and he is regularly invited as a guest speaker in international scientific conferences.

Mr. Silas Killingo – Director



Appointed: 13th May, 2022

DOB: 15th December 1961

Mr. Silas Killingo was appointed as a KEPHIS Non- Executive Director in May 2022 and has 36yrs experience in both public and Private sector.

He holds BA (Hons) from the University of Nairobi, Majoring in Psychology and Sociology. He is currently pursuing a Master's Degree in Criminology. He works for Kenya Airforce, Technical Department, and Specializing in Engineering control and Instrumentation.

Prof. Albert Kimutai- Director



Appointed: 30th June 2023

DOB: 29th September 1974

Prof. Albert Kimutai is a holder of a Doctor of Philosophy degree in Science (Parasitology) from the University of Eldoret. In addition, he holds a Master of Science Degree (Immunology) from Kenyatta University and a Bachelor of Education (Science) degree from Egerton University. He has developed his career in teaching and management over the last 21 years with 8 years' experience as a graduate teacher and administrator and 12 years of University level teaching, research and administration in two chartered public

universities in Kenya, Masinde Muliro University of Science and Technology and the University of Kabianga.

Prof. Albert Kimutai is a seasoned researcher and consultant as well as lead trainer for various organizations including Uwezo Kenya, Twaweza East Africa, The Institute of Social Accountability (TISA), Lake Victoria North Water Services Board and CfBT Africa. Twice, he has won the best Facilitator for Uwezo East Africa Regional Research Training Facilitator of the Year 2012 and 2013. Between 2009 and 2013, he was among the lead consultants in a survey to assess learners on their numeracy and literacy competencies across East Africa region.

He is also the Africa Region consultant for Boehncke Business Information, a German organization that undertakes research on tropical diseases across Africa. A case in point is that in 2021, he was the Principal Researcher in a cross-sectional survey on the status of all health facilities in Central Equatoria region of South Sudan where he led the survey of over 500 health facilities. In addition to the above, he has served as the lead consultant for the development of strategic plans for secondary schools in Busia County (2012) and the country trainer for The Institute of Social Accountability.

Prof. Kimutai believes in community work and the promotion of human rights and social accountability. In 2012, he established Kerio Center for Community Development and Human Rights, a civil society organization that enhances and promotes good governance through public participation in the management of county affairs. Over the last six years, the International Budget Partnership, a US based organization, and other partners, has awarded his organization, Kerio Center for Community Development and Human Rights over 500,000 US dollars to undertake programs on strengthening and enhancing citizen participation and oversight role in the formulation and execution of county policies through budget analysis and advocacy in the counties of Uasin Gishu, Nandi, Elgeyo Marakwet, Trans Nzoia and Baringo.

Mr. Julius Mutua – Alternate Director, Representative to the Cabinet Secretary, National Treasury and Planning



Appointed: 16th May, 2017

DOB: 1st January 1971

Mr. Julius Mutua is a seasoned civil servant with over 20 years' experience in economic and financial policy formulation at the National Treasury. He has served in the National Fiscal Budget Preparation Team for many years and participated in regional integration issues including the negotiation of the East African Community Monetary Union Protocol. He is currently the Programme Coordinator for the Public Finance Management Reforms. He holds a Bachelor's Degree in Economics from Kenyatta University and a Master's Degree in Economics from the University of Dares Salaam. He also holds certificates in Fiscal Decentralization and Financial Institutions for Private

Enterprise development from Duke and Harvard Universities respectively.

Mr. James Wanjohi -Alternate Director, Representative to the Principal Secretary State Department of Crops Development



Appointed: 28th January, 2022

DOB: 14th September 1968

Mr. James Wanjohi has had a distinguished career spanning 25 years as an agricultural development, food security and extension specialist, with local, regional and international exposure. He is currently working, at policy level, at the Ministry of Agriculture, Livestock, Fisheries and Cooperatives.

He holds an MSc in Agricultural Extension and a BSc in Agriculture. He has also attended many trainings in the fields of agriculture and food security. He has corporate experience having been a board member of five other boards across the agriculture sector.

Mr. Moses Atuko - Director



Re-appointed: 27th October, 2022

DOB: 24th December 1980

Mr. Moses Atuko is currently a consultant with United Nations. Previously, he worked as County Executive for Health Services and Environment-Mining-Energy, both for Baringo County Government; Country Director for MENTOR Initiative, Kenya; Regional Manager for Kenya Red Cross, North Rift; Deputy Country Director for MENTOR Initiative, Liberia; Emergency Health Manager for Kenya Red Cross, Nairobi; Project Officer with Aga Khan Foundation, Mombasa; and has been a Public Health Consultant for over 6 years. He is a graduate of Public Health, Moi University, 2004.

Dr. Rose Njeru - Director



Re-appointed: 27th October, 2022

DOB: 30th December 1961

Dr. Rose Njeru holds a Doctorate degree in Plant Sciences from Murdoch University, Australia and a Master's Degree in Plant Pathology from The University of Nairobi. Dr. Njeru has a wide experience in the field of plant health having served as a senior lecturer at the Faculty of Agriculture, University of Nairobi for over 15 years. She has also served as a Senior Scientist with the Ministry of Agriculture in Rwanda under a World Bank funded Rural Sector Support Program for a period of four years. During the subsequent four years, she was a director in charge of Capacity Building and Technology Deployment with an international Non-Governmental Organization. Dr. Njeru

has published widely in peer reviewed journals, participated in international conferences and supervised PhD Students in the field of agronomy, plant breeding, biotechnology, and plant health in general.

She has international experience as an; educator, trainer, researcher, in proposal development and capacity development with a focus on plant health, biotechnology, capacity building, documentation, communication, science, technology and innovation systems. Currently, Dr. Njeru is an independent international consultant in the field of plant health with an interest in plant health systems, compliance to international treaties especially the world Trade Organization Sanitary and Phytosanitary Agreement. She has been a consultant with several organizations including; Food and Agriculture Organization of the United Nations, International Fund for Agriculture Development, Technical Centre for Agricultural and Rural Cooperation, Regional Universities Forum for Capacity Building in Agriculture, a consortium of over 33 Universities in Africa, International Potato Centre and International Centre for Tropical Agriculture among others. She serves the KEPHIS Board, as the Chairperson of the Technical Committee.

Hon. CPA Hussein Adan Haji - Director



Appointed: 12th January 2024

D.O.B: 20th July, 1989

Hon. CPA Hussein Adan Haji is a seasoned professional in both private and public institutional management and administration. He holds a Master of Business Administration with a Human Resource Management option and a Bachelor of Commerce from Mount Kenya University. Haji is dedicated to continuous growth and holds certifications such as Certified Public Accountant of Kenya (CPA-K). Haji's career includes serving as a Member of County Assembly for Takaba South ward and Chairperson of the Public Account and Investment Committee at Mandera County Assembly. Notably, he has championed initiatives like the Gender bill and played a pivotal role in enhancing public investments. In

his work history, Haji's contributions extend beyond the public sector. Serving as a Dealer Manager at Safaritel Limited, he achieved remarkable growth in company turnover and profitability. His earlier role as a Safaricom Agent showcased his entrepreneurial spirit in managing Mpesa services, significantly increasing business turnover and profitability. Haji's commitment to continuous learning is evident in his professional development, where he pursues certifications such as Senior Management Course, Strategic Leadership Development Program at Kenya School of Government, and ongoing studies in Certified Secretaries (CS). As a proud member of the Institute of Human Resource Management and the Institute of Certified Public Accountant, he actively contributes to professional communities. Beyond his professional endeavors, Haji enjoys a well-rounded lifestyle with interests in reading, traveling, and watching movies. This brief biography encapsulates his journey, emphasizing dedication to excellence and leadership.

Mr. Samuel Muriuki Manja - Director



Appointed: 27th October 2023

D.O.B: 31st October, 1977

Mr. Samuel Muriuki Manja is a director at Spenza Limited Company, a business conglomerate, of which he is among the largest individual shareholders in Mount Kenya Region. He has over 14 Years of experience in agricultural activities particularly in planting tomatoes and maize on large scales. Based on the available markets and the income generation trends, he has actively engaged in establishing Agro-vets to facilitate the general public in accessing farm inputs. Mr. Muriuki has been actively involved in youth,

women and men mentorship programs. His passion and determination has led to creation of many job opportunities to many young individuals.

Mr. Muriuki has received several Awards including but limited to the best Marketer and seller within the Mount. Kenya Region and on quality assurance in Spenza products in 2022. He has been rated top 3 in Mount. Kenya Region in Voluminous Productivity based on quality and access to market trends.

4. MANAGEMENT TEAM

Prof. Theophilus M. Mutui (Ph.D.) – Managing Director

Profile on page xi above

Dr. Isaac Macharia – Director of Phytosanitary and Biosafety



Dr. Isaac Macharia, the Director, Phytosanitary Services and Biosafety holds a PhD in Plant Virology from the University of New England in Australia and Masters of Science in Plant pathology from the University of Nairobi. He has worked with KEPHIS since 2002 where he has served in various capacities; Plant Inspector, head phytosanitary laboratories & Deputy Officer in Charge at Plant Quarantine Station and finally as the Regional Manager - KEPHIS Mombasa. He has undergone extensive phytosanitary training on Pest Risk Analysis & Diagnosis from USDA APHIS and Ohio State University in the USA. During the course of his work, he has spearheaded diagnostic services, pest risk analysis, surveillance, import

certification and development of Phytosanitary policies. This has led to significant growth of the institution and has enabled the industry to access and retain foreign markets.

Mr. Simon Mucheru Maina- Director of Seed Certification & Plant Variety Protection



Mr. Simon Mucheru holds a BSc and M.Phil. in Plant Genetics from Moi University. He has extensive experience in plant variety protection and seed quality assurance. He has undergone extensive training in plant variety protection, seed certification and seed policy in Japan, United States and The Netherlands. He has offered leadership as a seed system and plant variety protection expert in development of regional seed systems under COMESA, ARIPO and EAC. In particular, he chaired the ARIPO Technical Committee on Plant Variety Protection that oversaw the development and adoption of Regulations under the Arusha Protocol for the protection on new Varieties of Plants from 2015 to 2019. He

also led the Kenyan team of experts that participated in the development of the draft East Africa Seeds and Plant Varieties Bill. He has spearheaded capacity building of local and regional seed inspectors.

Ms. Nancy Ndumia - Director of Corporate Services



As from 18th June 2024

Ms. Ndumia joined KEPHIS in June 2024 as the Director, Corporate Services. She is an accomplished management executive with over 15 years' experience and a proven track record of enhancing financial performance and operational efficiency in diverse business environments.

She holds a Master's in Business Administration from the University of Sunderland (UK) and a Bachelor's Degree in Commerce (Finance Option) from the University of Nairobi. She is also a Certified Public Accountant and is a member of the Institute of Certified Public Accountants, Kenya (ICPAK).

Mr. Bartonjo Cheptarus- Ag. Director of Corporate Services

Up to 18th June 2024



Mr. Bartonjo joined KEPHIS in the year 2002 and has served in the capacities of Head of Finance and Head of Audit. He holds a Bachelor's Degree in Commerce (Finance Option) from the University of Nairobi.

