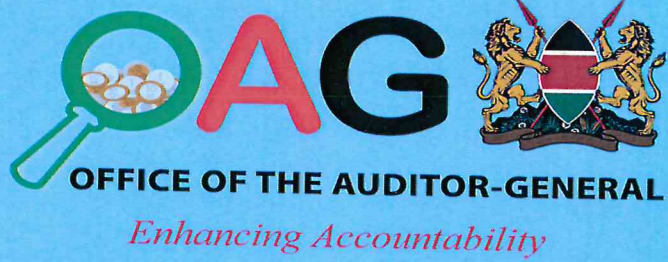


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

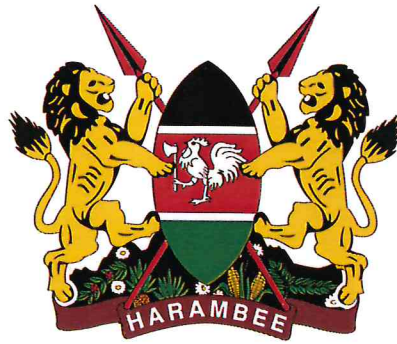
**ON**

**PEST CONTROL PRODUCTS BOARD**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



*Revised Template 30<sup>th</sup> June 2022*



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# PEST CONTROL PRODUCTS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>TH</sup> JUNE 2022

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*Pest Control Products Board*  
**Annual Report and Financial Statements**  
**For the year ended 30 June 2022.**

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*Pest Control Products Board*  
**Annual Report and Financial Statements**  
**For the year ended 30 June 2022.**

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

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

The Pest Control Products Board is a Statutory organization of Kenya Government established under an Act of parliament, the Pest Control Products Act, Cap 346, Laws of Kenya of 1982 to regulate the importation and exportation, manufacture, distribution and use of pest control products.

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

The principal activities of Pest Control Products Board are:

- ❖ Assessment of the safety, efficacy, quality and economic value of pest control products for purpose of registration.
- ❖ Assessment of suitability of premises used for manufacture, formulation, storage and distribution of pest control products for purpose of licensing.
- ❖ Processing and issuance of import and export permits of pest control products
- ❖ Advising the Cabinet Secretary on all matters relating to the provisions of the Act and regulations made there under.
- ❖ Post registration surveillance for purpose of quality assurance of pest control products.
- ❖ Awareness creation and training of stakeholders on responsible use of pest control products.
- ❖ Investigation and facilitation of prosecution on offences under Pest Control Products Act and regulations made their under
- ❖ Supervision of disposal of obsolete and illegal pest control products.

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

The Pest Control Products Board's day-to-day management is under the following key organs:

- ❖ The Board of Management
- ❖ The Chief Executive
- ❖ Corporate services Department
- ❖ Compliance and Enforcement Department
- ❖ Registration and Analysis Department
- ❖ Laboratory Analytical Services Department
- ❖ Research, Performance contract and Planning

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Dr. Esther Kimani
2.	Ag. Head, Finance & Accounts	CPA Bernard M. Mang'ara
3.	Ag. GM. Registration	Mr Fredrick N. Muchiri
4.	Ag. GM. Compliance & Enforcement	Mr Lawrence I. Kalawa
5.	Ag. GM. Analytical Services	Mrs Grace N. Muchemi
6.	Ag. GM. Planning & Research	Dr. Paul N Ngaruiya

**(e) Fiduciary Oversight Arrangements**

**1. Finance and Administration Committee**

Terms of Reference

- i. Deal with all financial and administration matters
- ii. Disburse payments
- iii. Maintain fully audited account record
- iv. Give service to client's effectively i.e. correspondence, requests etc.

**2. Audit Committee**

Terms of Reference

- i. Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- ii. Reviewing audit issues raised by both internal and external auditors.
- iii. Resolving unsettled and unimplemented Public Accounts and
- iv. Public Investment Committees' (PAC/PIC) recommendations.
- v. Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

**(f) Pest Control Products Board Headquarters**

P.O. Box 13794-00800

PCPB Building

Loresho

Nairobi, KENYA

**(g) Pest Control Products Board Contacts**

Telephone: (254) 020-8021846/7/8

E-mail: md@pcpb.go.ke; info@pcpb.go.ke; pcpb016@gmail.com;

Website: www.pcpb.go.ke

**(h) Pest Control Products Board Bankers**

1. Kenya Commercial Bank Ltd

Sarit Centre

P.O. Box 14959-00800

Nairobi, Kenya

2. Absa Bank of Kenya Ltd

Westlands

P.O. Box 14403-00300

Nairobi, Kenya

**(i) Independent Auditors**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue




P.O. Box 40112

City Square 00200




Nairobi, Kenya





## 2. The Board of Directors




Ref	Directors	Details
1.	 <p data-bbox="284 667 481 743"><b>Kuria Gatonye</b> <b>Chairperson</b></p>	<p data-bbox="737 250 880 282">Born 1964</p> <ul data-bbox="794 291 1533 891" style="list-style-type: none"> <li>• Executive MBA,</li> <li>• BSc Chemistry and Biochemistry,</li> <li>• Advanced Diploma in Purchasing and Supply 2010, CIPS UK.</li> <li>• And Diploma in Coffee Estate Management (Standard Chartered Estate Management Ltd)</li> <li>• 2018 to date: Consultant</li> <li>• 2003 to 2018: Tropical Farm Management Ltd, Head of Supplies Department</li> <li>• 1999- 2003: Technical Manager at Osho Chemical Industries</li> <li>• 1995 -1999: Sales Representative at Kenwin Enterprises</li> <li>• 1989 -1995: Coffee Estate Manager at Standard Chartered Estate Management Ltd.</li> </ul>
2.	 <p data-bbox="284 1227 715 1361"><b>Andrew Mware Kinyua</b> <b>Member</b> <b>State Department of National Water Services</b></p>	<p data-bbox="737 922 880 954">Born 1966</p> <ul data-bbox="794 963 1533 1339" style="list-style-type: none"> <li>• BSc Chemistry</li> <li>• Jan 2015 to date: Head (Deputy Director) of Water Quality and Pollution Control Division, Water Resources dept, Ministry of Water and Irrigation</li> <li>• 2010 - 2014: Senior Principal chemist II</li> <li>• 2008 - June 2010: Principal Chemist</li> <li>• -2006- June 2008 Chief Chemist (NB// All above under Ministry of Water &amp; Irrigation)</li> <li>• 2002-2005: Senior Chemist in charge of Assay Laboratory</li> </ul>
3.	 <p data-bbox="284 1630 651 1742"><b>Dr. Elijah K. Gichuru</b> <b>Member KALRO –CRF</b> <b>Chair: Audit Committee</b></p>	<p data-bbox="737 1370 880 1402">Born 1967</p> <ul data-bbox="794 1411 1533 1697" style="list-style-type: none"> <li>• PhD, Msc</li> <li>• Aug 2014 to date: Director at Coffee Research Institute</li> <li>• Feb 2013 to Aug 2014: Acting Director of Research/CEO at Coffee Research Foundation.</li> <li>• July 2010 to 2013: Deputy Director of Research CRF</li> </ul>

<p>4.</p>	 <p><b>Mr. Collins Marangu</b> <b>Member</b> <b>State Department of</b> <b>Agriculture</b></p>	<p>Born 1965</p> <ul style="list-style-type: none"> <li>• 2011 - Master of Science in Agriculture &amp; Rural Development from Kenya Methodist University</li> <li>• 2016 – Masters of science in crop protection from Egerton University</li> <li>• 1990 – Bachelor of science in Horticulture from Egerton university</li> <li>• Director of Agriculture</li> <li>• Crop Protection Department</li> <li>• State Department for Crop Development and Agricultural Research</li> </ul>
<p>5.</p>	 <p><b>Dr. Ayub Macharia Ndaruga</b> <b>Member</b> <b>Ministry of Environment &amp;</b> <b>Forestry</b> <b>Chair. Finance &amp; Admin</b> <b>Committee</b></p>	<p>Born 1969</p> <ul style="list-style-type: none"> <li>• 2017 – Present – Director Environmental Education and Awareness, Ministry of Environment and Forestry</li> <li>• 2010 – 2012 – Acting Director General NEMA</li> <li>• PhD in Environmental Education from Rhodes University, South Africa (2004);</li> <li>• Master of Science (Strategic Leadership) from California Miramar University (2014);</li> <li>• Masters of Environmental Science (Wetland Ecology) Kenyatta University (1998);</li> <li>• Bachelor of Education (Botany and Zoology) from Kenyatta University (1994).</li> </ul>
<p>6.</p>	 <p><b>Esther Ngari</b> <b>Member</b> <b>Kenya Bureau of Standard</b> <b>Chair; Technical Committee</b></p>	<p>Born 1973</p> <ul style="list-style-type: none"> <li>• Bachelors of Dairy Science and Food Technology from Egerton university</li> <li>• Masters of Business Administration from Jomo Kenyatta University of Agriculture and Technology</li> <li>• Currently the Director Standards Development and International Trade at Kenya Bureau of Standards.</li> <li>• She is a certified Lead Auditor for Food Safety</li> <li>• Management Systems, Quality Management Systems and Environmental Management Systems.</li> <li>• Esther has over 20 years' experience gained from the Food manufacturing sector</li> </ul>




