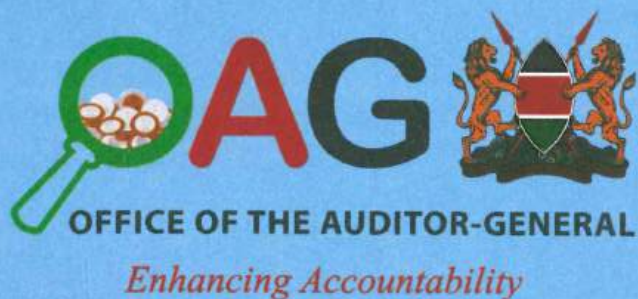


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA BIOVAX INSTITUTE LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30074 - 00100, NAIROBI  
REGISTRY

25 FEB 2024

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**KENYA BIOVAX INSTITUTE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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



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

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

The Kenya Vision 2030 commissioned, in 2008, envisioned transforming Kenya to a newly industrialising middle-income economy by 2030 and it was to be implemented in 5-year plans. One strategy through which this was to be achieved was through the manufacture of basic commodities for East and Central Africa. The COVID-19 pandemic brought to light the urgent need for the country to strengthen local manufacturing of pharmaceuticals to reduce the dependency on imported health products and technologies (HPTs), including human vaccines. In response, the GoK established the Kenya BioVax Institute (KBI) in 2021, under the Companies Act (2015), with the mandate of manufacturing and commercialising health products and technologies that include human vaccines, therapeutics, and other biomedical products. The establishment and operationalization of the KBI was informed by a feasibility study commissioned by the Ministry of Health through the Kenya Medical Research Institute. This initiative would enable the country to assure availability of biopharmaceuticals including vaccines which are critical to universal health coverage and preventive healthcare as guided by the Vision 2030 blueprint.

At Cabinet level, KBI is represented by the Cabinet Secretary for Health, who is responsible for providing the general policy and strategic direction of the KBI. The KBI is domiciled in Kenya.

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

The principal activity of the KBI is to manufacture and commercialise specialised health products and technologies (HPTs), including human vaccines, biological therapeutics and diagnostics.

#### **Vision:**

Innovate, Empower, Impact through production of quality human vaccines and therapeutics

#### **Mission:**

Innovate, develop, manufacture and commercialise vaccines and other specialised health technologies to improve access to quality health care.

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**Core values:**

The core values of KBI are innovation, collaboration, quality, customer-centric, integrity, professionalism, resilience, courage, trust and respect.

**(c) Key Management**

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

- Kenya Biovax Institute Board of Directors
- Chief Executive Officer/Director General
- The Management

**(d) Fiduciary Management**

The key personnel of the KBI who held office during the financial year ended 30th June 2023 and who had fiduciary responsibilities were as follows:

No.	Designation:	Name:
1	Chief Executive Officer / Director-General,	Dr. Michael Lusiola
2	Head of Technical Operations	Dr. Rabera Kenyanya
3	Head of Regulatory, Quality and Planning	Dr. Cecilia Wanjala
4	Head of ICT, Facility readiness, Biosafety and Security	Col. Robert Gatata
5	Supply Chain Manager	Mr. Lucas Nyangweso

**(e) Fiduciary Oversight Arrangements**

The oversight responsibilities by the Board of Directors of the Institute were under the following Board Committees, with the memberships as listed:



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No	Committee:	Membership of the Committees:
1	Risk, Compliance and Audit Committee	<ul style="list-style-type: none"> <li>● Dr. Dennis Rangi (Chair)</li> <li>● Dr. John Kiiru</li> </ul>
2	Strategy and Planning Committee	<ul style="list-style-type: none"> <li>● Ms. Shamim Chanzu (Chair)</li> <li>● Mr. Sachen Chandaria</li> <li>● Dr. Dennis Rangi</li> <li>● Dr. John Kiiru</li> </ul>
3	Human Resources, Finance and Administrative Committee	<ul style="list-style-type: none"> <li>● Mr Sanchen Chandaria (Chair)</li> <li>● Ms. Shamim Chanzu</li> <li>● Mr. Alphaxard Kyallo</li> </ul>
4	Technical, Research & Development Committee (including on Drug Substance, Production, Innovation Research & Development, Engineering).	<ul style="list-style-type: none"> <li>● Dr. John Kiiru (Chair)</li> <li>● Mr. Sanchen Chandaria</li> <li>● Dr. Dennis Rangi</li> </ul>

**(f) Entity Headquarters**

Kenya BioVax Institute  
Off Utawala Road, Embakasi  
P.O. Box 40779-00100  
Nairobi, KENYA

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**(g) Entity Contacts**

Telephone: 254 727237836

E-mail: info@biovax.go.ke

Website: www.biovax.go.ke

**(h) Entity Bankers**

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

**NAIROBI, KENYA**

2. Kenya Commercial Bank

Milimani Branch

**P. O. BOX 2117 - 00202 KNH – NAIROBI**

Nairobi, KENYA.

**(i) Independent Auditor**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya




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**2. The Board of Directors/Council**

Ref	Directors	Details
1.	 <p>Mr. Mugo Kibati, MBS Chairman, Board of Directors.</p>	<p>Mr. Mugo Kibati holds a Master's Degree in Technology and Policy, an MBA/MA degree in International Economics, and a B. Tech degree in Electrical Engineering. He has been a Chairman and a Board Member of various organisations including MKOPA Solar Ltd Lake Turkana Wind Power Limited and Sanlam Kenya Ltd. He is currently the Chief Executive Officer of Telkom Kenya Ltd</p>
	 <p>Mr. Sachen Chandaria Director (Independent).</p>	<p>Mr. Sachen Chandaria holds a BSc degree in, Chemistry and in Management. He is a Director in various organisations including Endeavor Kenya Ltd and Icolo.io Ltd. He is currently the Chief Executive Officer of Stellar Investment Holdings and Orbit Products Africa Ltd.</p> <p>Mr. Chandaria is the Chair of the Human Resource, Finance and Administration Committee of the Board.</p>
2.	 <p>Ms. Shamim Chanzu Director (Independent)</p>	<p>Ms. Shamim Chanzu holds an MBA degree, a Bachelor of Education degree in Business Studies, a Higher National Diploma (IHRM), and a Diploma in Management. She has worked as the Head of Human Resources &amp; Public Affairs at Ola Energy, Head of HR Operations, and as Programs &amp; Policies Manager at Exxon Mobil. She is currently the Regional Human Resource Business Partner at Plan International.</p> <p>Ms. Chanzu is the Chair of the Strategy &amp; Planning Committee of the Board.</p>