He is a Certified Public Accountant and is a member of the Institute of Certified Public Accountants, Kenya (ICPAK).

Ms. Ivy Waithera Mburu - Ag. Corporation Secretary & Head Legal Affairs



Ms. Mburu joined KEPHIS in 2018 and holds a Bachelor of Laws LL. B (Hons.) from the Catholic University of Eastern Africa and a Post Graduate Diploma in Law from the Kenya School of Law. She is also an Advocate of the High Court of Kenya, Commissioner of Oaths, and a Notary Public.

Presently she is the Ag. Corporation Secretary and oversees the Legal Affairs Department which undertakes the Contracts & Legal Instruments, Litigation & Disputes, Ethics, Integrity and Anti-Corruption Issues and Legal Review of the Statutes being implemented by the Organisation.

Ms. Ireen Nyaga – Manager Supply Chain Management



As From 18th June 2024

Ms Nyaga holds Msc (Procurement & Contracting) Certified Procurement & Supply Professional (CPSP K), BBM (Purchasing & Supplies management. She joined KEPHIS on 18th June 2024. Previously she worked for Directorate of Veterinary Services.

5. CHAIRMAN'S STATEMENT

We are pleased to present the KEPHIS 2023-2024 financial statements report. KEPHIS operations are hinged on Kenya's economic Blueprint, the Vision 2030 which seeks to propel the country to achieving economic development with an average of ten percentage growth rate for a globally competitive and prosperous nation. KEPHIS Strategic Plan (2023-2027) is aligned to the fourth Medium Term Plan (MTP) (2023-2027) and the Bottom-up Economic Transformation Agenda (BETA) that envisages transformation of Kenya's Agricultural sector, through the agricultural productivity pillar. KEPHIS plays an important role in supporting the growth of the agriculture sector through implementation of its regulatory mandate.

In its twenty-five years of existence, the Service has focused on delivering its mandate and has established robust systems and processes to support the horticultural sub-sector leading to enhanced market access of Kenya's fresh produce, plants and plant products. This has ensured a steady market for our farmers and sustained growth in trade and foreign exchange earnings for Kenya.

The KEPHIS Board provided oversight to the implementation of planned activities and ensured prudence in utilization of public funds. The Board also ensured compliance with the relevant statutory obligations for efficient and effective service delivery to the public. In addition, the Board has put in place mechanisms to identify, mitigate and address emerging issues. During the year under review, the Service dealt with unprecedented changes in the operational environment such as changes in government policies, statutory requirements, resource availability and recommendations arising from the continuous monitoring and evaluation and appropriate actions were taken. Going forward, the Board shall continue to ensure performance management as well as productivity continues to be the main measure of the Service's service delivery in pursuit of serving our clients and stakeholders better.

In conclusion, we wish to thank the government through our parent Ministry of Agriculture and Livestock Development, stakeholders and development partners for their continued support and collaboration without which KEPHIS would not have achieved its set goals and objectives. We look forward to continue to serve the Kenyan citizenry by delivering the required services in line with the Government's Bottom-up Economic Transformation Agenda (BETA) and other regional and international obligations.



HON. JOSEPH M'ERUAKI M'UTHARI
CHAIRPERSON, KEPHIS BOARD OF DIRECTORS

6. MANAGING DIRECTOR'S STATEMENT

It is with great pleasure that we present to you the KEPHIS 2023-2024 Financial Statements Report. The Service achieved a great milestone by developing its Strategic Plan (2023-2027) that was launched during the year under review. The Plan provides the Service's Road map for the next five years and sets its development agenda in line with the government's economic blue print, the Vision 2030, the fourth Medium Term Plan (MTP) (2023-2027) and the Bottom-up Economic Transformation Agenda (BETA).

KEPHIS' role is to undertake regulatory function in the agricultural sector on matters regarding plant protection, seeds and plant varieties to assure quality of agricultural inputs and produce. KEPHIS is the designated National Plant Protection Organization (NPPO), the National Designated Authority (NDA) on Seed Quality and the National Plant Breeders Rights Office (NPBRO). The operations of KEPHIS are guided by the KEPHIS Act of 2012, the Seeds, and Plant Varieties Act CAP 326 and the Plant Protection Act CAP 324. Kenya is also a signatory to a number of international conventions, agreements and treaties which KEPHIS implements as part of her international obligations. These include; Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC), OECD Fruit and Vegetables Schemes, OECD Seed Schemes and OECD Forest Seed and Plant Scheme, the International Union for the Protection of New Varieties of Plant (UPOV), CODEX Alimentarius Commission, the World Trade Organization-Sanitary and Phytosanitary Agreement (WTO-SPS), the International Plant Protection Convention (IPPC) among others.

In the year under review, we implemented activities focusing on six (6) Key Result Areas (KRAs), that is, Plant Health, Seed Quality Assurance and Plant Variety Protection, Trade Facilitation, Quality of Agro-inputs and Produce, Institutional Capacity and Climate Change Mitigation as per our Strategic Plan 2023-2027. These initiatives were facilitated by resources that were received from the exchequer, internally generated funds and support from development partners.

The Service made notable achievements including recruitment of additional staff, onboarding of key KEPHIS services to the government's e-Citizen platform, launch of the Integrated Export and Import Certification System (IEICS) and revamping of the Seed Certification and Plant Variety System. KEPHIS also maintained accreditation of its Plant Health and Seed testing laboratories under ISO/IEC 17025 and certification to Quality Management Systems (QMS) and Information Security Management Systems (ISMS).

Plant Health:

Plant health is a core area for KEPHIS and handles issues of plant pest/disease emergence and management in the country. Over the years, Kenya has encountered a number of challenges with regards to crop pest and disease emergence that included False Codling Moth (FCM) in roses, Maize Lethal Necrosis Disease (MLND), Potato Cyst Nematode (PCN) and Fall Armyworm (FAW). These have greatly affected our domestic agricultural production systems and productivity. In the year under review, KEPHIS continued to work with partners and other agencies in ensuring early warning and emergency response systems for plant pests and their management. Going forward, KEPHIS will strengthen Early Warning and Emergence response

systems, enhance research for regulatory decision-making, enhance border control and surveillance as a pro-active and preventive measure to reduce pest movement from other countries.

Seed Quality Assurance and Plant Variety Protection:

During the reporting period, KEPHIS undertook activities to assure quality of seed in the market and variety protection. Initiatives included; seed testing, release and commercialization of new varieties of plants, enhanced capacity for variety testing, enhanced capacity of maintenance of reference collections, regulated production and distribution of high-quality seeds, increased farmer awareness on identification and benefits of using certified seeds and certified seedlings as well as vegetatively propagated materials. Additionally, KEPHIS approved private persons to undertake specified seed certification services as determined by the Service, maintained membership and participation in regional and international organizations, enhanced surveillance on the quality of seed in the market and adopted best practices on seed quality assurance system. KEPHIS also undertook plant variety protection by administering plant breeder's rights, ensured maintenance of plant breeders' rights, and built capacity for staff and stakeholders on plant breeders' rights.

Trade facilitation:

KEPHIS participated in regional and international standard setting and harmonization activities to support market access, represent the interests of Kenya in regional and international forums and facilitated compliance to set standards in EAC, COMESA, AFCTA and CODEX. KEPHIS also participated in trade negotiation spearheading negotiation related to Sanitary and Phytosanitary in Kenya USA Trade and Investment partnership (STIP), EU EPA, UK EPA, Kenya UAE agreement (CEPA) among others. In order for Kenya to maintain as well as open new destination markets for its fresh produce, KEPHIS will endeavor to strengthen its participation in trade facilitation fora to enhance market access.

Quality of Agro-inputs and Produce:

KEPHIS continued strengthening quality assurance of agro-inputs through its world recognized testing laboratories. The Service assured the quality of seed, fertilizers, water for irrigation, soil, and pesticide formulations. This was made possible through KEPHIS accredited laboratories at Headquarters, Muguga, Nakuru and Kitale. Accreditation of the laboratories to ISO 17025 was maintained during the year for Analytical Chemistry Laboratory (ACL) at Headquarters, Plant Health Laboratories at KEPHIS PQBS, Muguga and the Seed Testing laboratory in Nakuru. KEPHIS intends to enhance laboratory services through expansion of testing scopes, accreditation of new laboratories and methods to assure customers credibility of test results.

Institutional capacity:

The Service enhanced the capacity of its staff and clients for improved service delivery and compliance to regulatory requirements. In the year under review, KEPHIS achieved a major milestone of recruiting new staff members at various cadres. This is expected to reduce previous challenges brought about by staff shortage. KEPHIS undertook capacity building for farmers, Small and Medium Enterprises (SMEs), and stakeholders in the national and County Governments as a way of ensuring compliance to set standards for market access and enhanced productivity. KEPHIS also sustained progress on staff skill development to meet the necessary competencies required to effectively and efficiently perform their duties. This was ensured through the continued engagement of the Centre of Phytosanitary Excellence (COPE), a training arm of the Service, in collaboration with other stakeholders and partners in the industry. Enhancement of regulatory

capacity through acquisition of necessary tools and equipment was also ensured as a way of improving service delivery.

Climate Change Mitigation:

KEPHIS is cognizant of the undesired effects and impact of climate change especially on agricultural productivity. The Service undertook activities contributing to response to the adverse effects of climate change. These included collaborative management of emerging pests and diseases that would ordinarily not be present in Kenya, through pest surveillances and certification of climate smart crop varieties. In addition, the Service produced and distributed over ten thousand fruit and forest tree seedlings in its established tree nurseries at KEPHIS Headquarters, Embu, Kitale, Nakuru and Kisumu to enhance forest tree cover for carbon sequestration, increasing rainfall, prevention of topsoil erosion (from water and wind), flood and landslide mitigation, barriers against high winds, shelter for wildlife, food (fruits) for humans and animals, employment and alternative sources of wood products.

In conclusion, KEPHIS is steadfast in delivering on its vision of “Excellence in Plant Health and Quality Assurance in Agriculture” through the support and cooperation of its stakeholders. The Service shall focus on strengthening partnership and collaboration as it delivers on its regulatory role in the agriculture sector. I take this opportunity to sincerely thank the KEPHIS Board, management, staff and stakeholders for their contribution in achievement of the milestones realized during the period under review.