7.	 <p>Ali Gakweli <b>Member</b> <b>The Government Chemist</b></p>	<p>Born 1958</p> <ul style="list-style-type: none"> <li>• 2019 - MSc degree in Environmental Planning and Management SEKU</li> <li>• 1987 - BSc degree in Chemistry, University of Nairobi</li> </ul> <p><b>Current Inclination:</b></p> <ul style="list-style-type: none"> <li>• Head Of National Authority On Implementation Of The Chemical Weapon Convention</li> <li>• Project Manager - Development Of A National Response Plan To Respond To Unauthorized Events Involving Cbrn Materials In Ghana And Kenya</li> </ul>
8.	 <p>Geoffrey Mwikamba <b>Member</b> <b>The National Treasury</b></p>	<p>Born 1972</p> <ul style="list-style-type: none"> <li>• 1997 – Bachelor of Science</li> <li>• 2002 – Diploma in information systems management</li> <li>• Jan 2012 to date: Chief Information Communication Technology Officer at The National Treasury</li> <li>• Apr 2008 to Jan 2012: Senior Information Communication Technology Officer at Ministry of Finance</li> <li>• Dec 2003 to Apr 2008 ICT Officer I</li> <li>• Dec 1999 to Dec 2003: Systems Analyst/Programmer at City Council of Nairobi</li> </ul>
9.	 <p>Eric Kimungunyi <b>Co-opted member</b> <b>AAK Representative</b></p>	<p>Born 1976</p> <ul style="list-style-type: none"> <li>• 2016 to date PHD – Innovations and Technology Management -JKUAT</li> <li>• 2013: MBA – Strategic Management</li> <li>• 2008: Diploma in Marketing Management</li> <li>• 2008: Basis Certificate in Crop Protection (UK)</li> <li>• 2000: Bachelor of science in Horticulture</li> </ul>

<p>10.</p>	 <p>Sahara S. Ali <b>Member,</b> <b>Ministry of Health</b></p>	<p>Born 1974</p> <ul style="list-style-type: none"> <li>• Principal Public Health Officer of the department of Public Health Division of Food Safety, Ministry of Health</li> <li>• Master's in Public health and Epidemiology – Student</li> <li>• Bachelor of Science and Environmental Health Sciences</li> <li>• Higher Diploma in Environmental Health – food science and inspection</li> <li>• Diploma, Environmental Sciences</li> </ul>
<p>11.</p>	 <p>Esther Kimani PhD <b>Chief Executive Officer</b></p>	<p>Born 1963</p> <ul style="list-style-type: none"> <li>• PhD in Crop Protection</li> <li>• Msc in Plant Pathology</li> <li>• MBA strategic planning – student</li> <li>• Chief Executive Officer, PCPB – Current</li> <li>• Chief Executive Officer, KEPHIS - Immediate</li> </ul>

### 3. Management Team

	Management	Details
1.	 Esther Kimani PhD  PhD in Crop Protection, Msc. in Plant Pathology, BSC. Agriculture and Student of MBA strategic planning.	<b>Chief Executive Officer</b>
2.	 CPA, Bernard M Mang'ara  BBM (Finance and Banking), CPAK, MBA Finance – Student	<b>Head Finance and Accounts.</b>
3.	 Dr. Paul N. Ngaruiya  PhD in Tropical Plant Sciences. Msc: Plant Pathology Bsc: Agriculture	<b>Head, Research &amp; Training</b>

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4.	 <p>Fredrick N. Muchiri Msc: Plant Pathology Bsc: Agriculture</p>	<b>Head, Registration</b>
5.	 <p>Grace N. Muchemi Msc: Analytical Chemistry Bsc: Botany and Chemistry</p>	<b>Head, Analytical Services</b>
6.	 <p>Lawrence K. Ikiba Msc: Agronomy, Bsc: Agriculture</p>	<b>Head, Compliance and Enforcement.</b>

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

It is my pleasure to present the Annual Report and the Financial Statement for the financial year 2021/2022 on the Pest Control Products Board operations.

The operations were derived based on the Board's Strategic Plan of 2018-2022 and guided by the provisions of the Pest Control Products Act, Cap 346 Laws of Kenya under which the Board is established.

The Board has continued to make remarkable achievement in the regulation of pesticides and service delivery to the public in general. The activities undertaken included registration of pesticides, quality assurance of pesticides through premises inspection and certification of products therein among other enforcement activities.

The registration department undertakes rigorous risk assessment of pesticides prior to registration. The thorough evaluation to ensure quality standards before introduction in the market. The pesticides registered in Kenya are of the required quality and upon appropriate usage the resultant farm produce will be of the desired quality and quantity

The compliance and enforcement department conducts post registration surveillance. This function ensures only duly registered pesticides are in circulation. There are limitations in this function due to porous borders and existence of establishments difficult to locate for purposes of inspection. The department has greatly expanded its training and awareness programme to reach majority of stakeholders. This approach of capacity building to stakeholders has effectively defeated the sale and distribution of substandard pesticides. Several offenders have successively been prosecuted in our courts of law.

To achieve the objectives set, adequate resources and cooperation's of various stakeholders was required and in this regard, I wish to recognize the Government funding to the Board which has enhanced its capacity to expand its operations including the on-going construction of a laboratory block.

The Board continued to engage with key stakeholders in consultative forums in order to identify partnerships required for improved service delivery. The Board sustained and enhanced collaboration with both private and public institutions and other stakeholders in areas of strategic planning, research, public health, environment, animal health, agriculture, institutions of higher learning and national and international standards setting bodies. Public consultations were also carried out on the development of Institutions Bill and Regulations, PCP Bill 2022.

On behalf of the Board, management and staff, I wish to reaffirm our commitment to the effective and efficient service delivery in pesticide regulation and trade facilitation for improved agricultural productivity, safe guarding of human health and environment and the promotion of sustainable development.



**Chairperson**

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

The Board is pleased to present the financial results for the year 2021/2022. During this period, the Board continued with the project of the construction of a laboratory which will go a long way in facilitating achievement of the desired levels of compliance to the law on pesticides. The project is now at 95% completion. With sufficient funding, the project is expected to be complete and operational by year 2024.

On operations, the Board has been instrumental in carrying out its mandate with the Compliance and Enforcement Department inspecting and licensing approximately 6322 premises against a target of 4900, representing 129% achievement of the set target. The target was over achieved due to the concerted effort of the compliance team from all the regions to cover areas that were not covered during the Covid-19 lockdown. The department encountered challenges that include but not limited to infiltration of smuggled pesticides due to the porous borders, establishments dealing in illegal pesticides, inadequate staff, among others. The department successively investigated and facilitated prosecution of about ten cases spread around the country.

The department was also able to undertake a total of 79 trainings and awareness creation activities against a target of 30. This was made possible through increased collaboration with other government institutions and other collaborators in training of farmers and other stakeholders. The capacity building of stakeholders dealing farm inputs has ensured procurement of quality and genuine pesticides. Farmer training has empowered the farmers with skills and knowledge in both procurement and responsible use of pesticides. In the ended year spray service providers have been training to assist the small scale farmers in purchase and pesticides application. Cumulatively there is a pool of about 2,000 spray service providers.

The Registration Department undertook 185 risk evaluation on applications presenting 100% achievement the target: the applications involved 91 technical dossiers, for full registration, 94 parallel registrations and 8 technical grade materials. A total of 29 trial sites were monitored to ensure the pesticides in our markets are efficacious and offer value to the farmers. 8 new institutions were visited and accredited for conducting trials. 78 label extensions were evaluated for already registered products to increase on usages. On supporting the fight against emerging pest and diseases, 15 products were approved for emerging pests and diseases which included Desert Locusts and Golden Apple Snails. 4 molecules of concern were reviewed by a panel of experts.

PCPB continues to be part of the global community on matters pesticide regulations and during the year, PCPB officers attended and participated in 17 Multilateral Environmental Agreements MEAs/Conventions, EAC and CODEX & Pesticide Management Meetings.



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The Analytical department was able to collect and analyse 371 pesticides samples for quality assurance, against a target of 350 surpassing the set target. The analysis of samples also helps in supporting court process on counterfeit products cases.

During the financial year 2021/2022, PCPB was able to collect slightly above 112 million in A.I.A. The target for the A.I.A for the year was Kshs 95 million representing an 18% improvement. PCPB received Kshs 110 million and Kshs 76 Million in recurrent and development grants respectively.

PCPB has a staff force of 65 on permanent and pensionable terms and 17 interns against an approved staff structure of 271, this has been a major challenge for the organization. However, efforts to have a corporate status by review of the Act is underway to enable PCPB recruits more staff. During the period we also offered 18 attachments opportunities to tertiary education institutions students.

The institution is also at an advanced stage of repealing the current Act to comply with the dynamics of the industry and also comply with new local and international requirements on the standards of pest control products. In the FY 2021/2022, the Bill went through National Validation and will soon be tabled in Parliament after Attorney General Office has streamlined it.

In summary, the management is committed to continuous improvement of the institution to effectively carry out its mandate in a prudent and professional manner.



Esther Kimani PhD, OGW  
**CEO/Secretary PCPB**

## 6. Statement of Performance against Predetermined Objectives for FY 2021/22

Pest Control Products Board has two strategic pillars/ themes/issues and six strategic objectives within the current Strategic Plan for the FY 2018- FY2022. These strategic pillars/ themes/ issues are as follows:

Pillar 1: Ensure access to quality pest control products; promote agricultural productivity, safeguard human health animal health and environment.