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3.	 <p>Dr. Dennis Rangi Director (Independent)</p>	<p>Dr. Dennis Rangi holds a PhD in Partnerships, an MBA in Strategic Management, a Bachelor of Science degree in Biological Sciences and a Post-Graduate Diploma in Microbial Technology. He is currently the Director-General at the Centre for Agriculture and Bioscience International.</p> <p>Dr. Rangi is the Chair of the Risk, Compliance &amp; Audit Committee of the Board.</p>
4.	 <p>Dr. John Kiiru Director (Alternate to PS, Ministry of Health)</p>	<p>Dr. John Kiiru holds a PhD in BioSciences Engineering, an MSc in Molecular Biology, an MSc in Microbiology, and a BSc degree in Biological Science. He has over 10 years of experience as a Research Scientist at the Kenya Medical Research Institute (KEMRI), and is a Post-Doctoral Researcher at the University of Liverpool, UK, the KEMRI, the University of Nairobi and the International Livestock Research Institute (ILRI).</p> <p>Dr. Kiiru is the Chair of the Technical Committee of the Board.</p>
5.	<p>Mr. Alphaxard Kyalo Director (Alternate to Cabinet Secretary, the National Treasury and Economic Planning)</p>	
6.	<p>Prof. Elijah Songok Director</p>	
8.		<p>Dr. Michael Lusiola holds a Doctorate and Masters degrees in Evidence-based Medicine, Pharmacotherapeutics and Business Administration. He has post-graduate diplomas in Management, in Global Health and in Clinical Pharmacology. He has over 23 years experience working in global pharmaceutical</p>

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	<p>Dr. Michael Lusiola –  <b>Chief Executive Officer / Director-General.</b></p>	<p>research and development, and in clinical practice in the UK and USA.          Dr. Lusiola is an ex-officio member of the Board.</p>
9	 <p>Mr. Bernard Kuria  <b>Corporation Secretary.</b></p>	<p>Mr. Bernard Kuria holds a Bachelor’s degree in Law.          Mr. Kuria is the Corporation Secretary of the Board of Directors.</p>

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**3. Key Management Team**

	<b>Management</b>	<b>Details</b>
1.	 Dr. Michael Lusiola – <b>CEO / DG.</b>	Main areas of responsibility include development of the corporate strategy, aligning the organisation, managing and leading the project teams, engaging internal and external stakeholders and being the liason with the Board of Directors.
2.	 Col. Robert Gatata – <b>Head of ICT, Facility Readiness and Security</b>	Main areas of responsibility include preparedness of the manufacturing facility in readiness for installation of machinery and equipment, oversight of the information, communication and technology infrastructure (ICT) and biosafety / biosecurity. Colonel Gatata has been seconded from Ministry of Defence.
3.	 Dr. Rabera Kenyaya – <b>Head of Technical Operations</b>	Main areas of responsibility include managing the operations and interactions within related government agencies, and supporting the planning activities to enable the establishment of the Institute. . Dr. Rabera has been seconded from the Ministry of Health.



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4.	 <p>Dr. Cecilia Wanjala  <b>Head of Regulatory, Quality and Planning</b></p>	<p>Main areas of responsibility include developing the Regulatory strategy for the facility and for the HPTs that are to be manufactured at the Institute, and embedding a quality management system across the organisation. In addition, Dr. Wanjala’s responsibilities include supporting the CEO / DG in developing the corporate strategy for the organisation. Dr. Wanjala has been seconded from Kenya Medical Research Institute.</p>
5.	 <p>Mr. Bernard Kuria  <b>Head of Legal Services / Corporation Secretary (seconded from the Ministry of Health).</b></p>	<p>Main areas of responsibility include providing the legal and corporate service support for the organisation. Mr. Kuria has been seconded from the Ministry of Health.</p>
<p><i>Note: The CEO and the Entity Secretary will feature both under the ‘Board’ and ‘Management’.</i></p>		

#### **4. Chairman's Statement**

The establishment of the KBI is intended to position Kenya as a biotechnology manufacturing hub for the Region and Africa, promoting investment in research and development, including technology and knowledge transfer to support existing and novel research areas that are relevant to national and regional issues. As a hub, KBI in particular, and Kenya as whole will create opportunities for investment in research and development, commercialisation of research outputs from research institutions and universities and also create job opportunities for Kenyans.


In terms of sustainability and self-reliance, the KBI will play a major role in controlling the Government's healthcare expenditure on human vaccines and other HPTs, making these more affordable. Currently, Kenya imports over 70% of finished health products and technologies and 100% of raw materials for human health products manufacturing – an unsustainable situation that impacts on self-sufficiency efforts.

During the FY2023 2024 the board has finalized the development of the institutes' governance structures ensuring compliance to all statutory requirements, initiated rigorous resource mobilization and human resource establishment strategies, and advanced engagements with potential partners and stakeholders globally and within the country. A major achievement was the pronouncement of Kenya Biovax as the regional spoke for the WHO mRNA Technology Transfer Programme.

The Institute has encountered challenges that delayed fulfilment of its mandate including but not limited to: inadequate allocation and delays in accessing funding for development and operations and delays in requisite approvals for recruitment of critical staff to support operations and a suitable regulatory framework for human vaccine manufacturing. KBI is required to procure highly-advanced technology, machinery and equipment for fill-and-finish. However, funding for this procurement has not been sufficiently availed through exchequer. In addition, challenges have been experienced in the identification of highly-skilled technical personnel vaccine manufacturing activities for the Institute. To this end, the Institute is exploring options on upskilling of personnel and identification of consultants to support initial operations. On matters health products and technologies regulation, KBI has also set out to support efforts by the National Regulatory Authority to attain Maturity Level 3.