PROF. THEOPHILUS M. MUTUI, PHD
MANAGING DIRECTOR

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Kenya Plant Health Inspectorate Service (KEPHIS) had six (6) Key Result Areas (KPAs) within the current Strategic Plan for the FY 2023- 2027. The KPAs are as follows:

KRA 1: Plant Health

KRA 2: Seed Quality Assurance & Plant Variety Protection

KRA 3: Trade Facilitation

KRA 4: Quality Agro-inputs and produce

KRA 5: Institutional Capacity

KRA 6: Climate Change Mitigation

KEPHIS developed its annual work plans based on the above KRAs. Assessment of performance against its annual work plan was done on a quarterly basis. The Service also developed its 2023/2024 Performance Contract from its Annual Work plan and implemented it as per the 20th Cycle Performance Contract guidelines. KEPHIS achieved all its performance targets set for the FY 2023-2023 period for its 5 Key Result Areas, as indicated by select key indicators in the table below:

KRA	Objective	Key Performance Indicators	Activities	Target	Achievements
1. Plant Health	To mitigate against the risk of introduction and spread of plant pests	Number of PRA reports	Undertake Pest Risk Analysis (PRA) of plants, plant products and regulated articles to develop import conditions	22	36 PRA reports
		Number of consignments and Plant Import Permits	Inspection of import consignments at ports of entry	90,000	73,282 Plant Import Permits (PIPs)
	To enhance early warning, emergency response and management of pest	Number of pest surveillances	Pest surveillances conducted using surveillance technologies and tools	12	15 surveillances
		Nurseries inspected and certified	Undertake nursery certification	200	208 Nursery certified
	To enhance plant health diagnostic services	Number of samples analysed	Undertake analysis at the plant health laboratories	13,225	21,628 samples

KRA	Objective	Key Performance Indicators	Activities	Target	Achievements
2. Seed Quality Assurance & Plant Variety Protection	To facilitate access to high quality seeds	Hectares inspected	Undertake seed field inspections	20,000	31,950.42 ha
		Number of seed samples taken and tested	Undertake seed sampling, testing	10,000	12,525 samples
		Number of post control samples	Undertake pre and post control testing	960	462 samples
		Number of seed sellers licensed	License seed sellers	5,000	4,096 seed sellers
		Number of new seed merchant	Register seed merchants	10	26 Seed Merchants
	To protect new varieties of plants	Number of Title grants	Administer Plant Breeders Rights	30	55 Grants
		Number of candidates tested	Conduct national performance trials	100	220 samples tested
		Number of varieties gazetted	Facilitate release of new varieties including gazette	34	71 varieties gazetted
3. Trade facilitation	To enhance market access of agricultural products/ produce	Pest free areas/areas of low pest prevalence established and maintained	Facilitate establishment and maintain of pest free areas/areas of low pest prevalence and Pest free places of production	32	25 Pest free areas established and maintained
		PRA information reports sent to importing countries	Provide pest risk analysis information for market access	10	12 reports sent to importing countries
	To facilitate export and compliance of agricultural	Number of Phytosanitary certificates issued	Undertake grading and inspection of export produce	410,000	631,742 Phytosanitary Certificates

<i>KRA</i>	<i>Objective</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Target</i>	<i>Achievements</i>
4. Quality of Agro-inputs and produce	produce and products	Number of audits/inspections	Field audits for compliance to Phytosanitary market requirements	1,265	1,728 audits
		Number of Tests undertaken for compliance to export requirements	Undertake testing of samples for export compliance	2,200	2,337 samples
	To assure quality of agricultural inputs	Fertilizer samples collected and analysed	Surveillance for fertilizer quality	510	515 samples analysed
	To enhance compliance of agricultural produce with food safety standards	Number of samples analyzed for contaminants	Undertake analysis for contaminants	5,020	4863 samples analysed
5. Institutional Capacity	To strengthen corporate governance	Number of monitoring reports	Undertake risk assessments	4	4 quarterly reports
	To strengthen brand and corporate image	Exhibitions, shows, trade fairs and forums organized	Engage stakeholders	30	54 engagement forums
	To attract and retain competent human capital	Number of trainings implemented	Undertake training and development staff	100	75 training programmes implemented
	To enhance service delivery	ERP system in place	Develop and implement KEPHIS ERP system	ERP system operationalized	System in place

<i>KRA</i>	Objective	Key Performance Indicators	Activities	Target	Achievements
		Integrated ECS/ICS system	Implement an Integrated Import/Export Certification System (IEICS)	IEICS system commissioned	System in place
		Number of practitioners trained	Enhance stakeholder capacity through COPE training	500	561 practitioners
	To enhance infrastructural and asset base	Updated asset register	Update asset Register	Updated asset register	1 asset register updated
	To enhance financial sustainability	Percentage of utilisation of funds	Absorption of Allocated Funds (GoK)	100%	100%
		Revenue collected	A-in-A	1,593 M	1,483M
		Percentage utilisation of externally mobilized funds	Absorption of Externally Mobilized Funds	100%	100%
		Ratio of Pending Bills to total budget	Management of pending Bills	<1%	2%

8. CORPORATE GOVERNANCE STATEMENT

a) Introduction

Kenya Plant Health Inspectorate Service (KEPHIS) is committed to maintaining the highest standards of Corporate Governance. This is considered as crucial to the overall outlook of the Service and in meeting the interests of the stakeholders in the Agriculture Sector. In furtherance of its mandate, the Board is guided by the following pillars of corporate governance, namely: accountability, transparency, fairness, integrity and ethical leadership.

b) Constitution and Appointment of the Board of Directors

Board members are appointed by the Cabinet Secretary for Agriculture and Livestock Development as provided for in the Kenya Plant Health Inspectorate Act. The Board has a total of 13 members as follows:

- i) The Chairperson;
- ii) Cabinet Secretary to the National Treasury or a designated representative;
- iii) The Principal Secretary in the Ministry responsible for Agriculture or a designated representative;
- iv) Not more than seven other persons, not being employees of the Service, and of whom not more than three shall be appointed by the Cabinet Secretary; and
- v) The Managing Director, who shall be the Secretary.

c) Board Charter

The Board is guided by a Board Charter which documents the constitution, roles and responsibilities of the Board. The provisions of the Board Charter relate to:

1. The appointment of Board Members
2. The composition and the primary responsibilities of the Board
3. Practices of the Board including but not limited to the conducting of meetings
4. Relationship of the Board and Management
5. Conflict of Interest
6. Induction, performance and remuneration of the Board.

d) The Board members who served for the year ended June 30, 2024 were as follows:

S/No	Name	Role	Date of Appointment	Expiry of Term
1.	Hon. Joseph M'eruaki M'uthari	Chairman	30.06.2023	29.06.2026
2.	Mr. Julius Mutua	Alternate, Cabinet Secretary National treasury & Planning	16.05.2017	TBA
3.	Mr. James Wanjohi	Alternate, PS State Department for Agriculture	28.01.2022	TBA
4.	Mr. Moses Atuko	Independent Member	27.10.2021	26.10.2024

S/No	Name	Role	Date of Appointment	Expiry of Term
5.	Dr. Rose Njeru	Independent Member	27.10.2021	26.10.2024
6.	Prof. Albert Kimutai	Independent Member	30.06.2023	29.06.2026
7.	Mr. Silas Kilingo	Independent Member	13.05.2022	12.05.2025
8.	Mr. Samuel Manja	Independent Member	27.10.2023	26.10.2026
9.	CPA Hussein Haji	Independent Member	12.01.2024	11.01.2027
10.	Prof. Theophilus M. Mutui	Managing Director, KEPHIS	11.12.2020	10.12.2026

e) Role and Responsibilities of the Board

The Board provides leadership and strategic direction to the Service. Its role is to guide the Service towards sustainable long-term success by offering policy direction. In carrying out this overall mandate, the Board is guided by impartiality.

f) Committees of the Board

In order to facilitate the smooth running of its affairs, Board members have established Committees with a membership and terms of reference as outlined in the Board Charter. The following Committees were in place in the Financial Year

1. Technical Committee;
2. Human Resource and Administration Committee;
3. Finance Committee; and
4. Audit and Risk Committee.

g) Conflict of Interest

The Board members are under a fiduciary duty to act honestly and in the best interest of the Service. Accordingly, Directors have been encouraged to recuse themselves from discussing or voting on matters that a conflict of interest may exist. The Board maintains a Conflict-of-Interest Register.

In all the Board meetings held during the FY 2023/2024 Directors were required to declare any conflict of interest that they may have in the agenda items discussed. The same was recorded in the Conflict-of-Interest Register.

h) Board Evaluation

In pursuit of promoting Board effectiveness, Mwongozo, the Code of Governance for State Corporations requires that, on an annual basis, Board of Directors conduct self-evaluation of its performance and file a report thereof with the parent Ministry and the State Corporations Advisory Committee (SCAC).

During the financial year ended 30th June 2024, the Board conducted self-evaluation and attained an overall score of 93.40%.

i) Board and Committees Meeting Attendance 2023/2024

1. Full Board Meetings

S/NO.	NAME	ATTENDANCE
1.	Hon. Joseph M'Eruaki M'uthari	9/9
2.	Prof. Albert Kimutai	8/9
3.	Dr. Rose Njeru	8/9
4.	Mr. Moses Atuko	8/9
5.	Mr. Julius Mutua	9/9
6.	Mr. James Wanjohi	9/9
7.	Mr. Silas Kilingo	8/9
8.	CPA Hussein Haji	3/9 *
9.	Mr. Samuel Manja	4/9 *
10.	Mr. Chrisologous Makokha	8/9

The following meetings were Special Board following the approval being sought from the Parent Ministry to conduct the same:

- Hosting the newly appointed Principal Secretary
- Adoption of the Shortlisting Report
- Conducting of interviews

2. Technical Committee

S/NO.	NAME	ATTENDANCE
1.	Dr. Rose Njeru	4/4
2.	Mr. Moses Atuko	4/4
3.	Prof. Albert Kimutai	3/4
4.	Mr. Julius Mutua	3/4
5.	Mr. James Wanjohi	4/4
6.	Mr. Chrisologous Makokha	4/4

3. Finance Committee

S/NO.	NAME	ATTENDANCE
1.	Dr. Rose Njeru	5/5
2.	Mr. Julius Mutua	5/5
3.	Prof. Albert Kimutai	5/5
4.	Mr. James Wanjohi	5/5
5.	Mr. Samuel Manja	1/5*
6.	CPA Hussein Haji	1/5*
7.	Mr. Chrisologous Makokha	5/5

4. Human Resource and Administration Committee

S/NO.	NAME	ATTENDANCE
1.	Mr. Silas Kilingo	5/5
2.	Mr. James Wanjohi	5/5
3.	Mr. Julius Mutua	5/5
4.	Mr. Samuel Manja	2/5*
5.	CPA Hussein Haji	2/5*
6.	Mr. Chrisologous Makokha	4/5

5. Audit and Risk Committee

S/NO.	NAME	ATTENDANCE
1.	Mr. Moses Atuko	5/5
2.	Mr. Silas Kilingo	5/5
3.	Mr. Julius Mutua	5/5
4.	Mr. James Wanjohi	5/5
5.	Mr. Chrisologous Makokha	4/5

Note:

* During the Financial Year CPA Hussein Haji and Mr. Samuel Manja were appointed to the Board on 12th January 2024 and 27th October 2023 respectively and attended all meetings after their appointment.

j) Board Induction and Continuous Skills Development

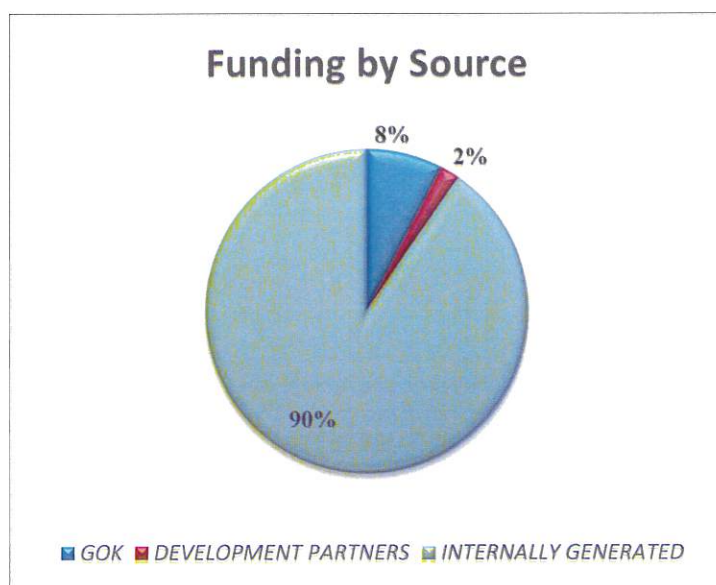
New Board members are taken through an effective induction programme to assist them in understanding their responsibilities, general principles of corporate governance and Board practices. Further, the Board is trained on relevant areas deemed necessary for execution of their duties. In the Financial year 2023/2024 a total of two (2) Board members were inducted.

k) Governance Audit

The Board recognizes the importance of a Governance Audit being carried out as highlighted under the Mwongozo Code of Governance and has therefore ensured that the same is going to be undertaken in the FY 2024/2025.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Service's financial position was strained due to reduced GOK funding and increasing operational costs which were driven by institutional growth and increase in prices of goods and services. Own-source revenue achieved a healthy growth but was not adequate in covering the cost of operations.