Pillar 2: Enhance institutional sustainability

PCPB develops its annual work plans based on the above two pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. PCPB achieved its performance targets set for the FY 2021/2022 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Ensure access to quality pest control products, promote agricultural productivity, and safeguard human health animal health and environment.	Enhance compliance of pest control products to set standards and facilitate trade	Maintain compliance through inspection of pesticide premises for licensing	Inspected premises stocking pesticides	6322
		Compliance to quality of pesticides enhanced	Sampled and analysed pesticide samples	371
	Ensure safe, quality and efficacious pest control products are availed to users	Risk Assessment Technical Meetings	Held registration meetings and evaluated pest control products for registration purposes and prepared reports	100%

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		Institutions Researching on Pesticide Performance Monitored	Monitored accredited institutions conducting preregistration trials	29
		Develop crop grouping guidelines	Developed crop grouping guidelines in collaboration with the Agrochemical industry; 1) Efficacy guidelines for fruits and tree nuts; 2) residues guidelines for fruits and tree nuts; 3) Efficacy guidelines for flowers.	100%
		Pesticides for emerging pests and diseases registered	Considered products for False codling moth and Desert Locusts for registration/label extension.	15
		Pesticides for manufacturing to boost the Big Four Agenda through manufacturing of pesticides	Supported registration of technical grade materials	8
	Enhance responsible use of pest control products and food safety	Stakeholder Trainings and Awareness created	Organized trainings and participated in awareness creation activities (e.g farmers' field days, shows, exhibitions etc) to disseminate information on the responsible use of pesticides to farmers and other users	60

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		Regulatory environment improved	Participate in Multilateral Environmental Agreements MEAs/Conventions, EAC and CODEX & pesticide management meetings	17
	Improve management of pest control products lifecycle	Safe disposal of obsolete, illegal pesticides and wastes encountered	All Obsolete, expired and illegal pesticides encountered were seized and safely disposed	100%
Enhance institutional sustainability	Improve resource mobilization and Accountability	Project Completion Rate	Construction of PCPB residue laboratory--Complete plastering and initiated fittings	100%
	Improve quality and efficiency of service delivery	Ease of doing business	Documented procedures for starting an Agrovets shop and post it on the PCPB Website	100%
		Corporate Social responsibility	Avocado seedlings planted in the nursery.  Coffee seedlings planted in the seed bed.	1,000  11,000

## **7. Corporate Governance Statement**

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

The Board held meetings as follows:-

Board meetings - Five (5)

Technical and Registration committee meetings – Eight (8)

Finance and Administration committee meetings - Eight (8)

Audit committee meetings - Four (4)

Ad-hoc committee meetings - One (1)

### **Succession Planning**

The institution has ensured that tenures of Board members do not expire at the same time. The institution has inadequate staff to enable effective succession planning. This is made worse by the fact that PCPB is not a Body Corporate and therefore cannot distinctly recruit staff on its own as was advised by the Head of the Public Service via letter under ref. no. OP/CAB.9/133A dated June 25, 2020.

### **Board Charter**

The Board charter is in place and aligned to Mwongozo code.

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

#### **Appointment:**

The Cabinet Secretary appoints Directors to serve the Board for a period of three years, renewable once. All the independent members are appointed through a gazette notice.

Alternate directors representing government ministries as provided for in the PCP Act, are nominated by their ministries.

The President appoints the Chairman for a period of 3 years renewable once.

#### **Removal:**

The Board may recommend the removal of a member based on non-performance, non-attendance of meetings, unethical conduct or as set out in any constitutive documents and applicable laws.

### **Roles and functions of the Board**

#### **Board of Directors**

The Board consists of 12 directors. The Directors possess qualification and a wide range of expertise and experience to enable them to contribute effectively in their capacities as Directors to the Pest Control Products Board.

## **Duties**

The Board gives direction on the organization's strategy, objectives and values and ensures procedures and practices are in place to oversee proper governance and the effective control over the organization's assets and operations.

The Board of Management meets at least quarterly or as required to continually review and monitor the organizations progress with respect to strategic direction and operational effectiveness.

## **Board Committees**

There are three Board committees, with written terms of reference to facilitate effective assistance to the Board to enable efficient decision making in executing their duties and responsibilities. Delegation of the authority to the Board committees does not discharge the Board of its duties and responsibilities.

## **Technical and Registration Committee**

### **Duties**

- i. To maintain a register of all registered/approved pest control products being used in Kenya
- ii. To maintain a register of all testing organizations
- iii. To maintain a register of all licenses of premises
- iv. To maintain a register of all licenses for import/export of pesticides
- v. To clarify the pesticides on the basis of toxicology, flash points and Corrosiveness to spray gadgets as set out on the Third Schedule of the Act
- vi. To index all pesticides
- vii. Design model labels in accordance with the Act and Regulations
- viii. To establish a data storage system on all pesticides

## **Finance and Administration Committee**

### **Duties**

- i. Deal with all financial and administration matters
- ii. Disburse payments
- iii. Maintain fully audited account record
- iv. Give service to client's effectively i.e. correspondence, requests etc.

## **Audit Committee**

### **Duties**

- i. Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- ii. Reviewing audit issues raised by both internal and external auditors.
- iii. Resolving unsettled and unimplemented Public Accounts and
- iv. Public Investment Committees' (PAC/PIC) recommendations.

- v. Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

### **Induction and training**

Induction and training is conducted by the State Corporations Advisory Committee for all new members.

### **Board and member performance**

During the financial year, the State Corporation Advisory Committee facilitated the Board members evaluation.

### **Conflict of interest**

A conflict of interest register is maintained. Members sign to declare No conflict of interest during all committee and board meetings.

### **Board remuneration**

During the financial year, Board members were remunerated for their services in accordance with the prevailing relevant legislative provisions and guidance by government circulars issued from time to time.

Members are currently entitled to the following allowances:-

Sitting allowance of Kshs.20,000/=

Lunch allowance of Kshs.2,000/=

Transport allowance – Provided /mileage allowance paid

Daily Substituent Allowance - Kshs.17,500/=

Chairman's honoraria Ksh.80,000/= per month

Chairman's Airtime of Kshs.7,000/= per month

### **Ethics and conduct**

A code of conduct is in place. During the financial year, all members of the organisation adhered to the code of conduct and ethics.

### **Governance audit**

The Board has not had a Governance audit yet. However, the exercise will be budgeted for in the next financial year to procure the services of a Certified Governance Auditor.

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

### **Operational & Financial Performance**

PCPB is an organization of the Government of Kenya mandate with the regulations of pesticide industry from manufacture, distribution and use. The mandate ensures that the pesticides being used in Kenya are efficacious to improve agricultural productivity or control other diseases causing pest without harming the humanity, animal and the environment.

PCPB, to undertake its mandate has various departments and sections charged with various activities for smooth operations; the various departments performed as follows:

- A) Corporate services
- B) Registration
- C) Compliance & Enforcement
- D) Analytical Services
- E) Research & Planning

The Finance and Accounts section in PCPB is mandated with Revenue Collection, Accounting, Budget making supervision, Expenditure Control & Budget implementation monitoring among others. The section is an important cog that ensures all other departments operates smoothly through prompt facilitation and guidance.

Over the last five years and even before that, PCPB financial performance has continued to improve year after year. This is as a result of continuous efforts put in place to ensure all stakeholders are brought into the net and pay the relevant levies or other services fees as well as prudent and effective resource applications to ensure the mandate is achieved and revenue due is collected.

The illustrations below clearly indicate a steady growth for the last five years from total revenue of Kshs 160.7 million in FY 2016/17 to Kshs 229 million in FY 2020/21 with revenue from A.I.A growing from Kshs 78 Million in FY 2016/17 to Kshs 112 million in the FY 2021/22. This represents a 43% growth from the year 2016/17 to 2021/22

In the same period there has been a steady growth in expenditure as the institution tries to expand with the growing demand of the industry.

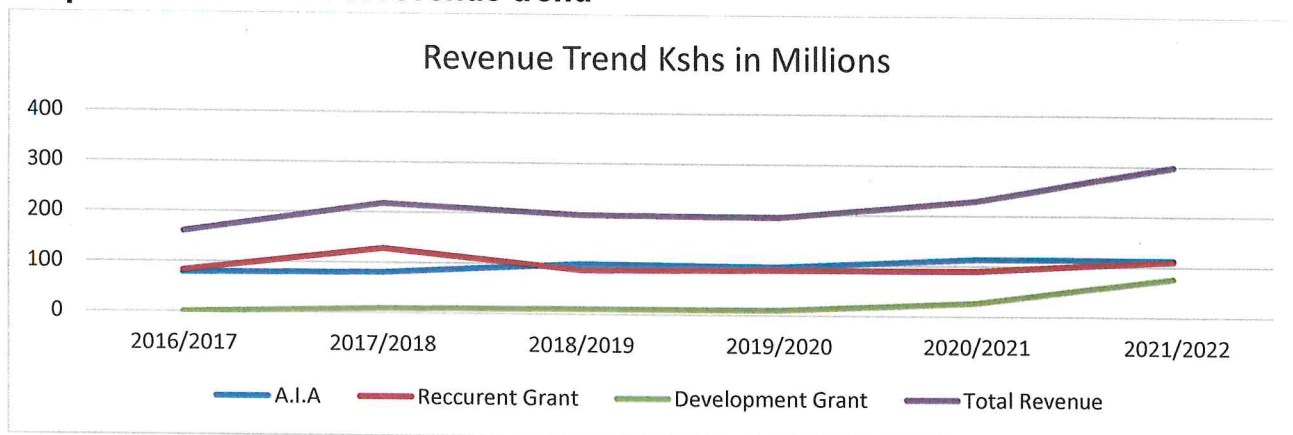
The above growth in the industry has led to PCPB expenditure growth from Kshs 163 Million in FY 2016/17 to slightly above Kshs 237 Million in FY 2021/22. The two major expenditure drivers are personnel emoluments Costs in recurrent expenditure and the on-going construction of the pesticide residual laboratory in the capital expenditure section. The tables below and the graphical presentation highlight the revenue and expenditure performance for the last six years.