On behalf of the Institute Board and staff, I would like to take this opportunity to thank the Government of Kenya for its unequivocal support during the year under review. I also appreciate the financial, material and moral support of our strategic partners, collaborators and friends during the year.

I am optimistic that Kenya Biovax is set for a prosperous future.



.....  
Mr. Mugo Kibati, MBS



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

Kenya was reclassified as a lower-middle income country (LMIC) in 2019 setting the stage for it to transition from donor support of the already established and successful childhood immunization programme. To sustain the gains of this important public health programme, the Government of Kenya began its journey to establish capacity to locally manufacture human vaccines and other biologics through the incorporation of Kenya BioVax Institute as a state-owned company in September 2021.

Kenya BioVax mandate to manufacture and commercialize vaccines and related health technologies and products places us at the apex of the regional and continental aspirations to locally manufacture 60% of vaccines by the year 2060 and aligns with National and Cohesion Values on Universal Health Coverage. In the FY2022/2023, the process of developing Kenya BioVax Strategic Plan 2023/2028 was started and is scheduled for completion in the course of the next accounting period.

During the period to 30 June 2023, the development methodology at KBI has been approached through phased implementation, in consideration of the complexity embedded in the vaccines production and manufacturing processes, the costly technological outlay, identification of technical personnel, and the complex research and development activities, all of which could have been potential barriers to entry. This 3-phase approach was deployed to ensure establishment of a state-of-the-art vaccine manufacturing facility that will aim to achieve product commercialization by end of financial year 2025/2026 and operationalization as a fully-fledged bulk production facility by start of year 2027.

The Embakasi facility was refurbished for administrative functions and preparation for installation of manufacturing modules. Within the financial year 2022/2023, additional refurbishment works including structured cabling, security systems installation and office equipment installation were undertaken enabling the relocation of KBI operations to Embakasi. The installation of Enterprise Resource Planning system has progressed with successful procurement of the service provider. The enabling works, including water-treatment facilities and connection to local utilities has been delayed but are scheduled for implementation in the financial year 2023/2024.

Kenya BioVax Institute signed agreements with local and international stakeholders and established strategic partnerships and collaboration frameworks for potential engagements in the areas of technology transfer, market analyses, WHO pre-qualification, knowledge transfer and personnel capacity building. This will secure the necessary skills for establishing vaccine manufacturing capacity in Kenya as well as to promote the development of the vaccine ecosystem in regulatory affairs (Pharmacy and Poisons Board and National Quality Control Laboratory), research and development (Kenya Medical Research Institute, Kenya Institute of Primate



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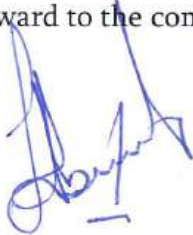
Research, the local universities and other related research institutes) and specialized supply chain management for products requiring cold chain storage. A major achievement was that Kenya has ratified the African Medical Agency (AMA) treaty which will serve to enable access to the Africa vaccine market. Additionally, the institute took a lead position in the process of ensuring that Kenya joins the International Vaccine Institute.

Kenya BioVax implemented the Presidential directives during the period FY2022 2023 and has actively engaged specialized institutions to address key cross cutting issues including corruption prevention, disability, gender and road safety mainstreaming, and prevention of alcohol and drug abuse.

While challenges such as inadequate allocation and delays in accessing funding for development and operations and delays in requisite approvals for recruitment of critical staff to support operations were experienced in this year, the Institute explored innovative ways to address them through continuous engagements with relevant Government Agencies to unlock the delays.

On behalf of the Institute Board and staff, I would like to take this opportunity to thank the Government of Kenya for its unequivocal support during the year under review. I also appreciate the financial, material and moral support of our strategic partners, collaborators and friends during the year. And it is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the entire staff that we have ended the year with success.

I look forward to the coming financial year and the years ahead.



Dr. Michael Lusiola

Chief Executive Officer / Director-General.

**6. Statement of Performance against Predetermined Objectives for FY 2022 2023**

The Kenya BioVax Institute was established in September 2021 following a feasibility study conducted by the Kenya Medical Research Institute (KEMRI) and the subsequent recommendation by a multi-agency committee on human vaccine production that developed the foundational institutional framework documents (feasibility study, concept note) that have been used by the Institute.

Kenya BioVax Institute has five (5) strategic pillars within the current Draft Strategic Plan for the FY 2023- FY 2028. These strategic pillars are as follows:

- Strategic Pillar 1: Resource mobilisation and facility readiness
- Strategic Pillar 2: Human Resource establishment and capacity building
- Strategic Pillar 3: Partnerships and Technology Transfer
- Strategic Pillar 4: Vaccine Market shaping
- Strategic Pillar 5: National interest and values.

Kenya BioVax Institute develops its annual work plans based on the above five (5) pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Kenya BioVax Institute achieved its performance targets set for the FY 2022 2023 period for its five (5) strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Strategic Pillar 1: Resource mobilisation and facility readiness	Human Vaccine Fill-and-Finish facility established	Percentage completion rate of human vaccine fill-	1. NEMA certification process for Environmental Health and Safety	Awarded NEMA certification. The Institute undertook a strategic direction to

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		and-finish facility	2. Design workshops with consultants from the State Department of Public Works for enabling works and office space expansion	comprehensively develop a plan for enabling works and to concurrently expand available office space which would accommodate recruited. GMP Contract signed
Strategic Pillar 2: Human Resource establishment and capacity building	Personnel trained in administrative functions and specialised HPT manufacturing	Number of staff recruited and trained in administrative and technical functions	1. Engagement of Government Agencies for approval of recruitment process 2. Training workshops and seminars	The Institute recruited a procurement manager in that period and trained all of its staff in operational management procedures. Technical staff were trained in biomanufacturing and



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				biosafety/biosecurity processes
Strategic Pillar 3: Partnerships and Technology Transfer	Establishing partnerships and collaboration for knowledge exchange and technology transfer	Number of technology transfer agreements signed, and strategic partnership formed	<ol style="list-style-type: none"> <li>1. Engagement meeting meeting with local and international stakeholders</li> <li>2. Onboarding the Institute to the Technology Transfer Agreement under the WHO mRNA technology transfer program submitted to the Office of the Attorney General for review</li> </ol>	Engagement with Government and non-Governmental partners, both locally and internationally. MoU signed with the Kenya Institute for Primate Research. Technology Transfer Agreement under the WHO mRNA technology transfer program submitted to the Office of the Attorney General for review