The gap is attributed to the fees which were gazetted in 2009 being below current cost of service. During the FY additional resources were put on fake seed surveillance and audit of fresh produce to assure quality and facilitate safe trade

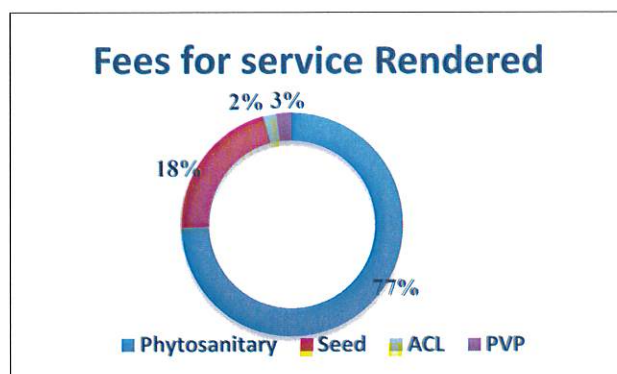
The financial sustainability of the Service is hinged on a review of the current fees level to ensure that the mismatch is eradicated.

Despite the challenges faced, the Service delivered on set targets.

Service revenue generation

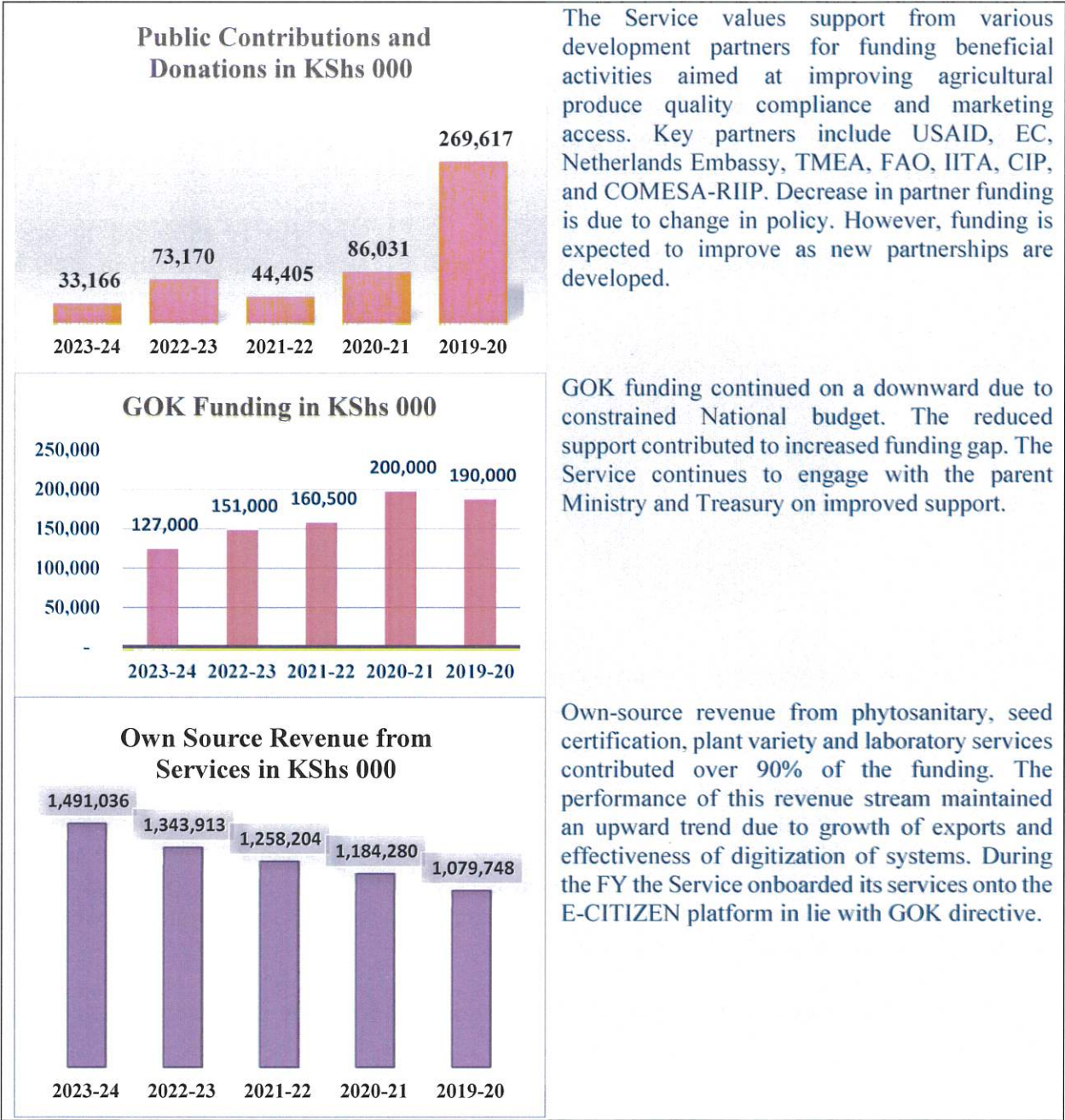
Revenue from service rendering grew in the year by 11% from KShs. 1.33B recorded in financial year 2022/23 to KShs. 1.49B in the financial year 2023/24. Phytosanitary services continue to be the leading revenue earner at 77% followed by seed certification and plant variety protection services at 21%. Improved revenue from phytosanitary services was attributed to withdrawal of waiver on inspection of Tea, coffee, and herbs.

Figure 1. Graphical representation of proportionate Revenue generation from rendering service



Service fees charged by the Service are provided for under the Seeds and Plant Variety Act CAP 326 and the Plant Protection Act Cap 324. The fees are not set to generate profit but to cover the costs of provision of services.

The following is an analysis of trend for the various sources of revenue:



Expenditure

The sustained inflationary pressure prevailing in the macro environment impacted negatively of cost of goods and services which in turn partly drove up expenditure by 13%. Other factors that contributed to increase included increased activities and recruitment of new employees.

Overall, total expenditure for the financial year increased by 13%, rising from KES 1.63 billion to KES 1.84 billion. This increase was mainly attributed to heightened activity levels, additional staffing, and inflationary trends at the macroeconomic level.

The following section provide further analysis and commentary:

Employee Costs in KShs 000

2019-20	672,340
2020-21	639,619
2021-22	651,509
2022-23	670,616
2023-24	776,642

Human capital continues to be the most critical asset for KEPHIS especially being a service-oriented organization. The increase in costs was because of recruitment additional staff to address a shrinking complement. The staffing was undertaken in line with approved Human Resource Instruments.

Board Expenses in KShs 000

2019-20	33,856
2020-21	29,750
2021-22	23,847
2022-23	31,701
2023-24	36,866

KEPHIS Board continued to provide oversight and policy direction to the Service which ensured that the mandate and other performance obligations were met. The increase in expenditure was as result of strategic plan review and involvement in recruitment activities undertaken during the financial year. The Board expenditures in excess of budget were approved by the Ministry.

Depreciation and Amortization Expense in KShs 000

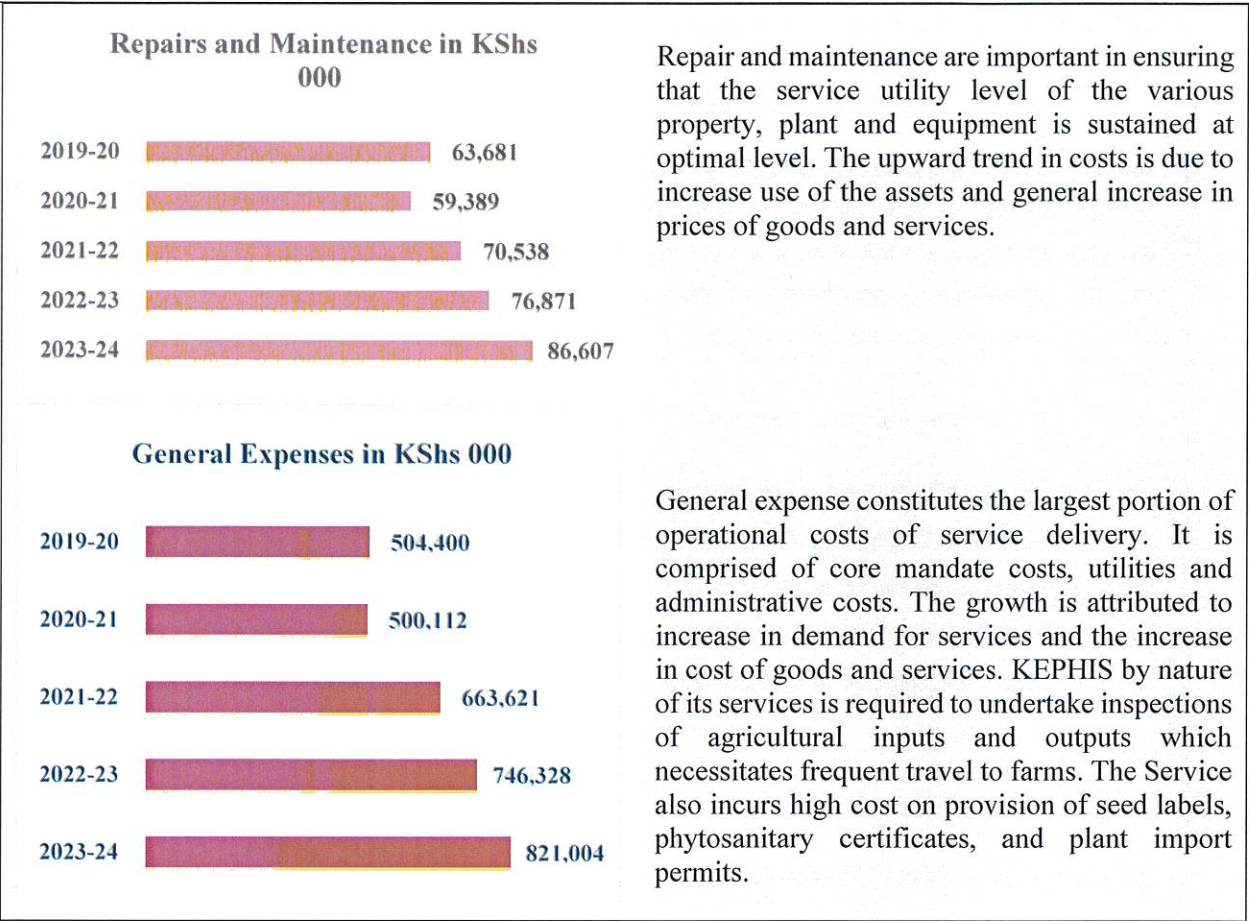
2019-20	86,782
2020-21	89,416
2021-22	94,226
2022-23	77,754
2023-24	83,639

The Service maintains a portfolio of non-current assets namely, land, buildings, vehicles laboratory and office equipment, computers and others which were utilized during the year to provide services. The utilization resulted in depreciation as measured using approved rates.