**Revenue Trend**

<b>Financial Performance – Revenue trends (Kshs in Millions)</b>						
<b>Revenue / FY</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
A.I.A	78	81	99	95	113	112
Recurrent Grant	82	128	88	90	90	110
Development Grant	0	9	10	10	26	76
<b>Total Revenue</b>	<b>160</b>	<b>217</b>	<b>197</b>	<b>195</b>	<b>229</b>	<b>298</b>

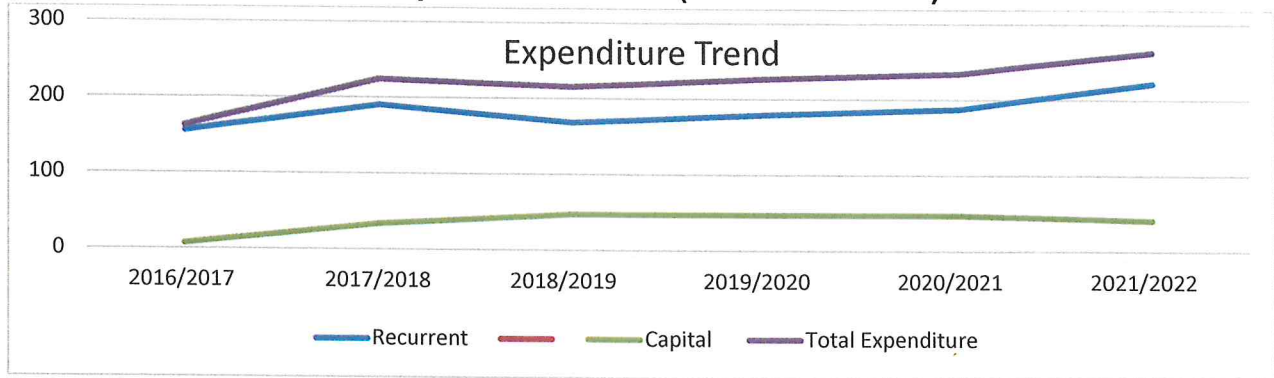
**Graphical illustration of revenue trend**



**Expenditure Trends**

<b>Financial Performance – Expenditure trends ( Kshs in Millions)</b>						
	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>
<b>Expenditure/FY</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
Recurrent	156	191	169	180	188	222
Capital	7	34	47	47	47	41
<b>Total Expenditure</b>	<b>163.1</b>	<b>224.5</b>	<b>216</b>	<b>227</b>	<b>235</b>	<b>263</b>

**Graphical illustration of Expenditure trends (Kshs in Millions)**



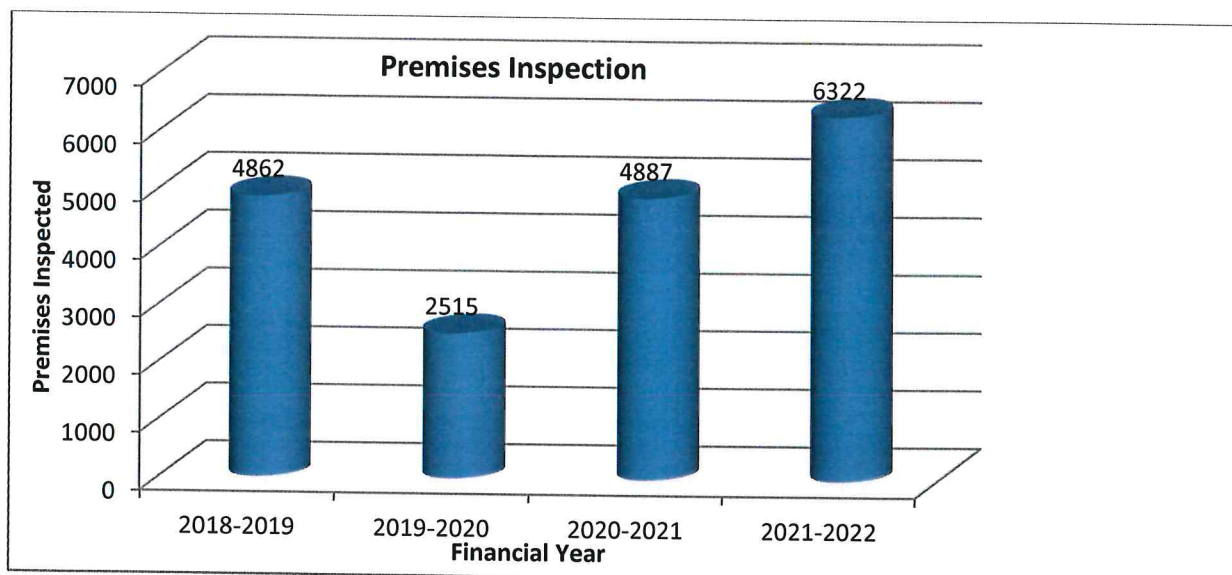
**Compliance & Enforcement**

Compliance and Enforcement department is mandated to safeguard the environment by working towards reducing environmental impact associated with production and use of pesticides. The departmental activities geared towards environmental performance are:

- Assessment of the safety, efficacy, quality and economic value of pest control products for purpose of registration.
- Assessment of suitability of premises used for manufacture, formulation, storage and distribution of pest control products for purpose of licensing.
- Processing and issuance of import and export permits of pest control products
- Advising the Cabinet Secretary on all matters relating to the provisions of the Act and regulations made there under.
- Post registration surveillance for purpose of quality assurance of pest control products.
- Awareness creation and training of stakeholders on responsible use of pest control products.
- Investigation and facilitation of prosecution on offences under Pest Control Products Act and regulations made their under
- Supervision of disposal of obsolete and illegal pest control products.

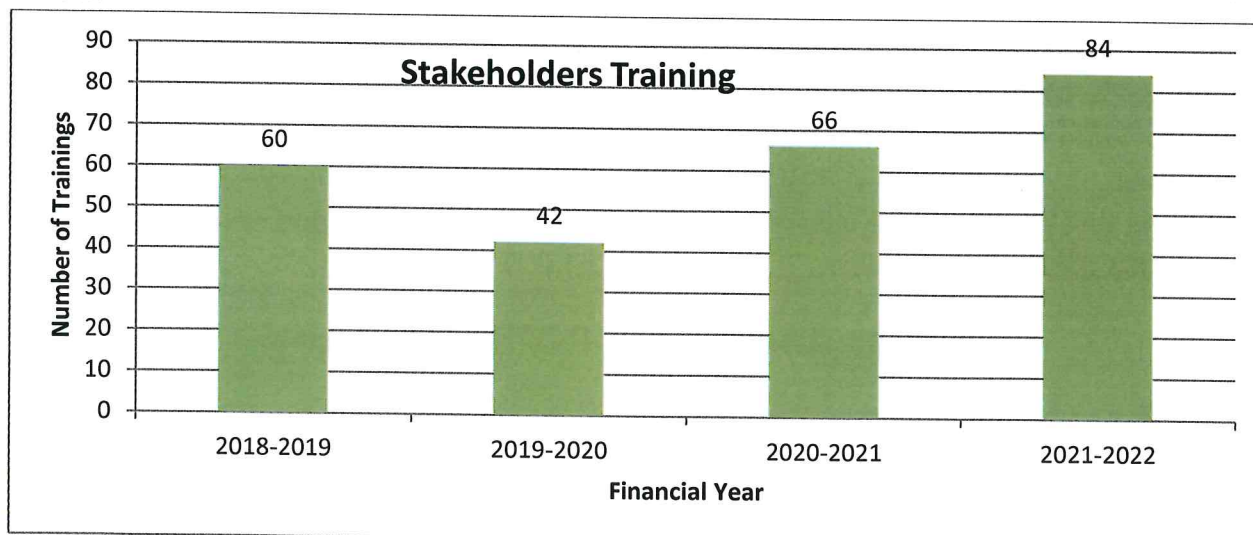
**Premises inspection**

Pest control products premises inspection is conducted to ensure that the premises are suitable for dispensing pest control products. Further the inspectors ensure that the pest control products in the distribution chain are dully registered. The graph below shows trend of premises inspection during the last four financial years.



### **Stakeholder trainings**

Stakeholder training and awareness creation is one of the mandates of compliance and enforcement department. The trainings and awareness creation are intended to guide the stakeholders on responsible use of pest control products. During the previous four years the department conducted trainings and awareness creation as illustrated by the graph below.



### **Analytical services department**

PCPB analytical laboratory undertakes quality analysis of pesticide formulations in the Distribution chain to ensure compliance with set standards. Counterfeiting and Adulteration of pesticides can reduce agricultural production affecting food security and is a risk to humans and contribute to loss of export markets due to noncompliance. Good quality Public health products are required for effective control and management of vectors/insects such as mosquitoes, fleas etc. The purpose of analysing these samples is

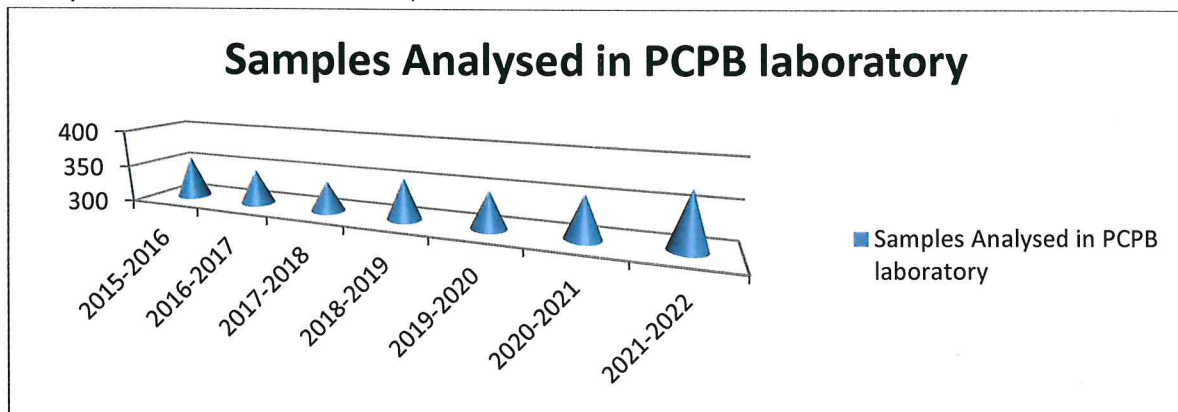
to check on quality compliance to set standards thus ensuring that pesticides applied as per label instructions coupled with observance of good agricultural practice (GAP), would lead to sustainable pest management and should not result in maximum residue limit (MRL) exceedances. The laboratory also forms an important tool in facilitating trade in pesticides as the country curbs the activities of counterfeiters by enhancing compliance to set standards.