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			mRNA techno logy transfe r progra m	
Strategic Pillar 4: Vaccine Market shaping	Establishing mechanisms to create and sustain product demand	Number of engagement meetings held.	1. Engagement meetings with Governmen t Agencies on market access strategies held. 2. Drafting of the Institute's first Strategic Plan	* Draft strategic plan developed
Pillar/ theme/ issue 5: National interest and values.	Enhancing measures aimed at fulfilling the Institute's	Number of training sessions held	Induction and training sessions on national interest and values	Training sessions held on national values and interest



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	mandate that will promote national security, prosperity and well- being			
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## **7. Corporate Governance Statement**

The Kenya Biovax Institute held five (5) board meetings in the Financial Year 2022 2023 with board members diligently attending all these board meetings.

The Institute, in its decision-making processes, observed the highest ethical standards and benchmarks on best practices in compliance with the applicable legal principles, its vision, mission and core values.

### **i) Board Charter**

The Board of charter for KBI was drafted for consideration and subsequent enactment by the Board of Directors. Once adopted, it will clearly state the respective roles, responsibilities and the authorities of the Board and its Committees. The Mwangozo Code of Governance for State Corporations guided the Board's operations.

### **ii) Process of appointment and removal of directors**

The appointments to the Board, and removal from the Board, were in accordance with the Company's Act 2015, and the Memorandum and Articles of Association. The Chairperson was appointed by His Excellency, the President of the Republic of Kenya, while the directors were appointed by the Cabinet Secretary, for the time being responsible for health, to serve for a term of 3 years each from the date of appointment and may, subject to performance evaluation, be appointed for a further and last term of 3 years. The Board consisted of the Chairperson, 5 Directors and the CEO / D-G as ex-officio, by the period ending 30 June 2023.

Some of the roles that the Board of Directors undertook during the period ending 30 June 2023 included the following:

- a) Set and oversaw the overall strategy and approve significant policies of the organization;
- b) Ensured that the strategy was aligned with the purpose and the long-term goals of the organization on sustainability;



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- c) Engaged with relevant Government Agencies to expedite approval of recruitment processes;
- d) Approved the annual budget of the organization;
- e) Monitored the organization's performance and ensured sustainability;
- f) Ensured availability of adequate resources for the achievement of the organization's objectives;
- g) Hired the procurement manager, on such terms and conditions of service as were approved by the relevant government organ(s)

**The Chairperson:**

- a) Provided overall leadership to the Board;
- b) Played a key role in setting the agenda for Board meetings;
- c) Conducted efficient Board meetings and guided the Board's decision-making process;
- d) Encouraged Board members to participate fully in Board deliberations;
- e) Harnessed the collective skills of the Board and its committees;
- f) Monitored the performance of the CEO, maintained close, but independent working relationship with the CEO, ensured appropriate balance of power between the CEO and the Board and was available for consultations with Board members; and
- g) Encouraged a culture of transparency and teamwork among Board members.

**Each Board member:**

- a) Exercised the highest degree of care, skill and diligence in discharging their duties;
- b) Acted in the best interest of the organization and not for any other purpose;
- c) Acted honestly at all times and did not place themselves in a situation where their personal interests conflicted with those of the organization;
- d) Exercised independent judgment at all times;
- e) Understood and accepted the principle of collective responsibility;
- f) Devoted sufficient time to carry out their responsibilities;

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- g) Promoted transparency and accountability at Board level; and
- h) Promoted teamwork within the Board and the organization.



## **8. Management Discussion and Analysis**

**(Operational and financial performance of the organisation for the last three-to-five-year period).**

The Kenya BioVax Institute's Board of Directors was inaugurated in December 2021. This submission covers KBI performance over the last two years.

### **a) Entity's key projects or investments decision implemented or ongoing.**

During the period ending 30 June 2022, the key project that management undertook was the refurbishment works at the Embakasi Warehouse for administrative functions and preparation for installation of manufacturing modules. Within this financial year, refurbishment works including structured cabling, security systems installation and office equipment installation were undertaken enabling the relocation of KBI operations to Embakasi.

The roofing works were uncompleted due to delays in receiving the special material order, onset of rainy season and overlapping national duties of contractor (National Youth Service). The enabling works, including water-treatment facilities and connection to local utilities has been delayed but are scheduled for implementation in the next FY2023 2024.

Management has initiated other projects within the accounting period including the installation of Enterprise Resource Planning system and development of KBI Strategic Plan 2023 2028.

### **b) Entity's compliance with statutory requirements,**

The Institute complied with statutory requirements and remitted payroll statutory deductions as required. Further, the Institute initiated processes for submission of statutory monthly and quarterly reports to relevant Government Agencies for Presidential directives and cross cutting management issues such as corruption prevention, disability, gender and road safety mainstreaming, and prevention of alcohol and drug abuse.

### **c) Major risks facing the organisation,**

These have included:

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1. Instability of the financial markets, hence affecting FOREX and currency value, hence purchasing power;
2. Funding – delays in accessing funding for development and operations; delayed disbursement of funds from the Government;
3. Technical expertise – the manufacturing activities for the Institute require highly-skilled personnel and highly-advanced technology, machinery and equipment, all of which are challenging to find; and
4. Regulatory – a high regulatory threshold is required for manufacture of these specialized HPTs, especially for human vaccines. Having a suitable regulatory framework for instance supported by a ‘Maturity Level 3’ for the local regulatory agency) is key in efforts to operationalize.

**d) Material arrears in statutory and other financial obligations,**

The Institute did not have any loan default, pending bills, tax default, outstanding staff and Pension obligation/actuarial deficit during the period ending 30 June 2023.

**e) Future developments and anticipated desired results.**

**a. Manufacturing, Research and Development**

A major achievement in the FY2022 2023 period was the pronouncement of Kenya Biovax as the regional spoke for the WHO mRNA Technology Transfer Programme. This means that Kenya Biovax will be one of the recipients of the WHO-mRNA technology transfer and engagement is ongoing with the relevant stakeholders to align on the next steps. The process will involve performing a gap assessment to ascertain the current infrastructure, workforce, clinical research and regulatory capacity. KBI management will work with WHO and partners to develop the roadmap and necessary activities like training and resources required to support the actualization of mRNA technology transfer.