Grant and Subsidies Expenditures in Kshs 000

2019-20	169,006
2020-21	66,699
2021-22	24,420
2022-23	26,211
2023-24	39,420

These expenditures relate to development partner funded activities implemented during the financial year. It also includes COPE (Center for Phytosanitary Excellence) programmes and the Phytosanitary Conference activities. COMESA RIIP project activities targeting reduction of trade barriers to promote trade were undertaken.



10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Introduction

Global climate change has led to environmental degradation, damaging the environment. In Kenya, the government has emphasized the importance of mitigating climate change in order to restore the environment. One of the key ways of doing this is to plant trees. The target is to plant 32 billion trees by 2032.

In the 2023 – 2024 financial year, KEPHIS through the Board, management and staff planted about 25,123 trees. These were Mangrove seedlings to restore part of the Coast’s ecosystem, Macadamia, Avocado, forest tree seedlings, avocado, among others. The seedlings were produced in nurseries established at KEPHIS Headquarters, Mombasa, Nakuru, Embu and Kitale regions. Some regional offices moreover trained various groups on good agricultural practices on caring and maintaining the seedlings.

The seedlings were also used during various activities and events such as the National Tree Growing Day, Chepsaita Run, the 1st Lady Mama Doing Good Initiative and donated to schools to teach students the importance of conserving the environment. Additionally, others were donated to county governments for their use.

The types of seedlings the KEPHIS planted and donated are summarized as below:

No.	Regional Office	Types of seedlings planted	Number of seedlings donated and or planted
1.	Mombasa regional office	Mangrove seedlings	608
2.	Nakuru Regional office	Macadamia and forest tree seedlings	8,000
3.	Embu Regional Office	Macadamia and forest tree seedlings	6,285
4.	Kitale Regional Office	Macadamia, avocado, whistling pine, eucalyptus and prunus Africana	10,200
5.	Headquarters	Avocado and other species	30
		Total:	25,123

Pictorials



Board Chairman Hon. Joseph Méruaki planting a tree during the National Tree Growing Day on 13th November 2023 at KEPHIS Headquarters. Looking on are Board Members, Managing Director and Staff.



KEPHIS staff with members of the Big Dream Self Help Group while planting Mangrove Seedlings to restore part of the Coastal Eco-System



Tree planting exercise at Kiu Makueni County during the National Tree planting Day on November 13th 2023. The Service donated 3100 seedlings (Macadamia and Forest tree).



KEPHIS Nakuru team handing over seedlings to a forestry officer at Kapsoit, Kericho County

11. REPORT OF THE DIRECTORS

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

i) Principal activities

The principal activities of the Service are as expounded in the KEPHIS legal framework i.e., Plant Variety Protection, Seed Certification, Analytical Chemistry Laboratory Services and Phytosanitary Services; others include Corporate Nature Activities, Project implementation and Support services

ii) Results

The results of the Entity for the year ended June 30, 2024, are set out on page 1 to 5.

iii) Directors

The members of the Board of Directors who served during the year are shown on page vi. During the year no director retired/ resigned. Two directors joined within the year; Mr. Samuel Manja joined on 27th October, 2023 with Hon. CPA Hussein Haji joining on 12th January, 2024.

iv) Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In financial year 2023/24 KEPHIS had no surplus hence zero remission to the consolidated fund.

v) Auditors

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

By Order of the Board



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PROF. THEOPHILUS M. MUTUI, PHD
SECRETARY TO THE BOARD

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 16 of the KEPHIS Act No.54 of 2012, require the Directors to prepare financial statements in respect of KEPHIS, which give a true and fair view of the state of affairs of the Service at the end of the financial year and the operating results of the Service for the period. The Directors are also required to ensure that the Service keeps proper accounting records which disclose with reasonable accuracy the financial position of the Service. The Directors are also responsible for safeguarding the assets of the Service.

The Directors are responsible for the preparation and presentation of the Service's financial statements, which give a true and fair view of the state of affairs of the Service for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Service; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Services' 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 KEPHIS Act. The Directors are of the opinion that the Service's financial statements give a true and fair view of the state of the Service's transactions during the financial year ended June 30, 2024, and of the Service's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Service, which have been relied upon in the preparation of the Service'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 Service will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

KEPHIS financial statements were approved by the Board on 29th , September, 2024 2024 and signed on its behalf by:



HON. JOSEPH M'ERUAKI M'UTHARI
CHAIRMAN BOARD OF DIRECTORS



PROF. THEOPHILUS M. MUTUI, PHD
MANAGING DIRECTOR

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA PLANT HEALTH INSPECTORATE SERVICE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Plant Health Inspectorate Service set out on pages 1 to 34 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Plant Health Inspectorate Service as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with of Kenya Plant Health Inspectorate Services No. 54 of 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inconsistencies in Property, Plant & Equipment

The statement of financial position reflects property plant and equipment balance of Kshs.3,150,118,000 as disclosed in Note 26 to the financial statements. Examination of the assets register however revealed that although Management indicates that there are four title deeds all for Karen area Nairobi, the asset registers only disclosed three of the properties thereby casting doubt on the completeness of the records of property, plant & equipment. Further, included in the land balance of Kshs.2,350,450,000 are properties situated in Nakuru and Kitale valued at total of Kshs.1,241,250,000 that have been reflected in the Inspectorate's books. However, the ownership documents were not provided for audit and Management has indicated that follow up of acquisition of titles is still ongoing. In addition, the land in Kitale is encroached by squatters and recovery of the encroached land within Kitale Municipality has so far not been successful.

In the circumstances, ownership, accuracy and completeness of property, plant and equipment of net book balance of Kshs.3,150,118,000 as at 30 June, 2024 could not be confirmed.

2. Variance between Revenue from Exchange Transactions and Amount Reflected in E-Citizen Platform

The statement of financial performance reflects revenue from exchange transactions amount of Kshs.1,490,786,000. Included in this amount is rendering of services amount of Kshs.1,485,417,000. However, records from the E-Citizen platform indicate an amount of Kshs.927,869,063 out of which Kshs.916,891,911 was transferred back to the Inspectorate thus resulting to an amount of Kshs.10,977,152 not transferred from the National Treasury. Further, it could not be confirmed why the balance was not transferred during the financial year under review and when these funds would be made available to the Inspectorate,

In circumstances, the accuracy and completeness of revenue from exchange transactions amount of Kshs.1,485,417,000 could not be confirmed.

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

Emphasis of Matter

Negative Working Capital

The statement of financial position reflects total current assets of Kshs.208,598,000 against total current liabilities of Kshs.270,307,000 resulting in a negative working capital of Kshs.61,709,000.

In the circumstances, there is a risk that the Inspectorate might not have sufficient liquid assets to cover their operational costs thereby impacting negatively on their operations and service delivery.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.123,537,000 as disclosed in Note 21 to the financial statements. Included in this balance are receivables outstanding for more than one year of Kshs.88,179,557 which includes Kshs.17,828,460 being receivables that have been outstanding for over three years.

In the circumstances, the recoverability of receivables of Kshs.88,179,557 could not be ascertained.

Other Information

The Directors are responsible for the other information set out on page i to xxxvii which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0. Failure to Align Notes to the Financial Statements

Review of statement of financial performance, statement of financial position and statement of cash flows against the supporting notes revealed lack of alignment of the notes, from Note 28 to Note 38, to the said statements. The notes numbering was therefore misleading and inconsistent.

In the circumstances, the preparation and presentation of the annual reports and financial statements is contrary to Section 81 ((3) of the Public Finance Management Act, 2012 which requires that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board.

2.0. Officers in Acting Position Beyond the Stipulated Time Period

During the year under review, examination of human resource records revealed that five (5) members of staff have been in acting capacity beyond the stipulated period with one officer having been in an acting position for more than four (4) years. This was in contravention of Section 6.5(e) of the KEPHIS Human Resource Policies and Procedures Manual which provides that acting capacity is limited to a continuous period of six months and only be extended for a further 6 months by the Board if the post remains vacant. In addition, we were not provided with the Board approval for the extensions.

In the circumstances, Management was in breach of the Inspectorate's Human Resource Policies and Procedures Manual

3.0. Audit of Climate Regulations

Discussions with the Management revealed that there was no designated unit with adequate staff and financial resources and an appointed senior officer as head of the unit to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions and mandates into sectoral strategies for implementation contrary to Climate Change Act 2016 Part IV(15) (5) which states that each state department and national government public entity shall (c) designate a unit with adequate staff and financial resources and appoint a senior officer as head of the unit to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions and mandates into sectoral strategies for implementation.

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

4.0. Non- Compliance with Rights and Privileges of Persons with Disabilities (PWD)

During the year under review, analysis of Human resource records and staff Bio data provided for audit revealed that the Inspectorate has eleven (11) engaged persons living with disabilities in its human resource which represent three (3) percent of the total staffing contrary to Section B (23) (2) of the Public Service Commission Human Resource Policies, May 2016 states which requires government entities to engage at least five (5) percent of persons with disabilities in its human resource.

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

5.0. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions of Kshs.228,478,000 as disclosed in Note 30 to the financial statements. Included in this figure is trade creditors of Kshs.215,503,000 out of which Kshs.4,977,540 has been outstanding for more than one year and no explanation has been offered on the measures Management has instituted in an effort to settle these liabilities.

In the circumstances, the Inspectorate may incur litigation charges resulting from suits by suppliers leading to loss of funds.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0. Failure by the Board of Directors to Approve the Budget within the Required Timelines

Examination of the Board minutes revealed that the Board of Directors for the inspectorate approved or ratified the proposed budget for the financial year 2023/2024 during the 126th board meeting held on 14 February, 2024. This was beyond the deadline of submission of budgets by the National Treasury of 31st January. Further, the Board did not comply to section 2.6.1 of the Kenya Plant Health Inspectorate Service Financial Policies and Procedures Manual, 2018 which requires the budget to be approved by the board of directors before submission to the National Treasury.