*PCPB analysts carrying out laboratory analysis*

In the last 3 years the laboratory has encountered an estimated 52 samples of counterfeited pest control products from a sample size of 1400 samples translating to about 4%. Most of the samples are impounded by the PCPB inspectors during inspection. In the year under review the laboratory analysed 371 samples against a target of 355 samples.

For the last five years the laboratory has cumulatively sampled and analysed 2101 samples as illustrated below;



Through Government support, PCPB new laboratory block is at 85% completion with the complex consisting of pesticide residue, formulation, inorganic laboratory and bio-pesticide laboratories conference facilities, library and offices.



***New upcoming PCPB Laboratory Block***

The pesticide lab will identify and quantify the pesticides and data will be used for registration process to provide safer alternatives for the conventional pesticides.

### **Registration Department**

In the year under review the Registration Department presented to the Board for approval a total of 185 products which were considered for registration out of which 94 were new products evaluations for full registration, 94 were parallel registration evaluations while nine were technical grade materials for local formulation purposes. A total of 12 products were presented for change of trade names for various reasons and eight products were approved for abeyance not exceeding five years

A total of 78 products were de-registered from the market through voluntary withdrawal by applicants.

A review of four active ingredients registered in Kenya namely Diuron, Pymetrozine, Chlorothalonil and Thiocloprid was done based on the information from other regulatory authorities in the world which had shown that the molecules had negative effects on human health and the environment. The review was also done pursuant to recommendation by the Parliamentary Departmental Committee on Health following Public petition No. 70 of 2019 requesting for withdrawal of certain molecules from the Kenyan market.

## **9. Environmental and Sustainability Reporting**

PCPB is a regulator of the pesticides industry, one of the Key critical point in the regulation of pesticides is the registration of Pest control Products for use in Kenya, and the registration process entails a rigorous process of evaluating the efficacy of the products, the effects to the environment, humans and wildlife. Environmental conservation through pesticide registration is key to ensure sustainable food production, safeguard health and

environment for our future generations. Some of the other areas PCPB puts emphasis on for safeguarding the environment are as listed below;

**i. Sustainability Strategy and profile**  
**Procurement and Consumption**

PCPB commits to procuring and using products that have undergone good manufacturing processes and that can be recycled to minimize toxins in the supply chain. This helps to keep the environment pollutant free. To ensure this is done, PCPB will be guided by

- i. The Kenyan Green Public Procurement framework that The Ministry of Environment and Forestry has concluded developing as a draft.
- ii. Sustainable Development Goal (12) on Sustainable Consumption and Production (SCP).

In line with the above PCPB will as a future endeavour

- i. Develop a draft environmental policy with a component on green public procurement once the draft framework is finalized for adoption.
- ii. Sensitize all staff on the implementation of the environmental policy implementation

**ii. Environmental Performance,**

In line with PCPB's regulatory mandate on the import, manufacture, use and disposal of pest control products, PCPB is guided by the provisions of PCP Act, EMCA Act, Extended Producer Responsibility (EPR) Regulations 2020 and the International Multi-lateral Environmental Agreements.

As the Designated National Authority to the Rotterdam Convention PCPB also ensures adherence to

- a) the prior informed consent procedure for all Annex III listed pesticides
- b) Importing country and exporting country information exchange on obsolete, banned and restricted pesticides
- c) Basel, Rotterdam and Stockholm Conference of Party decisions with regards to molecules of concern.

In the year under review PCPB participated in the following meeting among other;

- i. Meeting on Finalization of EAC Protocols for Biocontrol Agents and Bio pesticides and draft guideline on Emergency Registration of Pesticides;
- ii. Regional meeting to validate efficacy trial protocols for botanical, microbial and semiochemical pest control products for plants;
- iii. Seventeenth Chemical Review Committee meeting of the Rotterdam Convention;

- iv. FAO Africa Regional Working Group Meeting on Pesticide Risk Assessment & Mitigation methods for pollinators;
- v. 17<sup>th</sup> Meeting of the Persistent Organic Pollutants (POPs) Review Committee POPROC-17;
- vi. World Trade Organization Sanitary and Phytosanitary (WTO-SPS) Committee Meeting on Responding to Fall Army Worm - Integrated Pest Management and Policy Approaches;
- vii. 15<sup>th</sup> Meeting of the Sectoral Council on Agriculture and Food Security (SCAFs) of the EAC;
- viii. The face-to-face Triple BRS Conference of Parties: the 15th meeting of the COP to the Basel Convention, the 10th meeting of the COP to the Rotterdam Convention and the 10th meeting of the COP to the Stockholm Convention held in June 2022;
- ix. Preparatory Meeting for the 2022 COPs for Basel, Rotterdam & Stockholm Conventions – Africa Region;
- x. Second Meeting of the EAC Highly Hazardous Pesticides Technical Working Group (EAC HHP-TWG)

**iii. Employee Welfare**

PCPB has an approved human resource and guidelines manual that dictates the handling of employee's welfare issues and also the expected norms, rewards and sanctions and behaviours at the work places. Further, PCPB has career guidelines that clearly guides the employees on the requirements for movement within the job cadres as well as the skills and trainings the employees are to be trained on. PCPB has a contributory pension scheme where 20% of the basic salary of an employee is deposited every month with the employee also required to contribute 10% of the same to safeguard their old age.

**iv. Market place practices**

**Pest Control Products Board has made efforts to:**

**a) Responsible Competition practice**

Activities relating to responsible competition practice and supply chain and supplier relations and responsible marketing and advertisement and product stewardship are:

- Monitoring all pest control products adverts being aired to reduce unfair completion as dealers popularize their products.
- Post registration surveillance ensures only registered pest control products are in the market.
- Routinely inspecting and licensing of all complying pesticide dealers so as to weed out rogue pesticide traders.

- Imports are controlled so that only registered pest control products get into and out of the country.
- Capacity building to farmers and other stakeholders is done to ensure products are used responsibly.
- Information sharing with other government agencies helps in reduction of illicit trade and promotes use of registered pest control products.

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

Pest Control Products Board (PCPB) being a Government institution is guided by the Procurement and disposal Act 2012 and Regulations 2015 for all its procurement processes. Further, PCPB follows the time to time government guidelines to meet the government of the day objectives. Moreover, PCPB has in its charter promised to pay all suppliers within three days upon delivery of goods/services and submission of all the required documentation.

**c) Responsible Marketing and Advertisement**

PCPB being a non-commercial entity does not do marketing advertisements. However, PCPB advertises its tenders and vacancies available through the Government Advertising Agency that harmonize the public sector advertising.

**d) Product Stewardship**

PCPB deals with Pesticides information that is private and confidential. To safeguard the rights and interests of the owners of such information, PCPB has an established secure room for those information that is accessed only by the authorised officers.

**e) Corporate Social Responsibility /Community Engagements**

PCPB has established a fruit and tree nursery in conjunction with the Ministry of Agriculture. In this FY, PCPB was able to propagate over 1,000 grafted Hass Avocado trees and 11,000 Coffee seedlings from the nursery. The trees will be collected by Ministry of Agriculture, state department of Crop and Agricultural Research for distribution to needy farmers. The trees are free of charge.

## **10. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Pest Control Products Board's affairs.

**i) Principal activities**

The principal activities of the Pest Control Products Board is to regulate the importation and exportation, manufacture, distribution and use of pest control as laid down under the Pest Control Products Act, Cap 346, Laws of Kenya.

**ii) Results**

The financial results of Pest Control Products Board for the year ended June 30, 2022, are set out on pages 1 to 6.



**iii) Directors**

The members of the Board of Directors who served during the year are shown on page v. During the year 2021/2022, Mark Rotich and Kuria Gatonye tenure expires, Prof. Ezekiel Kiprop was appointed a new director with effect from 28<sup>th</sup> October 2021 for three years.

**iv) Surplus remission**

Pest Control Products Board surplus for the year was used to fund development project that is on-going and which is delayed due to reduced government funding.

**v) Auditors**

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

By Order of the Board



.....  
**Dr. Esther Kimani**

**Chief Executive Officer/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 all government entities and state corporations.

The Directors are responsible for the preparation and presentation of the Pest Control Products Board's financial statements, which give a true and fair view of the state of affairs of the Pest Control Products Board for and as at the end of the financial year (period) ended on June 30, 2022.


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 Pest Control Products Board; (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 Pest Control Products Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Pest Control Products Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act 2012 and Section 14 of State Corporations Act.

## **Approval of the Financial Statements**

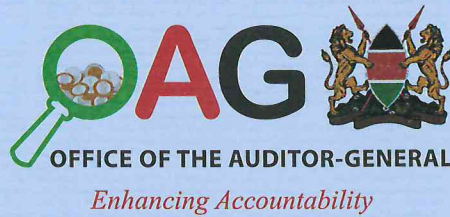
The Pest Control Products Board financial statements were approved by the Board on 19<sup>th</sup> September 2022 and signed on its behalf by:

.....  
**Njoroge Kagwe**  
**CHAIRPERSON OF THE BOARD**

  
.....  
**Dr. Esther Kimani**  
**ACCOUNTING OFFICER**

# REPUBLIC OF KENYA

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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 PEST CONTROL PRODUCTS BOARD FOR THE YEAR ENDED 30 JUNE, 2022

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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 Pest Control Products Board set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2022, 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, the financial statements present fairly, in all material respects, the financial position of the Pest Control Products Board as at 30 June, 2022, and of its financial performance and of its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with the Public Finance Management Act, 2012 and the Pest Control Products Act, 1982.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Pest Control Products Board 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 matter 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**

#### **Staff on Acting Appointments for More than Six Months**

Review of the Board's human resource records as at 30 June, 2022 revealed that four (4) officers have been in acting appointment and have been paid acting allowance since 1 May, 2020. This is contrary to Section C.14(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that acting allowance will not be payable to an officer for more than six (6) months.