**b. Partnerships**



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KBI management signed an agreement (MOU) with Kenya Institute of Primate Research and initiated discussions with Kenya Medical Research Institute to also sign an MOU. Additionally, there are ongoing discussions with the Ministry of Health Programme for Immunization, UNICEF and GAVI in regard to advance purchase agreements for our products.

We engaged Africa CDC, Africa Vaccine Manufacturing Initiative and Partnerships for African Vaccine Manufacturing (PAVM) in the ongoing discussions for pooled vaccine procurement. Similarly made contacts made with Eastern Central and Southern Africa Health Community and IGAD on market shaping for vaccines. A major achievement was that Kenya has ratified the African Medicines Agency (AMA) treaty which will serve as an enabler to access to the Africa vaccine market. We have taken a lead position in the process of ensuring that Kenya joins the International Vaccine Institute..

c. Human Resource Establishment and Capacity building

KBI management did not succeed in recruitment of technical staff due to delays occasioned by approval from National Treasury and Economic Planning and Salaries Remuneration Commission but managed to recruit the Manager, Supply Chain and procurement. However the recruitment process will continue in the next accounting period.

**Progress in establishment of Kenya BioVax Institute (KBI).**

S/No.	DATE	IMPLEMENTATION STATUS
1	Continuous	<ul style="list-style-type: none"> <li>● Partnership and business development.</li> <li>● Nomination as Kenya's recipient for the WHO mRNA technology transfer program</li> <li>● KBI successfully engaged multiple partners to support its establishment. These have included global pharmaceutical manufacturers (for instance AstraZeneca, Johnson &amp; Johnson, CanSino Biologics, Aspen Pharmacare, Serum Institute), regulatory agencies and development partners (such as the World Health Organization, the African Union) and</li> </ul>



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S/No.	DATE	IMPLEMENTATION STATUS
		supporting research institutions (for instance KEMRI, UoN, KIPRe). <ul style="list-style-type: none"><li>• The institute has leveraged these partnerships and has been successful in obtaining contractual arrangements and agreements for drug substances and drug products, which will be key in developing the product pipeline.</li></ul>

**Current Areas of Focus**

- a. Refurbishing of the premises continues;
- b. Resource mobilisation;
- c. Developing Kenya BioVax Strategic Plan 2023 2028;
- d. Development of operational policies;
- e. Planning on acquiring and installing machinery and equipment, and materials and inputs in preparation for production; and
- f. Recruitment and personnel capacity building.

## 9. Environmental and Sustainability Reporting

### i) *Sustainability strategy and profile*

The Institute has set out the development of its sustainability strategy and profile and has sought strategic partners, both locally and internationally to support its functionality especially in technology and knowledge transfer.

In addition, the Institute plans to establish a state-of-the-art modular sterile product manufacturing facility that is WHO-prequalified and has engaged key partners, e.g., the World Health Organisation, the Pharmacy and Poisons Board, the National Quality Control Laboratory. The Institute intends to adopt and deploy 'green manufacturing' practices as part of its contribution to the attainment of national climate change action objectives.

### ii) *Environmental performance*

Sustainability requirements focus on ensuring that its activities will be continued and do not tamper with the environment. It entails fulfilling presidential directives as well as societal expectations as far as environmental and sustainability requirements are concerned.

During the 2022/23 Financial year, KBI undertook tree planting at Uplands, Kiambu county where KBI staff planted 400 trees.



Kenya Biovax CEO, Dr. Michael Lusiola led the team in a tree planting exercise in Uplands, Limuru

**iii) Employee welfare**

Kenya BioVax Institute has developed a Human Resource Policy which has considered the gender ratio, disability and regional balance in its recruitment process. The Institute engaged a recruitment agency in hiring of its staff with guidelines on inclusion of gender, regional and disability inclusion.

Training and development being an integral part of the Human resource development activity in all organisations, Kenya BioVax has strived in improving the skills of its employees by ensuring staff are trained in their areas of specialisation as well as in advancement of their professionalism. In the FY 2022/2023 all staff received training in operational management processes and technical staff were trained on biomanufacturing processes.

The Institute currently has majority of its staff deployed from various MDAs to assist in its operationalisation and therefore staff appraisal is undertaken by the parent MDAs. However, requisite policies are under development to ensure a robust, performance-based appraisal system is instituted in FY 2023/24.

**iv) *Market place practices-***

*The organisation should outline its efforts to:*

**a) *Responsible competition practice.***

The Institute undertook its procurement processes, including assignment of specific tenders for AGPO, in compliance with the Public Procurement and Asset Disposal Act of 2015 and attendant regulations.

**b) *Responsible Supply chain and supplier relations***



The Institute's procurement processes were conducted in compliance with the Board approved procurement plan and budget and available resources from the National Treasury and Planning.

Timely responses to suppliers and processing of payments were executed within this year

c) *Responsible marketing and advertisement*

All tenders were placed on the Institute's website [www.biovax.go.ke](http://www.biovax.go.ke)

v) *Corporate Social Responsibility / Community Engagements*

During the 2022/23 Financial year, KBI undertook tree planting at Uplands, Kiambu county where KBI staff planted 400 trees and intends to plant over 5000 trees in the community within the next 5- years.

**10. Report of the Directors**

The Directors submitted their report together with the audited financial statements for the year ended June 30, 2023, which showed the state of KBI's affairs.

**i) Principal activities**

The principal activities of the entity are to manufacture and commercialise specialised human HPTs, including human vaccines, biotherapeutics and diagnostics.

**ii) Results**

The results of the entity for the year ended June 30, 2022, are set out in Section XIII below.

**iii) Directors**

The members of the Board of Directors who served during the year are shown in Section II above, in accordance with the Articles of Association

**iv) Auditors**

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

By Order of the Board



.....