In the circumstances, the effectiveness of the Board's governance role in overseeing services delivery and the implementation of its policies, plans and programs could not be confirmed.

2.0. Absence of Management Budget Committee

Review of Budget process and upon enquiry about the minutes of Management Budget Committee, no evidence was provided on the existence of Management Budget Committee. Lack of such committee which is to be tasked with ensuring that there is prioritization on resources allocated to the Corporation and regularly reviewing, monitoring budget implementation and advice on the budget execution, major capital expenditures and reviewing budget performance and strategies may result to expenditure which are not for service delivery to the nation.

In the circumstances, the effectiveness of the controls on monitoring of budget implementation could not be confirmed.

Responsibilities of the Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

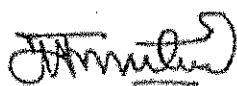
Nairobi

31 December, 2024

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2024

	Notes	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Revenue from non-exchange transactions			
Public contributions and donations	6	33,166	73,170
Transfers from other governments—gifts and services	7	127,000	151,000
		<u>160,166</u>	<u>224,170</u>
Revenue from exchange transactions			
Rendering of services	8	1,485,417	1,334,500
Hire of Facilities	9	3,417	7,407
Finance income-external investments	10	69	155
Other income	11	1,883	1,493
		<u>1,490,786</u>	<u>1,343,556</u>
Total revenue		<u>1,650,953</u>	<u>1,567,726</u>
Expenses			
Employee costs	12	776,642	670,616
Board Expenses	13	36,866	31,701
Depreciation and amortization expense	14	83,848	77,765
Repairs and maintenance	15	86,607	76,871
Grants and subsidies	16	39,420	26,211
General expenses	17	821,004	746,328
Total expenses		<u>1,844,388</u>	<u>1,629,491</u>
Other gains/(losses)			
Gain on sale of assets	18	(994)	(2,602)
Gain on foreign exchange transactions	19	84	1,768
Increase/Decrease in provision	30	4,959	(6,800)
Total other gains/(losses)		<u>4,049</u>	<u>(7,634)</u>
Surplus/Deficit for the period		<u>(189,386)</u>	<u>(69,399)</u>

The notes set out on pages 7 to 35 form an integral part of these Financial Statements. The financial statements set out on pages 1 to 35 were signed on behalf of the Board of Directors by:



.....
Prof. Theophilus M. Mutui, PHD
Managing Director



.....
CPA Nancy Ndumia
Director Corp. Services
ICPAK M/No:10540



.....
Hon. Joseph M'eruaki M'uthari
Chairman of the Board

Date: 29/12/2024

Date: 29/12/2024

Date: 29/12/2024

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2023-2024 KShs '000'	2022-2023 KShs '000'
Assets			
Current assets			
Cash and cash equivalents	20	31,612	27,123
Receivables from exchange transactions	21/22	97,781	145,862
Receivables from non-exchange transactions	23	2,379	19,645
Inventories	24	41,795	31,611
Prepayments	25	35,031	37,337
		208,598	261,579
Non-current assets			
Property, plant & equipment	26/27	3,150,118	3,216,213
Investments	28	60,000	60,000
Long term receivables		-	-
		3,210,118	3,276,213
Total assets		3,418,716	3,537,792
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	29	228,478	165,287
Provisions	30	8,559	8,459
Deferred income	31	24,291	17,803
Payments received in advance	32	8,979	8,447
Total Liabilities		270,307	199,996
Represented by:			
Reserves		2,640,352	2,640,352
Accumulated Surplus		508,057	697,442
		3,148,409	3,337,796
Total Net Assets & Liabilities		3,418,716	3,537,792

The Financial Statements set out on pages 1 to 35 were signed on behalf of the Board of Directors by:

Prof. Theophilus M. Mutui, PHD
Managing Director

Date: 29/12/2024

CPA Nancy Ndumia
Director Corp. Services
ICPAK M/No:10540

Date: 29/12/2024

Hon. Joseph M'eruaki M'uthari
Chairman of the Board

Date: 29/12/2024

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Revaluation reserve	Retained earnings	Total
	Kshs '000'	Kshs '000'	Kshs '000'
At July 1, 2022	2,640,352	766,841	3,407,194
Surplus/Deficit for the period	-	(69,399)	(69,399)
At June 30, 2023	2,640,352	697,442	3,337,795
Balance as at June 30, 2023	2,640,352	697,442	3,337,795
Surplus/Deficit for the period		(189,386)	(189,386)
Balance as at June 30, 2024	2,640,352	508,057	3,148,409

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Cash flows from operating activities			
Receipts			
Public contributions and donations	6	33,166	33,776
Transfers from other governments–gifts and services-in-kind	7	127,000	151,000
Rendering of services	8	1,485,417	1,334,500
Hire of Facilities	9	3,417	7,407
Finance income-external investments	10	69	155
Other income	11	1,967	3,261
		1,651,036	1,530,100
Payments			
Employee costs	12	776,642	670,616
Board Expenses	13	36,866	31,701
Repairs and maintenance	15	86,607	76,871
Grants and subsidies	16	39,420	26,211
General expenses	17	821,004	746,328
		1,760,539	1,551,727
Net cash flows from operating activities		(109,503)	(21,627)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	26	(20,257)	(38,068)
Proceeds from sale of property, plant and Equipment	26	1,510	3,228
Decrease/(increase) in current receivables	33	70,306	(27,848)
Decrease/(increase) inventories	34	(10,184)	31,564
Decrease/(Increase) in prepayments	35	4,306	18,446
(Decrease)/Increase in payables	36	69,778	38,735
(Decrease)/Increase Payment received in advance	37	532	(1,027)
Net cash flows used in investing activities		115,992	25,030
Cash flows from financing activities			
Increase in deposits		(2,000)	-
Net cash flows used in financing activities		(2,000)	-
Net increase/(decrease) in cash and cash equivalents		4,490	3,402
Cash and cash equivalents at 30 June 2023		27,123	23,721
Cash and cash equivalents at 30 June 2024		31,612	27,123
Per Financial Statements		31,612	27,123



.....
Prof. Theophilus M. Mutui, PHD
Managing Director

Date: 29/12/2024



.....
CPA Nancy Ndumia
Director Corp. Services
ICPAK M/No:10540

Date: 29/12/2024



.....
Hon. Joseph M'eruaki M'uthari
Chairman of the Board

Date: 29/12/2024

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024

	Original budget	2023-2024 Kshs '000'	2023-2024 Adjustments Kshs '000'	2023-2024 Final budget Kshs '000'	2023-2024 Actual comparable basis Kshs '000'	2023-2024 Performance difference Kshs '000'	Explanat ion of material variance s
							%
Revenue							
Public contributions and donations	32,288	-	-	32,288	33,166	878	3%
Transfers from other governments-gifts and services-in-kind	162,000	(40,000)	(40,000)	122,000	127,000	5,000	4% (a)
Rendering of services	1,555,712	-	-	1,555,712	1,485,417	(70,295)	-5%
Other income	5,000	-	-	5,000	5,369	369	7% (b)
Total income	1,755,000	(40,000)	(40,000)	1,715,000	1,650,953	(64,047)	-4%
Expenses							
Employee costs	783,000	(10,000)	(10,000)	773,000	776,642	(3,642)	0%
Board Expenses	30,000	-	-	30,000	36,866	(6,866)	-23% (c)
Depreciation and amortization expense	112,935	(40,000)	(40,000)	72,935	83,848	(10,913)	-15% (d)
Repairs and maintenance	68,311	(1)	(1)	68,310	86,607	(18,297)	-27% (e)
Grants and subsidies	32,288	-	-	32,288	39,420	(7,132)	-22% (f)
General expenses	726,983	51,484	51,484	778,467	821,004	(42,537)	-5%
Total expenditure	1,753,517	1,484	1,484	1,755,000	1,844,388	(89,388)	-5%
Other Gains /Losses					4,049		
Surplus for the period	1,484	(41,484)	(41,484)	(40,000)	(189,386)		
Capital Budget	112,935	(40,000)	(40,000)	72,935	20,257	52,678	72% (g)

NB: Changes between the original and final budget were undertaken in line with Treasury Circular No. 15/21, which allows internal revision of the budget up to 10%.

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Explanation of material variance in statement of variance and actual comparison.

a	Adjustment in transfers was caused by reduction of supplementary estimates by 40 million in the year. Included in transfers from Government is Kshs. 5 million-development grant in support of the Horticultural Produce Enhancement.
b	Other incomes increase was derived from conference and accommodation services during the Phytosanitary Conference held in the Year.
c	The board expenditure was high due to additional Board engagements relating to the development of the strategic plan and recruitment of key management staff.
d	Depreciation variance resulted from under provision during budget revision
e	Repairs and Maintenance increase was as a result of increased motor vehicle maintenance mainly due to increased activities in the period and effects of inflation.
f	Grants and subsidies expenditure increase was caused by additional expenditures incurred during the Phytosanitary Conference.
g	Unrealised capital expenditure was caused by budget cut affecting both recurrent and development budgets.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General information

Kenya Plant Health Inspectorate Service (KEPHIS) is a regulatory body established by the KEPHIS Act No.54 of 2012. The role of KEPHIS is to undertake regulatory function in the agricultural sector on matters regarding plant protection, seeds and plant varieties to assure quality of agricultural inputs and produce. KEPHIS is the designated National Plant Protection Organization, the National Designated Authority on Seed Quality and the National Plant Breeders Rights Office.

2. Statement of Compliance and Basis of preparation

The financial statements have been prepared on a historical cost basis unless stated otherwise. 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 Service's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Service, and all values are rounded to the nearest thousand (Ksh000).

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of new and revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:

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Standard	Effective date and impact:
	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.

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Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

ii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2023/2024.

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

The Service recognizes revenues from 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 Service and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when

the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

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.

b) Budget information

The original budget for FY 2023-2024 was approved but there after revised estimates reduced the entity budget by Kshs. 40 million in the financial year 2023-2024.

The Service's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section five of these financial statements.

c) Taxes

Government grant is not subject to tax. The Service just like the Ministries of Government, operates on non-commercial basis. Surpluses are necessarily already utilized on purchase of assets. In addition, surplus relates to GOK grant.

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.

The depreciable amounts of assets (cost or valuation amount less residual value) are allocated over the estimated useful life of the assets. Depreciation is calculated on the

straight-line method. Depreciation is applied on pro rata basis for assets acquired i.e. from month of acquisition. Assets disposed of during the year are not depreciated. In the financial year 2022, the organisation valued its assets and adopted the asset and Liability policy. Depreciation rate of assets has been adjusted in the financial year to be in tandem with the policy;

The Service now applies the following rates of depreciation:

• Freehold land – nil	No Change
• Buildings 2%	No Change
• Plant and Machinery 12.5%	No Change
• Motor Vehicles 16.67% & 10% for vehicles over 4500cc	Prior was 25%
• Office Equipment 12.5%	No Change
• Furniture and fixtures 12.5%	No Change
• Laboratory Equipment 12.5%	No Change
• Computers & Accessories 30%	Prior was 33.3%

The residual values were retained as follows:

- Plant and Machinery 10%
- Motor Vehicles 10%
- Furniture and Fixtures 5%
- Laboratory Equipment 5%
- Computers and Accessories 5%
- Office Equipment 5%

e) Leases

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

f) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

g) Research and development costs

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

The technical feasibility of completing the asset so that the asset will be available for use or sale

Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development.