In the circumstances, the 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 Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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 public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Under Staffing of Pest Control Board**

The statement of financial performance reflects Kshs. 130,612,740 in respect to staff costs and as disclosed in Note 11 to the financial statements. Review of the Board's staff establishment revealed that the Board had an approved staffing level of two hundred and sixty-seven (267) members of staff while only sixty-four (64) or 24% were in-post. Further, field visit of the Coast region in February, 2023 revealed that the region which serves nine (9) Counties has only three (3) technical officers one of whom was the acting in-charge.

In the circumstances, the Board may not achieve its mandate.

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

### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards 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.

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

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

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

The Board of Directors is responsible for overseeing the Board'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**

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease 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 Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

20 April, 2023






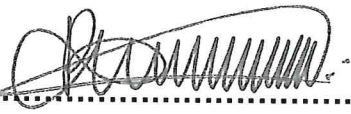
*Pest Control Products Board*  
**Annual Report and Financial Statements**  
**For the year ended 30 June 2022.**

**13. Statement of Financial Performance for the year ended 30 June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Governments Grant	6	110,000,000	90,000,000
Licenses and Permits	7	105,547,304	105,979,706
		<b>215,547,304</b>	<b>195,979,706</b>
<b>Revenue from exchange transactions</b>			
Rental revenue from Facilities and Equipment	8	2,963,221	6,082,455
Other Income	9	3,163,978	668,482
<b>Total revenue</b>		<b>221,674,503</b>	<b>202,730,643</b>
<b>Expenses</b>			
Use of Goods and Services	10	44,302,972	32,811,375
Employee Costs	11	130,612,740	134,050,703
Board Expenses	12	4,393,874	5,046,774
Depreciation and Amortization Expense	13	9,945,573	9,610,816
Repairs and Maintenance	14	3,984,164	3,082,646
Contracted Services	15	3,115,924	2,848,454
Corporate Social Responsibility	16	162,270	206,153
<b>Total Expenses</b>		<b>196,517,517</b>	<b>187,656,921</b>
<b>Surplus/(deficit) for the year</b>		<b>25,156,985</b>	<b>15,073,722</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Entity		25,156,985	15,073,722
		<b>25,156,985</b>	<b>15,073,722</b>

The notes set out on pages 7 to 24 form an integral part of these Financial Statements.

The Financial Statements set on pages 1 to 6 were signed on behalf of the Board of Directors by:

		
.....	.....	.....
Name: Dr. Esther Kimani	Name: CPA Bernard Mang'ara	Name: Njoroge Kagwe
Accounting Officer	Head of Finance. ICPAK Member	Chairman of the Board
No.:12615		
Date: 25/3/2023	Date: 25/03/2023	Date: .....




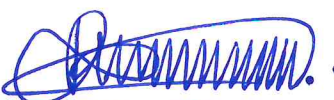
*Pest Control Products Board*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**14 Statement of Financial Position as at 30 June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	17	66,778,173	2,452,865
Receivables from Exchange Transactions	18	11,098,938	6,397,546
<b>Total Current Assets</b>		<b>77,877,111</b>	<b>8,850,411</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	19	544,101,064	513,073,868
<b>Total Non- Current Assets</b>		<b>544,101,064</b>	<b>513,073,868</b>
<b>Total Assets</b>		<b>621,978,175</b>	<b>521,924,279</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	20	13,456,829	17,324,303
Current Provision	21	2,585,223	1,178,501
<b>Total Current Liabilities</b>		<b>16,042,052</b>	<b>18,502,804</b>
<b>Total Liabilities</b>		<b>16,042,052</b>	<b>18,502,804</b>
<b>Net Assets</b>			
Reserves	22	67,354,425	67,354,425
Accumulated Surplus	23	403,072,242	377,915,257
Capital Fund	24	123,679,099	46,321,436
Revaluation Surplus	25	11,830,357	11,830,357
<b>Total Net Assets</b>		<b>605,936,123</b>	<b>503,421,475</b>
<b>Total Net Assets and Liabilities</b>		<b>621,978,175</b>	<b>521,924,279</b>

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

  
 .....  
 Name: Dr. Esther Kimani  
 Accounting Officer  
 Date: 25/3/2023

  
 .....  
 Name: CPA Bernard Mang'ara  
 Head of Finance. ICPAK Member  
 No.:12615  
 Date: 25/3/2023

  
 .....  
 Name: Njoroge Kagwe  
 Chairman of the Board  
 Date: 25/3/23

*Pest Control Products Board*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**


**15 Statement of Changes in Net Assets for the year ended 30 June 2022**

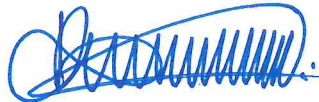
	Capital Reserves	Revaluation Reserve	Retained Earnings	Capital/Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, 2020</b>	<b>67,354,425</b>	<b>11,830,357</b>	<b>362,841,535</b>	<b>20,000,000</b>	<b>462,026,317</b>
Surplus/ deficit for the year	-	-	15,073,722	-	15,073,722
Capital/development grants received during the year	-	-	-	26,321,436	26,321,436
<b>As at June 30, 2021</b>	<b>67,354,425</b>	<b>11,830,357</b>	<b>377,915,257</b>	<b>46,321,436</b>	<b>503,421,475</b>
<b>As at July 1, 2021</b>	<b>67,354,425</b>	<b>11,830,357</b>	<b>377,915,257</b>	<b>46,321,436</b>	<b>503,421,475</b>
Surplus/ deficit for the year	-	-	25,156,985	-	25,156,985
Capital/development grants received during the year	-	-	-	77,357,663	77,357,663
<b>As at June 30, 2022</b>	<b>67,354,425</b>	<b>11,830,357</b>	<b>403,072,242</b>	<b>123,679,099</b>	<b>605,936,123</b>

**16. Statement of Cash Flows for the year ended 30 June 2022**

		2021-2022	2020-2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
Surplus for the year before tax		25,156,985	15,073,722
<b>Adjusted for:</b>			
Add back Depreciation and Amortization	13	9,945,573	9,610,816
Increase/(Decrease) in Retirement Benefit Obligations/Provisions	21	1,406,722	(1,146,773)
(Increase)/Decrease in Trade and Other Receivables	18	(4,701,392)	4,962,706
Increase/(Decrease) in Trade and Other Payables	20	(3,867,474)	(6,167,237)
<b>Net cash flows from/(used in) operating activities</b>		<b>27,940,414</b>	<b>22,333,234</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	19	(40,939,511)	(48,377,208)
<b>Net cash flows from/(used in) investing activities</b>		<b>(40,972,768)</b>	<b>(48,377,208)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Capital Grants	6	77,357,663	26,321,436
<b>Net cash flows from financing Activities</b>		<b>77,357,663</b>	<b>26,321,436</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>64,325,309</b>	<b>277,462</b>
Cash and cash equivalents at 1 July 2021		2,452,864	2,175,402
<b>Cash and cash equivalents at 30 June 2022</b>	17	<b>66,778,173</b>	<b>2,452,864</b>

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

  
 .....  
**Name: Dr. Esther Kimani**  
**Accounting Officer**  
**Date: 25/3/2023**

  
 .....  
**Name: CPA Bernard Mang'ara**  
**Head of Finance**  
**ICPAK M/No: 12615**  
**Date: 25/03/2023**

  
 .....  
**Name: Njoro Kagwe**  
**Chairman of the Board**  
**Date: 29/3/23**

*Pest Control Products Board*  
**Annual Report and Financial Statements**  
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**17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Governments Grants	246,000,000	(60,000,000)	186,000,000	186,000,000	-	100
Licenses and Permits	90,400,000	-	90,400,000	105,547,304	15,147,304	117
Other Income	5,000,000	4,000,000	9,000,000	7,484,862	(1,515,138)	83
<b>Total Income</b>	<b>341,400,000</b>	<b>(56,000,000)</b>	<b>285,400,000</b>	<b>299,032,165</b>	<b>13,632,165</b>	<b>104</b>
<b>Expenses</b>						
Use of Goods and Services	49,942,428	4,000,000	53,942,428	44,302,972	9,606,199	82
Employee costs	134,350,174	-	134,350,174	130,612,740	3,737,434	97
Remuneration of Directors	4,766,000	-	4,766,000	4,393,874	372,126	92
Depreciation and Amortization expense	7,371,594	-	7,371,594	9,945,573	(2,573,979)	135
Repairs and Maintenance	5,447,200	-	5,447,200	3,984,164	1,463,036	73
Contracted Services	2,795,000	350,000	3,145,000	3,115,924	29,076	99
Corporate Social Responsibility	377,604	-	377,604	162,270	215,334	43
<b>Total Expenditure</b>	<b>205,050,000</b>	<b>4,350,000</b>	<b>209,400,000</b>	<b>196,517,517</b>	<b>12,882,483</b>	<b>94</b>

*Pest Control Products Board*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Surplus for the period	-	-	-	25,156,768	-	
Capital Expenditure	136,350,000	60,000,000	76,350,000	40,972,768	35,377,232	54

**Budget Notes**

1. Revenue target for License fee was met and exceeded
2. Other receipts target was not met, PCPB was not able to get new tenants for the vacant space leading to low revenue received
3. Prudent use of resources led to reduced cost of goods and services within the period
4. Depreciation expense exceeded the targeted amount as a result of procurement of new assets.
5. Corporate social responsibility absorption was below target, the tree nursery grafting did not go as planned.
6. Capital expense was below target. Expected lab benches which were to be imported and fixed were not installed due to delays while importing.
7. The surplus is net of the capitalized income Kshs 77,357,663

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

### **1. General Information**

The Pest Control Products Board is a statutory organization of the Kenya Government established in 1985 under Cap 346 laws of Kenya. The formation of the Board was in recognition that pesticides are key to agricultural production and can be harmful to human, animals and the environment. The Board is mandated to oversee all matters related to pesticides, including but not limited to regulation of the importation and exportation, manufacture, distribution, sale and use of pest control products while mitigating their harmful effects to human health, animal health and the environment. The Board undertakes its functions through a Board of management and two technical departments. The Board also collaborates with both local and international stakeholders.