**Name: Bernard Kuria**

**Corporation Secretary/Secretary to the  
Board**

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

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

The Directors are responsible for the preparation and presentation of KBI's financial statements, which give a true and fair view of the state of affairs of KBI for and as at the end of the financial year (period) ended on June 30, 2023. 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 Kenya BioVax Institute Limited
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for Kenya BioVax Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Company's act (2015). The Directors are of the opinion that the *Entity's* financial statements give a true and fair view of the



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state of Kenya BioVax Institute's transactions during the financial year ended June 30, 2023, and of KBI's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for Kenya BioVax Institute Limited, which have been relied upon in the preparation of Kenya BioVax Institute financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern.

Nothing has come to the attention of the Directors to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Kenya BioVax Institute Limited financial statements were approved by the Board on 6<sup>th</sup> Day of March, 2023 and signed on its behalf by:



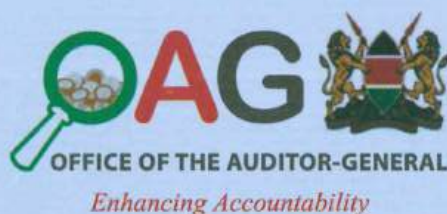
Name: Mugo Kibati EBS  
Chairman of the Board



Name: Dr. Michael Lusiola  
Accounting Officer

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: 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 BIOVAX INSTITUTE LIMITED FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

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

#### **Opinion**

I have audited the accompanying financial statements of Kenya Biovax Institute Limited set out on pages 1 to 14, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statements 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, the financial statements present fairly, in all material respects, the financial position of Kenya Biovax Institute Limited as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Medical Practitioners and Dentists Act, Cap.253 Laws of Kenya.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Non-Maintenance of an Asset Register**

During the year under review, the Institute did not provide for audit an asset register which contain key information such as historical cost of assets, date of acquisition and physical location of the asset as required in an asset register. This was contrary to Regulation 143 (1) of the Public Finance Management (National Government) Regulations, 2015 which provides that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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



## **2. Non-Deduction and Remittance of Statutory Deductions**

During the year under review, the Institute did not deduct nor remit National Social Security Fund deductions amounting to Kshs.5,600 and National Health Insurance Fund deductions amounting to Kshs.53,450. Further, Management did not provide evidence of remission of Pay As You Earn (PAYE) estimated at Kshs.3,384,853. Non-remission of taxes to respective Authorities may result in imposition of penalties and interests.

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

## **3. Lack of Strategic Plan**

As previously reported, during the year the Institute has not put in place a strategic plan to guide on future milestones in its endeavor to fulfil its mandate, this was contrary to Section 68 of the Public Finance Management (National Government) Act, 2015 which states that an Accounting Officer shall prepare a strategic plan for the entity in conformity with the medium term fiscal framework and fiscal policy objectives of the national government.

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

## **4. Lack of Board Charter**

As previously reported, during the year under review, the Institute operated without a charter contrary to the provisions of Section 1.11(1,2) of Mwongozo Code on management of state corporations.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Wrong Computation and Remittance of Taxes**

Note 14 to the financial statements reflects property, plant and equipment balance of Kshs.29,047,643. The balance includes an amount of Kshs.13,838,800 in respect of motor vehicle while the purchase price was Kshs.11,930,000 and hence resulting to a tax



overpayment of Kshs.1,908,800 to Kenya Revenue Authority. Though Management has initiated the process of claiming the amount, the refund had not been received as at 30 June, 2023.

In the circumstances, the internal controls on tax computations could not be confirmed.

## 2. Weakness in Internal Controls

The Kenya Biovax Institute Limited was established in September, 2021 as a State Corporation under the Ministry of Health, by the Companies Act, 2015 to have a comprehensive framework for the manufacture and commercialization of vaccines, therapeutics and diagnostics; support technology transfer and commercialization of outputs on Healthcare Products and Technologies (HPTs) from research institutions, and universities.

However, the Institute is not fully operational and the following deficiencies were noted;

No.	Observation	Guiding Law/Principle	Risk
1	Lack of an Internal Audit Department	Section 73 (1)(a) of the Public Finance Management Act, 2012 states that every national government entity shall have appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board. Further, Sub-sections 4 and 5 states that a national government entity shall ensure that internal audits in respect of the entity are conducted in accordance with international best practices.	Lack of internal audit may lead to ineffective internal controls and non-compliance with the relevant laws, rules and regulations.
2	Lack of Risk Management Policies	Public Finance Management Regulations 2015 Section 165-part (1) states that the accounting officer shall ensure that the national government develops a) risk management strategies which include fraud prevention mechanism and b) a system of risk management and internal control that builds robust business operations.	This may give room for fraud as there no policies in place to manage the risks in place.
3	Lack of Policy Framework	Review of the organization's records revealed the Institute did not have a Human Resource Policy as required by Section B2 of the Human Resource Policies and Procedures Manual for Public Service, 2016. Further the Institute lacked Finance Policy, Asset Management Policy and Transport Policy to guide in decision making.	Lack of a policy framework could lead to poor decisions due to lack of clear guidelines.



No.	Observation	Guiding Law/Principle	Risk
4	Failure to Carry out Risk Assessment	Treasury Circular No. 3/2009 of 23 February 2009 provided a broad policy framework for developing and implementing customized Risk Management Strategies in Public Institutions. The circular required all heads of Public Institutions to develop and implement a Risk Management Framework as a fundamental step towards establishing an accountable and innovative public service. The circular requires that all Public Institutions develop an Institutional Risk Management Policy Framework (IRMPF). The circular also requires accounting officers and other to put in place structures and systems to manage their identified risks, considering their legal obligations, policy decisions, business objectives and public sector expectations.	Failure to ensure that there is an effective risk-based internal audit system may lead to lack of a procedure in combating any risks that arises.
5	Failure to have ICT Policy	Regulation 101 part 1 of the Public Finance Management (National Government) Regulations, 2015 requires the Accounting Officer of a national government entity to institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.	There is the risk of the operations coming to a complete shut down in the event of a disaster in the absence of a back-up in an off-site location.