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

h) Financial instruments

Financial assets

Initial recognition and measurement

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

Impairment of financial assets

The Service assesses at each reporting date whether there is objective evidence that a financial asset or a financial asset is impaired. A financial asset 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 that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments

- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

i) Financial liabilities

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 Entity 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.

j) 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 considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition is accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Service.

l) Provisions

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

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

Contingent liabilities

The Service 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.

Contingent assets

The Service 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 Service 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.

m) Nature and purpose of reserves

The Service creates and maintains reserves in terms of specific requirements. The Service maintains two reserves namely, retained earnings reserve and revaluation reserve. The revaluation reserve of Kshs. 2,640,352.00 reflected in the financial statements arose out of revaluation of Service assets while the retained earnings reserve has a balance of Kshs.508,379,664 arising out of accumulated surplus since inception.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The Service provides defined contribution plan under which it pays fixed contributions into a separate 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 as employee emoluments in the year in which they become payable.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. The US Dollar closing rate as at 30 June 2024 was Kshs. 129. Exchange differences

arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The Service regards a related party as a person or an entity with the ability to exert control individually or jointly or exercise significant influence over it, or vice versa. Members of the Board or Directors are regarded as parties.

s) Service concession arrangements

The Service analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, KEPHIS recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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.

u) Comparative figures

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

v) Subsequent events

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

5. Significant judgments and Sources of estimation uncertainty

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

Estimates and Assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were determined on consideration of relevant factors affecting receivables and in line with the organizational policies and procedures. General provision for doubtful debts was maintained at 7.5% and 100% for all debts over three years.

6. Public contributions and donations

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Project grant COPE	18,600	20,722
COMESA/RIIP	6,000	9,000
CIP Ralstonia	-	79
Assip	16	-
CIMMYT	2,260	2,064
CABI Papaya Mealy Bug	12,779	1,911
Total Transfers and sponsorship	39,655	33,776
Reconciliation of public contribution and donations		
Balance unspent at the beginning of the year	17,803	57,197

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Current year receipts	39,655	33,776
Condition met-transferred to revenue	(33,166)	(73,170)
Condition to be met -remain liabilities (Deferred Income)	24,291	17,803

These funds are received from various development partners and stakeholders.

7. Transfers from other governments

a) Grant

Description	2022-2023	2022-2023
	Kshs '000'	Kshs '000'
Unconditional grants		
Operational grant	122,000	151,000
	122,000	151,000
Conditional grants		
Development Grant	5,000	-
Total government grants and subsidies	127,000	151,000

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

Name of the Entity sending the grant	Amount recognized to Statement of Financial Performance	Amount deferred under deferred income	Amount recognize d in capital fund.	Total transfers 2023-24	2022-2023
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
Ministry of Agriculture -Recurrent	122,000	-	-	122,000	151,000
Ministry of Agriculture - Development	5,000	-	-	5,000	-
Total	127,000	-	-	127,000	151,000

8. Rendering of services

	2023-2024	2022-2023
	KShs '000'	KShs '000'
Total Phytosanitary Revenue	1,144,174	993,294
Total Seed Certification Revenue	260,382	285,131
Plant Variety	57,024	30,684

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	2023-2024	2022-2023
	KShs '000'	KShs '000'
Analytical Services	23,004	25,392
Other	835	-
Total revenue from the rendering of services	1,485,417	1,334,500

9. Rental revenue from facilities

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Conference and Accommodation	3,417	7,407
Total rentals	3,417	7,407

The revenue is generated from fees charged for use of the Service's conference and accommodation facility at the headquarters.

10. Finance income

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Interest from Mortgage Deposit and other deposits	69	155
Total finance income – external investments	69	155
Interest Received	0	0
Interest receivable	69	155
Total Interest receivable	69	155

This is revenue from staff mortgage fund and interest negotiated current account

11. Other income

	2023 - 2024	2022 - 2023
	Kshs '000'	Kshs '000'
Miscellaneous receipts	1,883	1,493
Total other income	1,883	1,493

Incomes received from rented houses in Headquarters, Nakuru and Kitale and income from Safaricom Masts

12. Employee costs

	2023 - 2024	2022 - 2023
	Kshs '000'	Kshs '000'
Basic Salary	340,519	308,489
Casual Labour	93,506	80,172
Gratuity and Pension	61,363	46,174
House Allowance	116,996	108,296
Transfer Allowance	1,614	220

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Other Personal Allowances	65,811	*51,642
Overtime Allowance	1,638	2,710
Passage & Leave Expenditure	9,470	3,886
Medical Expenses	74,622	63,655
Staff life and accident cover	7,466	5,373
Compensation & Ex-Grata	3,636	-
Total employee cost	776,642	670,616

* Error on total personal allowances amount corrected. This did not affect total employee cost for the prior year

13. Remuneration of directors

Description	2023 - 2024	2022 - 2023
	Kshs '000'	Kshs '000'
Medical Expenses	820	875
Board Committees and Seminars	35,002	29,816
Chairman's Honoraria	1,044	1,010
Total director emoluments	36,866	31,701

14. Depreciation and amortization expense

Description	2023 - 2024	2022 - 2023
	Kshs '000'	Kshs '000'
Property, plant and equipment	83,848	77,765
Total depreciation and amortization	83,848	77,765

15. Repairs and maintenance

Description	2023 - 2024	2022 - 2023
	Kshs '000'	Kshs '000'
Maintenance of Motor Vehicle	48,448	35,368
Maintenance of Plant Machinery & Equipment	18,625	20,436
Maintenance of Buildings and stations	19,533	21,067
Total Repairs & Maintenance	86,607	76,871

16. Grants and subsidies

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Project grant COPE	23,237	10,534
ASSIP -K		
COMESA/RIIP	3,721	11,093
SASHA II/Prebasic seed fund		

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Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Agri experience		
Darwin Papaya Mealy Bug		1,583
CIMMYT	217	
USAID Foodscap		1,857
CABI	5,062	
TMEA		
Total Transfers and sponsorship	32,236	26,211
Horticulture Produce Project	7,184	
TOTAL	39,420	

17. General expenses

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Electricity	26,055	18,884
Water & Conservancy	949	1,025
Telephone	8,938	5,333
Postal & Courier	3,639	3,926
Internet Services	16,461	15,861
Local travel & Accommodation	303,446	285,590
External Travel	16,286	30,745
Publishing & printing	83,594	91,164
Advertising & publicity	6,330	3,901
Trade shows & Exhibitions	17,345	12,474
Rents & Rates	13,284	9,040
Hire of transport	3,939	1,373
Training (stakeholders)	10,290	5,105
Catering services	13,860	8,579
Insurance premiums - vehicles & other assets	5,612	6,679
Laboratory stores	35,613	27,695
Education & library	1,109	2,222
Uniform & clothing	5,423	3,131
Purchases of NPT DUS PC and farm inputs	9,459	10,426
General office supplies and Stationery	18,183	18,692
Supply and accessories for computers and Printers	47,070	31,409
Fuel & lubricants	62,617	46,344
Bank Charges	2,693	4,531
Guards & cleaning services	35,858	31,171
Contracted professional services	10,014	15,345
Others - Miscellaneous	244	568
Contribution to private and international organisations	4,033	6,800
Farmers demos & field day food & ration	44,718	36,473

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Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Audit fees	1,922	2,883
Corporate social responsibility	181	453
Staff Training	11,841	8,505
Total General Expenditure	821,004	746,328

18. Gain on sale of Assets

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Motor Vehicles	(994)	(2,602)
Office Equipment	-	-
Furniture & Fitting	-	-
Total gain	(994)	(2,602)

19. Gain on foreign exchange

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Realised Exchange Gain/loss	84	1,768

20. Detailed Analysis of the Cash and Cash Equivalents

Detailed Analysis of the Cash and Cash Equivalents				
Institution	Description	Account Number	2023-2024	2022-2023
			Kshs '000'	Kshs '000'
Current accounts				
CBA	KEPHIS USAID	6523810022	76	85
KCB	KEPHIS	1108285430	20,079	2,622
KCB	KEPHIS	1108285678	865	3,281
KCB	KEPHIS(Dollar)	1104843269	313	943
KCB	Kephis-Assip	1138298948	289	289
KCB	Kephis-Cope	1130043959	7,384	7,059
KCB	Kephis sinking Fund	1128368366	130	130
KCB	Kephis EAAPP Project	1121039685	259	259
NBK	Kephis	1001017146200	9	9
NIC	EU Smap	1001569364	6	5
CBA	Kephis JKIA	6523810017	1,177	5,328
	MPESA		0	4,784
			30,586	24,794
KCB	Kephis Kisumu	1104038307	2	106
KCB	Kephis Kitale	1108814093	249	-11

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Institution	Description	Account Number	2023-2024	2022-2023
			Kshs '000'	Kshs '000'
KCB	Kephis Mombasa Office	1101574712	136	1,199
KCB	Kephis Naivasha	1121954359	85	12
KCB	Kephis Nakuru	1101844876	539	2
KCB	Kephis Quarantine Plant	1107093724	7	-5
KCB	JKIA		8	38
KCB	Kephis Embu	1102966649	1	5
			1,027	1,345
	Un-deposited funds		-	984
Total cash and cash equivalents			31,612	27,123

21. Receivables from Exchange Transactions

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Current receivables		
Service debtors	123,537	176,578
Less: impairment allowance	(25,756)	(30,716)
Total current receivables	97,781	145,862

22. Impairment Allowance computation

	1 -3yrs Kshs '000'	Over 3yrs Kshs '000'	TOTAL Kshs '000'
Total Debtors	105,709	17,828	123,537
Provision Rate	7.5%	100%	
Provision	7,928	17,828	25,757

23. Receivables from Non-Exchange Transactions

Description	2023 -2024	2022-2023
	Kshs '000'	Kshs '000'
Current receivables		
Staff advances	14	78
Interest receivable	2,206	2,165
Medical Advance	159	3,152
MOA-June Recurrent Grant receivable	-	14,250
Total current receivables	2,379	19,645

24. Inventories

Description	2023 -2024	2022-2023
	Kshs '000'	Kshs '000'
Inventories	41,795	31,611

25. Prepayments

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Prepayment Supplies	13,693	26,981
Deposit Supplies	11,582	9,582
Travel Imprest	9,755	774
Total Prepayments	35,031	37,337

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26. Property, plant and equipment