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

The Pest Control Products Board (PCPB) financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) as follows;

- The financial statements are presented in Kenya shillings (Kshs), which is the functional and reporting currency
- The accounting policies have been consistently applied to all the years presented.
- The financial statements have been prepared on the basis of historical cost, unless stated otherwise.
- The cash flow statement has been prepared using the indirect method.
- The financial statements are prepared on accrual basis.
- The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS).

### **3. Adoption of New and Revised Standards**

The directors have not applied any of the new and revised standards in issue but not yet effective and we do not foresee any significant impact in the preparation of the financial statements during the year. Pest Control Products Board did not adopt any new standards in the preparation of financial statements for the year ended 30 June 2022.



#### **4. Summary of Significant Accounting Policies**

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

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

##### **Fees, taxes and fines**

Pest Control Products Board (PCPB) 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 entity 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. This includes deposits with service providers and prepayments when the terms of contract requires we prepay.

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

##### **Rental Income**

Rental income from the vacant office space let out is accounted for on a straight line basis and included for in the revenue, other receipts.

##### **b) Budget information**

The original budget for FY 2021/2022 was approved by the National Treasury. There was a minimal revision by the Board in January 2022.

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

##### **c) Taxes**

##### **Current income tax**

Pest Control Products Board is fully funded by exchequer and is not a body Corporate but a semi-autonomous Government agency and therefore not responsible for payment of corporate tax.

**d) Investment property**

PCPB did not have any investment property over the period.

**e) 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, PCPB recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is charged so as to write off the cost of valuation of property, plant and equipment to their residual values over their expected useful lives using the straight line method at the following rates: Equipment 12.5% (8years), Furniture 12.5% (8 years), Motor Vehicles 25% (4 years), Computer Equipment 33.3% (3 years), Lab equipment 12.5% (8 years).

**f) Leases**

PCPB did not have any finance lease during the period.

**g) Intangible assets**

PCPB did not have any intangible asset during the period.

**h) Research and development costs**

PCPB 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.

***j) Financial instruments***

**a) Financial assets**

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. PCPB has receivables held by other entities in form of deposits. Also when there is an amount of cash that is not put into immediate use, PCPB invests such money in treasury bills which it holds to maturity or rediscounts them as the case may be.

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. PCPB recognizes all financial liabilities initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***j) Provisions***

PCPB recognizes provisions when it 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 PCPB 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 reimbursements.

PCPB makes 0.2% general provision of total debtors. For Financial 2018/2019, PCPB made a specific provision of Kshs 79,160 being the outstanding amount of dishonored cheques which are more than eight years old.

***k) Contingent liabilities***

The Entity 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.

***l) Contingent assets***

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

***m) Nature and purpose of reserves***

PCPB have created and maintains a Capital reserve, Revaluation Reserve and Accumulated Surplus/Retained earnings reserves. These reserves are exclusively used in acquiring fixed assets for the organization.

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

The Entity 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**

PCPB provides retirement benefits for its employees. The institution has established a defined contribution plan which post-employment benefit plans under which an PCPB pays fixed contributions into a separate entity 15% of the basic salary of every employee (a fund), the contributions to fund obligations for the payment of retirement benefits are charged against income 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. 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. There was no foreign currency transactions during the period.

**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***

PCPB regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. The central government is regarded as a related party in this case.

**s) *Service concession arrangements***

PCPB 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, PCPB *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, PCPB also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) *Cash and cash equivalents***

In the case of PCPB, cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year. The cash and cash equivalent at the end of the year are as indicated in note number 18.

**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, 2021.

**5. Significant judgments and sources of estimation uncertainty**

The preparation of PCPB'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;**

That the National Treasury shall continue funding the activities of PCPB in the foreseeable future. That there shall be no change in Law or policy that will significantly affect the operations/existence of PCPB

**Useful lives and residual values**

The useful lives and residual values of assets have been assessed using Open Market value methodology

**Provisions**

Provisions have been made for gratuity at 31% of basic salary as provided in government's regulations.

*Pest Control Products Board*  
**Annual Report and Financial Statements**  
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**Notes to the Financial Statements (Continued)**

**6. Transfers from Other Government entities**

**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 recognised in capital fund.	Total transfers 2021-22	Prior year 2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Agriculture	110,000,000	-	76,000,000	186,000,000	116,321,436
Civilian Research & Development Foundation Global	-	-	1,357,663	1,357,663	-
<b>Total</b>	<b>110,000,000</b>	<b>-</b>	<b>77,357,663</b>	<b>187,357,663</b>	<b>116,321,436</b>

*The amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. The details of the reconciliation have been included under appendix II*

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

**7. Licences, Fees & Permits Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Licence Fees	105,547,304	105,979,706

This relates to various licence fees and charges for the importation and exportation, manufacture, distribution and use of pest control products.

**8. Rental Revenue from Facilities and Equipment**

Description	2021-2022	2020-2021
	Kshs	Kshs
Operating Lease Revenues	2,963,221	6,082,455

This relates to rental income on extra space let to tenants at the Head Office building in Loresho

**9. Other Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Other receipts/Miscellaneous incomes	3,163,978	668,482

This relates to miscellaneous incomes like analysis fees, disposal fees on impounded products

**10. Use of Goods and Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Electricity & Water	843,261	954,850
Bank Charges	189,086	178,860
Computer Expenses	133,113	290,890
Exhibitions & Shows	437,004	32,000
Library Expenses	211,462	174,057
Advertising	401,164	123,526
Laboratory Consumables	199,753	198,435
Audit Fees	348,000	348,000
Official Entertainment	323,442	223,407
Printing & Publication	155,692	363,212
Consumables	2,568,334	2,038,678
Fungicides	89,045	70,795
Insurance	969,611	740,148
Stationery	1,694,436	660,707



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Description	2021-2022	2020-2021
	Kshs	Kshs
Telephone Expenses	60,828	87,510
Postage	1,471,096	1,424,625
Rental	4,660,858	4,153,706
Training	1,339,240	556,912
Transport Operating Expenses	3,618,032	2,344,159
Travel, Subsistence & Other Allowances	20,389,060	16,369,650
External Travel	2,337,129	385,969
Uniforms	9,026	-
Disposal	46,400	-
Penalties	1,807,900	1,091,279
<b>Total</b>	<b>44,302,972</b>	<b>32,811,375</b>

### 11. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and Wages	68,013,656	67,434,911
Gratuity	1,058,723	830,501
Commuter Allowance	6,224,452	6,396,000
Company Pension & NSSF Contribution	12,402,916	13,730,685
House Allowance	25,166,774	25,570,067
Medical Cover	10,301,318	12,338,146
Other Personal Allowances	3,053,740	3,570,327
Passage & Leave Allowance	709,548	720,667
Telephone Allowance	3,681,614	3,459,400
<b>Employee costs</b>	<b>130,612,740</b>	<b>134,050,704</b>

### 12. Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	875,800	693,760
Sitting & Travelling Allowances	3,518,074	4,353,014
<b>Total</b>	<b>4,393,874</b>	<b>5,046,774</b>

*Pest Control Products Board*  
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**13. Depreciation and Amortization Expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	9,945,573	9,610,816
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>9,945,573</b>	<b>9,610,816</b>

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

**14. Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	971,281	1,188,692
Equipment and Machinery	1,041,906	720,155
Vehicles	1,970,977	1,173,799
<b>Total Repairs and Maintenance</b>	<b>3,984,164</b>	<b>3,082,646</b>

**15. Contracted Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Security	2,632,891	2,211,900
Property Management Services	483,033	619,554
Other Professional Services	-	17,000
<b>Total Contracted Services</b>	<b>3,115,924</b>	<b>2,848,454</b>

**16. Grants and Subsidies**

Description	2021-2022	2020-2021
	Kshs	Kshs
Corporate Social Responsibility	162,270	206,153
<b>Total Grants and Subsidies</b>	<b>162,270</b>	<b>206,153</b>

**17. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
731026785 - ABSA	2,654,141	54,744
1106876067 - KCB	38,290,280	2,004,066
1106877357 - KCB	25,833,752	394,055
<b>Total Cash And Cash Equivalents</b>	<b>66,778,173</b>	<b>2,452,865</b>

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

**18. Receivables from Exchange Transactions**

**(a) Receivables from Exchange Transactions (Current)**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Medical Insurance	7,922,073	4,469,376
Nairobi City County	215,188	215,188
PS Ministry of Lands & Housing	150,025	150,025
Other Exchange Debtors	2,811,652	1,562,957
<b>Total Current Receivables</b>	<b>11,098,938</b>	<b>6,397,546</b>

**Note:** Ksh 599,186 being total of unrepresented cheque by the close of the year have been added to other Exchange Debtors for purposes of preparing the financial statement.

**(b) Receivables from Exchange Transactions (Long-term)**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Total Long-term Receivables</b>	<b>-</b>	<b>-</b>

*Pest Control Products Board*  
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**Notes to the Financial Statements (Continued)**

**19 Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Lab Equipment	Capital Work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2020	35,000,000	349,058,705	31,000,000	7,904,916	3,658,883	11,310,722	1,821,500	131,992,153	571,746,879
Additions	-	-	-	-	-	-	-	48,377,208	48,377,208
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2021</b>	<b>35,000,000</b>	<b>349,058,705</b>	<b>31,000,000</b>	<b>7,904,916</b>	<b>3,658,883</b>	<b>11,310,722</b>	<b>1,821,500</b>	<b>180,369,361</b>	<b>620,124,087</b>
Additions	-	1,357,663	5,230,000	207,972	1,005,280	-	-	33,171,853	40,939,511
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2022</b>	<b>35,000,000</b>	<b>350,416,368</b>	<b>36,230,000</b>	<b>8,112,888</b>	<b>4,664,163</b>	<b>11,310,722</b>	<b>1,821,500</b>	<b>213,541,214</b>	<b>661,096,855</b>
<b>Depreciation And Impairment</b>									
At 1 July 2020	-	48,543,578	31,000,000	4,736,097	3,658,883	8,134,717	1,366,127	-	97,439,402
Depreciation	-	6,981,174	-	988,115	334,758	1,413,840	227,688	-	9,945,575
Impairment	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
<b>As At 30 June 2021</b>	<b>-</b>	<b>55,524,752</b>	<b>31,000,000</b>	<b>5,724,212</b>	<b>3,658,883</b>	<b>9,548,557</b>	<b>1,593,815</b>	<b>-</b>	<b>107,076,215</b>
Depreciation	-	6,981,174	-	988,115	334,758	1,413,840	227,686	-	9,945,573

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	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Lab Equipment	Capital Work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2022</b>	<b>-</b>	<b>62,505,926</b>	<b>31,000,000</b>	<b>6,712,326</b>	<b>3,993,641</b>	<b>10,962,398</b>	<b>1,821,500</b>	<b>-</b>	<b>116,995,791</b>
<b>Net Book Values</b>									
<b>As At 30<sup>th</sup> June 2021</b>	<b>35,000,000</b>	<b>293,533,953</b>	<b>-</b>	<b>2,180,705</b>	<b>-</b>	<b>1,762,165</b>	<b>227,686</b>	<b>180,369,361</b>	<b>513,073,870</b>
<b>As At 30<sup>th</sup> June 2022</b>	<b>35,000,000</b>	<b>287,910,442</b>	<b>5,230,000</b>	<b>1,400,562</b>	<b>670,522</b>	<b>348,325</b>	<b>-</b>	<b>213,541,214</b>	<b>544,101,064</b>

*The Capital Work in Progress relates to construction of a laboratory block at PCPB Head Office which is 95% complete*

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

**Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	35,000,000	-	35,000,000
Buildings	350,416,368	62,505,926	287,910,442
Motor Vehicles, Including Motorcycles	36,230,000	31,000,000	5,230,000
Furniture & Fittings	8,112,888	6,712,326	1,400,562
Computers And Related Equipment	4,664,163	3,993,641	670,522
Office Equipment	11,310,722	10,962,398	348,325
Laboratory Equipment	1,821,500	1,821,500	-
Capital Work in Progress	213,541,214	-	213,541,214
<b>Total</b>	<b>661,096,855</b>	<b>116,995,791</b>	<b>544,101,064</b>

Property plant and Equipment includes the following assets that are fully depreciated:

	<b>Cost or valuation</b>	<b>Normal annual depreciation charge</b>
Laboratory Equipment	1,821,500	1,821,500
<b>Total</b>	<b>1,821,500</b>	<b>1,821,500</b>

**20 Trade and Other Payables**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables	13,456,829	17,324,303
<b>Total trade and other payables</b>	<b>13,456,829</b>	<b>17,324,303</b>

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

**21 Current Provisions**

Description	Gratuity Provision	Audit Fees provision	Total
	Kshs	Kshs	Kshs
<b>Balance b/f</b>	<b>830,501</b>	<b>348,000</b>	<b>1,178,501</b>
Additional provisions	1,058,722	348,000	1,406,722
Provision utilised	-	-	-
Change due to discount and time value for money	-	-	-
Transfers from non-current provisions	-	-	-
<b>Total provisions year end</b>	<b>1,889,223</b>	<b>696,000</b>	<b>2,585,223</b>

**22 Capital Reserves**

Description	2021-2022	2020-2021
	Kshs	Kshs
Capital reserve relates to a capital item (Lease hold land less valuation cost) provided by the Government of Kenya the solo shareholder of the entity. In addition there has been transfers from retained earnings.	67,354,425	67,354,425

**23 Accumulated Surplus**

Description	2021-2022	2020-2021
	Kshs	Kshs
This is the retained net earnings that has accumulated over the financial years	403,072,242	377,915,257

**24 Capital/Development Grants Fund**

Description	2021-2022	2020-2021
	Kshs	Kshs
This is the Development funds availed by the Government for the construction of the residual laboratory	123,679,099	46,321,436

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

**25 Revaluation Surplus**

Description	2021-2022	2020-2021
	Kshs	Kshs
This is valuation equity account that is adjusted upwards, caused by an upward valuation of capital assets and a resultant increase in the carrying value of such assets.	11,830,357	11,830,357

**26 Employee Benefit Obligations**

Pest Control Products Board contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. PCPB's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month. Other than NSSF, PCPB also has a defined contribution scheme operated by Britam. Employees contribute 7.5% while employer contributes 15% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

**27 Financial Risk Management**

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

**i) Liquidity risk management**

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



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

The table below represents cash flows payable by PCPB under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2022</b>				
Trade payables	13,339,339	-	117,430	12,857,643
Provisions	2,585,223	-	-	2,585,223
<b>Total</b>	<b>15,924,622</b>	<b>-</b>	<b>117,430</b>	<b>16,042,052</b>
<b>As at 30 June 2021</b>				
Trade payables	15,167,770	-	117,430	15,285,200
Provisions	1,178,501	-	-	1,178,501
<b>Total</b>	<b>16,346,271</b>	<b>-</b>	<b>117,430</b>	<b>16,463,701</b>

**28 Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to PCPB 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 Pest Control Products Board is a Statutory organization of Kenya Government established under an Act of parliament, the Pest Control Products Act, Cap 346, Laws of Kenya of 1982 to regulate the importation and exportation, manufacture, distribution and use of pest control products.

**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Key management.
- iv) Board of directors.

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

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Grants /transfers from the government</b>		
Grants from national govt Parent Ministry	186,000,000	116,321,436
<b>Total</b>	<b>186,000,000</b>	<b>116,321,436</b>
<b>b) Key management compensation</b>		
Directors' emoluments	4,393,874	5,046,774
Compensation to key management	12,134,076	13,860,210
<b>Total</b>	<b>16,527,950</b>	<b>18,906,984</b>

**29 Events after the Reporting Period**

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

**30 Ultimate And Holding Entity**

The Pest Control Products Board is a statutory organization of Kenya Government established under an Act of parliament, the Pest Control Products Act, Cap 346, Laws of Kenya of 1982 under the Ministry of Agriculture. Its ultimate parent is the Government of Kenya.

**31 Currency**

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

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**19. Appendix**

**Appendix I: 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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unresolved prior Year Matter	Resolved in the current year.	Resolved.	
2.	Delayed completion of Construction Of a Laboratory Block	It was true that the pesticide Residual Laboratory Project was to be completed by 26 <sup>th</sup> April 2021 yet the funding for the project which was to be disbursed from the exchequer was not received as projected at the close of FY 2020/2021. The construction project completion was extended by eight months to May 20202 where the letter of extension was provided to the audit team.	On-going.	Construction of Laboratory Block expected to be completed by June 2023.
3.	Staff on acting appointment for more than six months	PCPB is at advanced stage of review of its Act which will give it power to employ. PCPB renews and pays for acting position that makes them motivated to continue serving the citizens.	Not resolved.	Hopefully to be completed in the next one year.
4.	Payment of Avoidable Fines and penalties	Remittance of statutory deductions over the period was a challenge due to cash flow problems.	Resolved	

*[Signature]*

**C.E.O/Secretary PCPB**

*25/3/2023*

Date: .....

*Pest Control Products Board*  
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**Appendix II- Inter-Entity Confirmation Letter**  
**Pest Control Products Board**  
**P.O. Box 13794-00800**

**Confirmation of amounts received by Pest Control Products Board as at 30<sup>th</sup> June 2022**

Reference Number	Date Disbursed	Amounts Disbursed by State Department of Crops and Agriculture (KShs) as at 30th June 2022			Amount Received by PCPB (KShs) as at 30 <sup>th</sup> June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
	05/08/2021	27,500,000.00			27,500,000.00	-
	23/08/2021		38,000,000.00		38,000,000.00	-
	04/11/2021	27,500,000.00			27,500,000.00	-
	11/02/2022	9,166,666.70			9,166,666.70	-
	25/02/2022	9,166,666.70			9,166,666.70	-
	28/03/2022	9,166,666.00			9,166,666.00	-
	30/04/2022		38,000,000.00		38,000,000.00	-
	06/05/2022	9,166,666.00			9,166,666.00	-
	16/06/2022	9,166,666.00			9,166,666.00	-
	24/06/2022	9,166,666.00			9,166,666.00	-
<b>Total</b>		<b>110,000,000.00</b>	<b>76,000,000.00</b>		<b>186,000,000.00</b>	<b>-</b>

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

**Head of Finance & Accounts of Pest Control Products Board:**

*B. M. Mungara*

Name .....

Sign .....

Date *25/3/2023* .....