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

### **Responsibilities of Management and 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 overall governance.



which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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



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

**Nairobi**

**01 March, 2024**

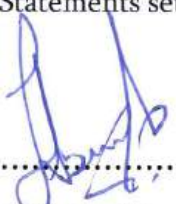



Kenya BioVax Institute Limited  
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**13. Statement of Financial Performance for the year ended 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	58,333,332	90,605,000
		58,333,332	90,605,000
<b>Revenue from exchange transactions</b>			
Finance income	7	12,049,720	399,819
		12,049,720	399,819
<b>Total revenue</b>		<b>70,383,052</b>	<b>91,004,819</b>
<b>Expenses</b>			
Use of goods and services	8	43,158,897	18,713,718
Employee cost	9	11,524,173	-
Board Expenses	10	2,660,934	-
Repair and Maintenance	11	2,487,083	-
Depreciation and amortization	14	1,988,731	-
<b>Total expenses</b>		<b>61,819,818</b>	<b>18,713,718</b>
<b>Surplus/ (deficit) before tax</b>		<b>8,563,234</b>	<b>72,291,101</b>

The notes set out on pages 6 to 13 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

  
 .....  
 Name: Dr. Michael Lusiola  
 Accounting Officer

  
 .....  
 Name: CPA Evelyn Wangeci  
 Head of Finance  
 ICPAK M/No:15404

  
 .....  
 Name: Mugo Kibati EBS  
 Chairman of the Board

Date 06/03/2024

Date 06/03/2024

Date 06/03/2024

Page 1



(Indicate actual name of the entity)  
**Annual Report and Financial Statements**  
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**15 Statement of Financial Position as at 30 June 2023**

Statement of Financial Position as at 30 June 2023			
	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	12	453,352,382	465,127,396
Receivable	13	100,000,000	
<b>Total Current Assets</b>		<b>553,352,382</b>	<b>465,127,396</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	14	29,047,643	11,930,000
<b>Total Non- Current Assets</b>		<b>29,047,643</b>	<b>11,930,000</b>
<b>Total Assets</b>		<b>582,400,025</b>	<b>477,057,396</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	15	1,545,690	4,766,295
<b>Total Current Liabilities</b>		<b>1,545,690</b>	<b>4,766,295</b>
<b>Net Assets</b>			
Accumulated Surplus		80,854,335	72,291,101
Capital Fund		500,000,000	400,000,000
<b>Total Net Assets</b>		<b>580,854,335</b>	<b>472,291,101</b>
<b>Total Net Assets and Liabilities</b>		<b>582,400,025</b>	<b>477,057,396</b>

Kenya BioVax Institute Limited  
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16. Statement of Changes in Net Assets for the year ended 30 June 2023

Statement of Changes in Net Assets for the year ended 30 June 2023			
Description	Fund balance	Retained earnings	Total
	Kshs	Kshs	Kshs
Capital/development grants received during the year	400,000,000	-	400,000,000
Surplus/ (deficit) for the year	-	72,291,101	72,291,101
<b>As at June 30, (2022)</b>	<b>400,000,000</b>	<b>72,291,101</b>	<b>472,291,101</b>
<b>As at July 1, (2023)</b>	<b>400,000,000</b>	<b>72,291,101</b>	<b>472,291,101</b>
Surplus/ (deficit) for the year	-	8,563,234	8,563,234
Capital/development grants received during the year	100,000,000	-	100,000,000
<b>As at June 30, (2023)</b>	<b>500,000,000</b>	<b>80,854,335</b>	<b>580,854,335</b>

*(Indicate actual name of the entity)*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023**

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**17. Statement of Cash Flows for the year ended 30 June 2023**

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(Indicate actual name of the entity)  
**Annual Report and Financial Statements**  
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	Note s	2022-2023	Fy 2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	58,333,332	90,605,000
Finance income	7	12,049,720	399,819
<b>Total receipts</b>		<b>70,383,052</b>	<b>91,004,819</b>
<b>Payments</b>			
Use of goods and services	8	43,158,897	13,947,423
Employee costs	9	11,524,173	-
Board Expenses	10	2,660,934	-
Repairs and maintenance	11	2,487,083	-
Working capital adjustment- Decrease in payables	15	3,220,605	-
<b>Total payments</b>		<b>63,051,692</b>	<b>13,947,423</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>7,331,360</b>	<b>77,057,396</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	14	19,106,374	11,930,000
<b>Net cash flows from (used in) investing activities</b>		<b>19,106,374</b>	<b>11,930,000</b>
<b>Cash flows from financing activities</b>			
Proceeds of Grants from National Government		-	400,000,000
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>400,000,000</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>-</b>	<b>465,127,396</b>
Cash and cash equivalents at 1 July		465,127,396	465,127,396
<b>Cash and cash equivalents at 30 June</b>		<b>453,352,382</b>	<b>465,127,396</b>

(Indicate actual name of the entity)  
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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from the Government	400,000,000	-	400,000,000	58,333,332	-	15%
Finance income	-	-	-	12,049,720	-	100%
<b>Total income</b>	<b>400,000,000</b>	<b>-</b>	<b>400,000,000</b>	<b>70,383,052</b>	<b>-</b>	<b>18%</b>
Expenses						
Compensation of employees	20,000,000	-	20,000,000	11,524,173	8,475,827	58%
Use of goods and services	50,000,000	-	50,000,000	43,158,897	6,841,103	86%
Other payments	30,000,000	-	30,000,000	5,148,017	24,851,983	17%
<b>Total expenditure</b>				<b>59,831,087</b>		<b>85%</b>
Surplus for the period				10,551,965		
Capital Expenditure				0		

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

  
 .....

Name: Dr. Michael Lusiola  
 Accounting Officer

Date 06/03/2024

  
 .....

Name: CPA Evelyn Wangeci  
 Head of Finance  
 ICPAK M/No:15404

Date 06/03/2024

.....