Cost	Land	Buildings	Plant & Machinery	Motor vehicles	Computers	Office Equipment	Furniture and fittings	Lab Equipment	Work in progress	Total
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
As At 1 July 2022	2,350,450	426,900	19,513	168,672	37,552	8,568	8,717	223,868	17,502	3,261,741
Additions	-	-	3,010	-	15,430	5,647	3,145	10,836	-	38,068
Disposals	-	-	-	*-5,831	-	-	-	-	-	-5,831
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 30th June 2023	2,350,450	426,900	22,523	*162,841	52,982	14,215	11,862	234,704	17,502	3,293,978
Additions	-	-	497	-	10,573	3,899	1,713	3,574	-	20,257
Disposals	-	-	-	-2,946	-	-	-	-	-	-2,946
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 30th June 24	2,350,450	426,900	23,020	159,896	63,555	18,114	13,575	238,278	17,502	3,311,290
Depreciation And Impairment										
At 1 July 2022	-	-	-	-	-	-	-	-	-	-
Prior Year Depreciation 22/23	-	8,538	3,147	24,230	12,368	1,205	1,301	26,977	-	77,765
Impairment	-	-	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-	-	-
Accum Dep 30th June 2023	-	8,538	3,147	24,230	12,368	1,205	1,301	26,977	-	77,765
Current year Depreciation 23/24	-	8,538	2,580	23,788	17,349	1,817	1,593	28,184	-	83,848
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
Accum. Dep 30th June 2024	-	17,076	5,727	47,575	29,716	3,022	2,894	55,161	-	161,171
Net Book Values 30th June 24	2,350,450	409,824	17,293	112,320	33,839	15,092	10,682	183,117	17,502	3,150,118
As at 30th June FY 22/23	2,350,450	418,362	19,376	*138,611	40,615	13,010	10,561	207,727	17,502	3,216,213

27. Prior Period - Motor Vehicle Restated Figures*

Description	2022/23 (Restated)	2022-2023
	Kshs '000'	Kshs '000'
As At 31 st July 2022	168,672	168,672
Additions	5,831	5,904
Total	162,841	162,678
Accumulated Depreciation-30 th June 2022	24,230	24,230
Net Book Value as at 30th June 2023	138,611	138,538

The above resulted from misstated of FY22/23 figures in Note 26. This was a schedule/note misstatement and did not affect the financial statements.

28. Intangible Assets

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Cost		
At beginning of the year	17,502	17,502
Additions	-	-
At end of the year	17,502	17,502

This is for a Seed system and IEICS system supported by Trade- Mark East Africa.

29. Investment Property

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
At beginning of the year	60,000	60,000
Additions	-	-
Depreciation	-	-
At end of the year	60,000	60,000

The investment is a deposit at Kenya Commercial Bank of Kshs 60 million to finance staff mortgage that was established in 2009.

Financial Performance for Investment	2023-2024
	Kshs '000'
Interest Receipts	43
Surplus	43

Financial Position for Investment	2023-2024
	Kshs '000'
Cash and Cash equivalent	-
Interest Receivable	2,206

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Total Current Assets	2,165
Non-Current Assets	
Long term receivable from exchange transactions	60,000
Net Assets	62,206
Capital Fund	60,000
Accumulated Surplus	2,206
Total Net assets & Liabilities	62,206

30. Trade and other payables from exchange transactions

Description	2023 -2024	2022-2023
	Kshs '000'	Kshs '000'
Trade Creditors	215,503	115,539
Sundry Creditors	7,207	44,733
Tax Liability	5,768	5,016
Totals	228,478	165,287

Aged Schedule for Trade Payables in Kshs.

	1-3 Months	3-6 Months	6-9 Months	9-12 Months	Over 1 year	TOTAL
	KShs '000'	KShs '000'	KShs '000'		KShs '000'	KShs '000'
Trade Creditors	116,632	44,675	28,731	3,359	22,105	215,503
	54%	21%	13%	2%	10%	100%

31. Current provisions

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Audit fee Provision		
Balance at the beginning of the year	1,922	1,922
Additional Provisions	1,922	1,922
Provision utilised	-	1,922
Change due to discount and time value for money	-	-
Transfers from non -current provisions	-	-
Balance at the end of the year	3844	1,922
Provision for Doubtful Debt		
Balance at the beginning of the year	30,715	24,681
Additional provision	(4,959)	6,034
Change due to discount and time value for money		
Balance at the end of the year	25,756	30,715
Provision for Gratuity		

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Balance at the beginning of the year	3,558	2,803
Additional provision	1,389	755
Provision Paid/Utilised	3,201	
Change due to discount and time value for money	-	-
Balance at the end of the year	1,746	3,558
Ex-gratia Provision		
Balance at the beginning of the year	2,969	2,969
Additional provision	-	-
Change due to discount and time value for money	-	-
Balance at the end of the year	2,969	2,969
Salary Advance Provision		
Balance at the beginning of the year	11	0
Additional provision	-	11
Expensed	11	
Balance at the end of the year	-	11
Total Provision (3,844-1746+2969)	8,559	8,459

32. Deferred income

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Public contributions and donations	24,291	17,803
Donated assets	-	-
Total deferred income	24,291	17,803

The deferred movement is as follows.

Public contributions and donations	2023-24 KShs '000'
Balance brought forward	17,803
Additions	39,655
Transfers to Capital fund	(930)
Transfers to income statement	(32,236)
Balance carried forward	24,291

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33. Payment Received in Advance

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Prepayment Liability	8,979	8,447

34. Increase/Decrease in receivables

	FY 2023/24	FY2022/23	Change
	Kshs '000'	Kshs '000'	Kshs '000'
Receivables exchange transactions	123,537	176,578	
Receivables from Non-Exchange	2,379	19,645	
	125,916	196,222	70,306

35. Increase/Decrease in Inventory

	FY 2023/24	FY2022/23	Change
	Kshs '000'	Kshs '000'	Kshs '000'
Closing Inventory	41,795	31,611	10,184

36. Increase/Decrease in Prepayments

	FY 2023/24	FY2022/23	Change
	Kshs '000'	Kshs '000'	Kshs '000'
Prepayment to suppliers	13,693	26,981	-
Travel Imprest	9,755	774	-
	23,449	27,755	4,306

37. Increase/Decrease in Payables

	FY 2023/24	FY2022/23	Change
	Kshs '000'	Kshs '000'	Kshs '000'
Trade Payables	228,478	165,287	-
Provisions	8,559	8,459	-
Deferred	24,291	17,803	-
Total	261,328	191,550	69,778

38. Increase/Decrease in payments Received in Advance

	FY 2023/24	FY2022/23	Change
	Kshs '000'	Kshs '000'	Kshs '000'
Payments received in Advance	8,979	8,447	532

39. Increase/Decrease in Deposits

	FY 2023/24	FY2022/23	Change
	Kshs '000'	Kshs '000'	Kshs '000'
Deposits	11,582	9,582	2,000

40. FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

The entity 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, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

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	Total amount Kshs. '000'	Fully performing Kshs. '000'	Past due Kshs. '000'	Impaired Kshs. '000'
At 30 June 2023				
Receivables from exchange transactions	176,578	157,690	18,888	30,715
Receivables from non-exchange transactions	19,633	19,633	-	-
Total	196,211	177,323	18,888	30,715
At 30 June 2024				
Receivables from exchange transactions	123,537	9,600	88,180	25,757
Receivables from non-exchange transactions	2,379	2,379		
Total	125,916	11,979	88,180	25,757

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

The table below represents cash flows payable by the entity 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	Between 3-5 Months	Over 5 months	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
At 30 June 2023					
Trade payables	57,504	32,108	25,927	-	115,539
Provisions	8,459	-	-	-	8,459
Deferred income	17,803	-	-	-	17,803

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Employee benefit obligation	18,828	19,681	3,785	-	42,304
Total	102,594	51,789	29,712	-	184,105
At 30 June 2024					
Trade payables	17,978	98,654	44,775	54,196	215,503
Provisions	8,559	-	-	-	8,559
Deferred income	24,291	-	-	-	24,291
*Employee benefit obligation	16,548	6,148	28,890		45,438
Total	50,828	98,654	44,775	54,196	248,353

*Included in trade Payables

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	KShs	Other currencies	Total
	Kshs '000'	Kshs '000'	Kshs '000'
At 30 June 2024			
Financial assets			
Cash	31,299	313	31,612
Debtors	121,255	2,282	123,537

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Total financial assets	154,836	2,595	155,149
Financial Liabilities			
Trade and other payables	270,275	34	270,309
Total financial liabilities	270,275	34	270,309
Net foreign currency asset/(liability)		2,551	

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

(iv) Capital Risk Management

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

	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Revaluation reserve	2,640,352	2,640,353
Retained earnings	508,057	697,443
Total funds	3,148,409	3,337,795
Total borrowings	270,307	199,996
Less: cash and bank balances	(31,612)	(27,123)
Net debt/(excess cash and cash equivalents)	238,695	172,873
Gearing	0.08	0.05

41. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity 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 KEPHIS holding 100% of equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) Ministry of Agriculture & Livestock Development;
- iii) Key management; and
- iv) Board of directors

	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	127,000	151,000
Total	127,000	151,000
b) Key management compensation		
Directors' emoluments	36,866	30,826
Compensation to the CEO	7,097	6,683
Compensation to key management	17,456	14,672
Total	61,419	52,181

42. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. ***In line with this legal requirement KEPHIS did not make any surplus during the year (FY 2023/24) and hence no remittance has been made to the Consolidated Fund.***

43. Events after the Reporting Period

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

44. Ultimate and Holding Entity

KEPHIS is a State Corporation under the Ministry of Agriculture Livestock and Fisheries. Its ultimate parent is the Government of Kenya.

45. Currency

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

46. PROGRESS ON FOLLOW UP OF AUDITOR GENERAL'S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lack of ownership titles for parcels of land in Muguga, Nakuru and Kitale. Large part of land in Kitale is in the hands of grabbers	Title deed for the Muguga parcel has been acquired. Nakuru land has been surveyed for subdivision and titling of KEPHIS portion. The process is ongoing. Regarding Kitale land, the Service has requested the Ministry to intervene due to the entrenchment of the private persons who are holding large swaths of the land. No progress has been made.	Prof. Theophilus M. Mutui (Ph.D.) Managing Director	Not resolved by the date of submitting this report to the Office of the Auditor General	Not possible to project since there are other key stakeholders involved in the process.



PROF. THEOPHILUS M. MUTUI, PHD
MANAGING DIRECTOR

Date: 29th December, 2024

47. INTER-ENTITY TRANSFERS

	ENTITY NAME:	KEPHIS		
	Breakdown of Transfers from the State Department of Agriculture			
		Bank Statement Date		Amount (Kshs)
		8/8/2023	R100-02178	11,833,33
		9/13/2023	R100-00538	11,833,33
		10/16/2023	R100-00679	11,833,33
		10/31/2023	R100-00754	11,833,33
		12/11/2023	R100-01036	11,833,33
		1/5/2024	R100-01185	8,976,90
		2/15/2024	R100-01532	8,976,91
		3/12/2024	R100-01870	8,976,91
		4/15/2024	R100-02254	8,976,90
		5/8/2024	R100-02255	8,976,90
		6/12/2024	R100-02451	8,976,90
		6/26/2024	R100-02507	8,976,93
		6/26/2024	Development Grant	5,000,000
				127,000,000.00