Name: Mugo Kibati EBS  
 Chairman of the Board

Date 06/03/2024



## **19. Notes to the Financial Statements**

### **1. General Information**

Kenya Biovax Institute Limited is established by and derives its authority and accountability from Company's Act (2015). The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the manufacture and commercialisation of human HPTs, including vaccines, biotherapeutics and diagnostics.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

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

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

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

*(Indicate actual name of the entity)*

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**6. Transfers from Other Government entities**

Description	2022-2023	Fy 2021-2022
	KShs	KShs
Unconditional Grants		
Operational Grant	58,333,332	90,605,000
Total Unconditional Grants	58,333,332	90,605,000

*(Explain the purpose of funding)*

**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 recognised in capital fund.	Total transfers (Current FY)	Insert  Comparative FY
	KShs	KShs	KShs	KShs	KShs
Ministry of Health	58,333,332	-	100,000,000	158,333,332	490,605,000
Total	58,333,332	-	100,000,000	158,333,332	490,605,000

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Entity Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)*

*\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*



(Indicate actual name of the entity)  
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**7. Finance Income**

Description	2022-2023	Fy 2021-2022
	Kshs	Kshs
Interest from commercial banks and financial institutions	12,049,720	399,819
<b>Total finance income</b>	<b>12,049,720</b>	<b>399,819</b>

(Interest accrued in the Institutes Bank Account)

**8. Use of Goods and Services**

Description	2022-2023	Fy 2021-2022
	Kshs	Kshs
Subscriptions	709,660	-
Advertising	1,420,758	-
Audit Fees	696,000	-
Conferences and Delegations	1,407,052	-
Consulting Fees	4,505,440	-
Hospitality	2,439,845	-
consumables	255,000	-
Fuel and Oil	2,760,768	-
Licenses and Permits	1,350,900	-
Telecommunication	1,235,199	-
Travel, Subsistence & Other Allowances*	25,746,138	-
Bank charges	98,537	84,621
Other operating expenses	533,600	18,629,097
<b>Total Costs</b>	<b>43,158,897</b>	<b>18,713,718</b>

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

**9. Employee Costs**

Employee Costs		
Description	2022-2023	Fy

(Indicate actual name of the entity)

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	2021-2022	
	Kshs	Kshs
Salaries and wages	11,282,846	0
Overtime payments	241,327	0
<b>Employee costs</b>	<b>11,524,173</b>	<b>0</b>

**10. Board Expenses**

Description	2022-2023		Fy 2021-2022	
	Kshs		Kshs	
Chairman/Directors' Honoraria	672,000		0	
Sitting Allowances	1,916,534		0	
Travel and Subsistence	72,400			
<b>Total</b>	<b>2,660,934</b>		<b>0</b>	

**11. Repairs and maintenance**

Description	2022-2023		Fy 2021-2022	
	Kshs		Kshs	
Vehicles	2,487,083		-	
<b>Total Repairs and Maintenance</b>	<b>2,487,083</b>		<b>-</b>	



(Indicate actual name of the entity)  
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**12. Cash and Cash Equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank and Cash Balances	453,352,382	465,127,396
<b>Total Cash And Cash Equivalents</b>	<b>453,352,382</b>	<b>465,127,396</b>

**12 (b). Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2022-2023	Fy 2021-2022
		Kshs	Kshs
a) Current Account			
NCBA - Upper Hill Branch	5462760018	453,352,382	465,127,396
Sub- Total		453,352,382	465,127,396
Grand Total		453,352,382	465,127,396

**13. Receivables from Non-Exchange Transactions**

Description	2022-2023	Fy 2021-2022
	Kshs	Kshs
Ministry of Health	100,000,000	-
<b>Total receivables from non- exchange transactions</b>	<b>100,000,000</b>	<b>-</b>

(Indicate actual name of the entity)

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Cost	Buildings	Motor vehicles	Furniture and fittings	Computers	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1July (2021)	0	-	-	-	-
Additions	0	11,930,000	-	-	11,930,000
Disposals	0	-	-	-	-
Transfers/Adjustments	0	-	-	-	-
As at 30 <sup>th</sup> June (2022)	0	11,930,000	-	-	11,930,000
Additions	9,397,970	1,908,800	4,973,000	2,826,604	19,106,374
Disposals	0	-	-	-	-
Transfer/Adjustments	0	-	-	-	-
As at 30 <sup>th</sup> June (2023)	9,397,970	13,838,800	4,973,000	2,826,604	31,036,374
Depreciation And Impairment					-
At 1July (2022)	0	-	-	-	-
Depreciation	0	-	-	-	-
Impairment	0	-	-	-	-
Transfers/Adjustments	0	-	-	-	-
As At 30 <sup>th</sup> (2023)	0	-	-	-	-
Depreciation	0	1,988,731	-	-	1,988,731
Disposals	0	-	-	-	-
Impairment	0	-	-	-	-
Transfer/Adjustment	0	-	-	-	-
As at 30 <sup>th</sup> June (2023)	9,397,970	11,850,069	4,973,000	2,826,604	29,047,643
Net Book Values					-
As at 30 <sup>th</sup> June (2022)	0	11,930,000	-	-	11,930,000



(Indicate actual name of the entity)

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As at 30 <sup>th</sup> June (2023)	9,397,970	11,850,069	4,973,000	2,826,604	29,047,643
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**15. Trade and Other Payables**

Description	2022-2023	Fy 2021-2022
	Kshs	Kshs
Trade payables	1,545,690	4,766,295
Total trade and other payables	1,545,690	4,766,295

**16. Events after the Reporting Period**

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

**17. Ultimate and Holding Entity**

Kenya BioVax Institute is a State Corporation under the Ministry of Health. Its ultimate parent is the Government of Kenya.

**18. Currency**

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

*(Indicate actual name of the entity)*  
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**Appendices**


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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>

**Guidance Notes:**

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

  
 .....

Director General/C.E.O/M.D (enter title of head of Entity)

Date:

(Indicate actual name of the entity)  
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Appendix II: Projects implemented by *Kenya Biovax Institute*  
 Projects implemented by the State Corporation/ SAGA Funded by development partners and/  
 or the Government.

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

**Status of Projects completion**

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds



(Indicate actual name of the entity)

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/D evelopment/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Health	12/12/2022	Recurrent	-	58,333,332	-	-	-	-	58,333,332
<b>Total</b>				<b>58,333,332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,333,332</b>

*(Indicate actual name of the entity)*  
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**Appendix V- Inter-Entity Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary Entity]*  
*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30 <sup>th</sup> June (Current FY)			Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June (Previous FY) (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
<b>Total</b>						

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Entity:**

Name ..... Sign ..... Date .....

**Appendix VI: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



*(Indicate actual name of the entity)*  
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**Appendix VII: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments