

REPUBLIC OF KENYA



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CLERK-AT THE-TABLE:	IMZOU MWALE

REPORT

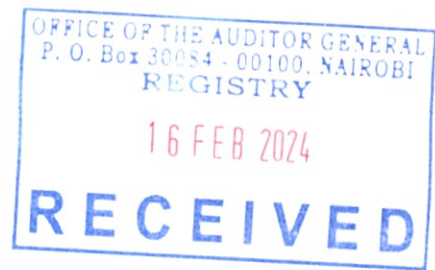
OF

THE AUDITOR-GENERAL

ON

NURSING COUNCIL OF KENYA

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



NURSING COUNCIL OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2023

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I. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

BScN	Bachelor of Science in Nursing
BETA	Bottom-up Economic Transformation Agenda
CEO	Chief Executive Officer
CPA	Certified Public Accountant
CHRP	Certified Human Resource Professional
GOK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KPNA	Kenya Progressive Nurses Association
ICT	Information Communication Technology
MAK	Midwives Association of Kenya
MOH	Ministry of Health
NCK	Nursing Council of Kenya
OAG	Office of the Auditor General
PFM	Public Finance Management

B: Glossary of Terms

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

Comparative Year- Means the prior period

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II. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Nursing Council of Kenya is regulatory body under the Ministry of Health established on 10th June 1983 by an Act of Parliament under the Nurses and Midwives Act, Cap 257 of the Laws of Kenya. The Council's mandate is to make provision for the training, registration, enrolment and licensing of nurses: to regulate their conduct and to ensure their maximum participation in the health care of community and for connected purposes.

The Council has a Secretariat to facilitate it in carrying out its mandate. The functions of the Secretariat are organized under three technical departments and Support service section. The technical departments comprise of Registration and Licensing, Education and Examination, and Discipline, Standards and Ethics. The support service Units include Finance, Supply Chain, Human Resource and Administration, Internal Audit, Corporation Secretary and legal Services and Information Technology and Communication.

NCK is governed by a Council appointed by the Cabinet Secretary for the Ministry of Health. The Council is responsible for the general policy and strategic direction of the Council.

(b) Principal Activities

The principal activity of NCK is to regulate the Nursing and midwifery education and practice in Kenya.

Vision

A Safe and Healthier World

Mission

Regulate and enforce nursing and midwifery education and practice standards that inspire public safety and confidence.

Core Values

These are the DNA of the Council that everything we do comes from deeply-held commitments and shared understanding of our values, what we stand for, how we treat each other and those we serve; that inform every policy and steer every action summarized as:

❖ Integrity

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- ❖ Nurture
- ❖ Socially responsible
- ❖ Professionalism
- ❖ Innovation
- ❖ Responsiveness
- ❖ Excellence
- ❖ Devotion

(c) Key Management

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

- Council members
- Registrar / Chief Executive Officer
- Senior Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Registrar/CEO	Anne Mukuna
2.	Director Education and Examination	Dr. Gladys Machira-Maripet
3.	Director Corporate Services	CHRP Dickson Kimutai
4.	Deputy Director Finance and Accounts	CPA. George Otieno
5.	Deputy Director Supply Chain	Augustine Abade

(e) Fiduciary Oversight Arrangements

The primary organ responsible for fiduciary oversight arrangements is the Council Members. Other Government bodies and agencies also provide oversight. The Council exercised this oversight through its Committees. These were Finance Strategy and Development Committee; Education, Registration and Examination Committee; Discipline, Standards and Ethics Committee; and Risk

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and Audit Committee. The key function of the Council is to guide and control the performance and management of the affairs of the Council.

Finance Strategy and Development Committee

The primary responsibility of the Finance Strategy and Development Committee is to oversee the financial, human resource, legal and information, communication and technology advancement of the Council.

The Committee reviews quarterly financial, human resource, supply chain, and information, communication and technology reports, and makes recommendations to the Council on ways of raising and utilizing funds and establishment of systems and procedures for efficient financial management. It further advises the Council on Human Resource, ICT, Legal, Communication and Supply Chain policies and guidelines.

Registration, Education and Examination Committee

The Registration, Education and Examination Committee sets the criteria, and oversees implementation of regulations governing the enrolment, registration and licensing of nurses and midwives in Kenya. It is also in charge of registers, rolls and records required to be kept under the Nurses and Midwives Act, Cap 257. The Committee is also involved in the development of performance evaluation study guidelines, training and research guidelines and participates in, and informs the Council about the outcomes of relevant national and international scientific conferences.

Discipline, Standards and Ethics Committee

The Discipline, Standards and Ethics Committee is responsible for establishment, improvement and control of conditions, standards and quality of nursing and midwifery education and practice within the ambit of the Nurses and Midwives Act. It is also responsible for determining issues against persons or institutions brought before the Council.

Risk and Audit Committee

The Risk and Audit Committee's scope includes risk management, as well as compliance with the regulatory requirements. It broadly oversees the Council's standards of integrity and behaviour, reporting of financial information and internal control systems.

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(f) Headquarters

P.O. Box 20056 – 00200,
NCK Plaza, Kabarnet Road, off Ngong Road,
Nairobi, Kenya.

(g) Contacts

Tel: +254-20-7854665/9, +254-721-920567, +254-733-924669
Email: info@nckkenya.org
Website: www.nckkenya.com

(h) Bankers

Absa Bank Kenya Ltd, Harambee Ave-Premier Life Centre Branch | P O Box 30011-00100, Nairobi
Kenya

Cooperative Bank of Kenya Ltd, Kibera Branch | P.O. Box 48231 – 00100, Nairobi Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

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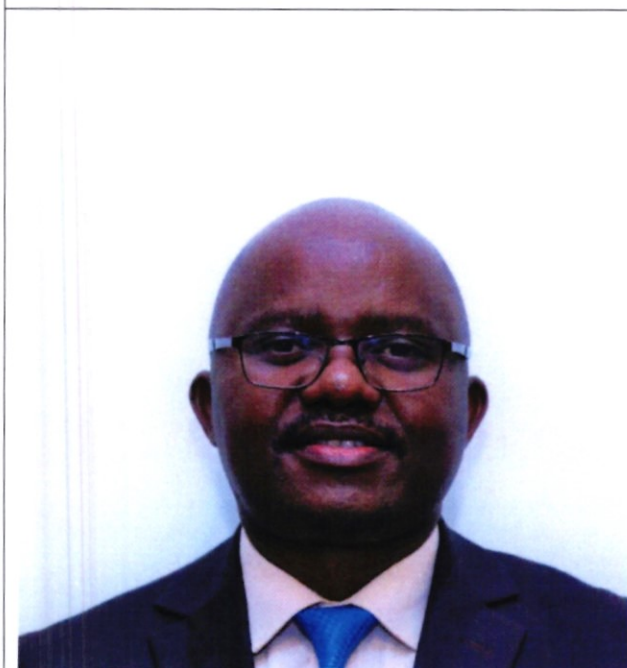
III. THE COUNCIL MEMBERS



Prof. Eunice Ndirangu

Independent Council Member and Chairperson, Nursing Council of Kenya

Prof. Eunice Ndirangu, born on 14th July 1978, was re-appointed to the Council on 13th July 2022 as the Chairperson. She holds a PhD in Nursing Studies and Master in Advanced Nursing Practice both from the University of Nottingham in the United Kingdom, and Bachelor of Science in Nursing (BScN) from the University of East Africa - Baraton. She is currently the Dean, Aga Khan University School of Nursing and Midwifery.



Dr. Mutisya Albanus Kyalo

Independent Council Member

Dr. Mutisya Albanus Kyalo, born on 22nd November 1974, is the Chairperson of the Registration Education and Examination Committee and is a representative of Accredited Universities. He was appointed to the Council on 13th July 2022. He holds a PhD in Nursing Services, MSc in Nursing (Critical care) and Bachelor of Science in Nursing (BScN) all from the University of Nairobi. He is currently the Dean/Senior Lecturer at the Jomo Kenyatta University of Agriculture and Technology (JKUAT).

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Nyongesa Michael Simiyu

Independent Council Member

Mr. Nyongesa Michael Simiyu, born on 12th January 1972, was re-appointed to the Council on 13th July 2022. He is the Chairperson of Risk and Audit Committee and a representative of Kenya Professional Nurses Association. He holds a Bachelor of Science in Health Systems Management from Kenya Methodist University and a Diploma in Kenya Registered Community Health Nurse from the Kenya Medical Training College. He is also the Chair, Kenya Progressive Nurses Association (KPNA) and the Depot Manager, Division of Vaccine and Immunization.



Catherine Waigwe Mwaura

Independent Council Member

Mrs. Catherine Waigwe Mwaura, born on 12th December 1967, was appointed to the Council on 13th July 2022 and is representative of the Middle level colleges. She holds a Masters in community health and development from the Great Lakes University of Kisumu, Bachelor of Science in Palliative Care from Makerere University and Higher Diplomas in Medical Education, Ophthalmic Nursing and Intensive Care Nursing from KMTCC Kenya Medical Training College. She is currently serving as lecturer at KMTCC.

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Erick Kemboi Chebet

Independent Council Member

Mr. Erick Kemboi Chebet, born on 14th February 1974, was appointed to the Council on 13th July 2022. He is a representative of the Public as per the Nurses Act. He holds a Higher National Diploma in Kenya Registered Perioperative, Kenya Registered Community Health Nursing and Kenya Enrolled Community Health Nursing all from KMTTC. He is serving as a Nurse at Iten County Referral Hospital



Teckla J. Kemboi – Ngotie

Independent Council Member

Dr. Teckla J. Kemboi – Ngotie, born on 15th July 1975, was appointed to the Council on 13th July 2022. She is the Chairperson of the Discipline Standards and Ethics Committee and is representative of Midwives Association of Kenya (MAK). She holds a PHD in Nursing Science and Midwifery from Stellenbosch University, a master's degree in Midwifery/Obstetric nursing from the University of Nairobi, Bachelor's Degree in Nursing from Metropolitan State University – USA, Diploma in Registered Community Health Nursing from KMTTC, and certification in Public Health Nursing. She is currently serving as a lecturer at Kenyatta University.

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Dr. Gondi Joel Odhiambo

Independent Council Ex-Officio Member

Dr. Gondi Joel Odhiambo, born 24th June 1972, is an Ex-officio member of the Council. He is the Chairperson of Finance, Strategy and Committee and is a representative of the Office of Director General, Medical Services. He is currently serving as the Head of Division of Human Resources for Health at the Ministry of Health. Previously, he served as a Senior Deputy Director of Medical Services and as the Head of Reproductive and Maternal Health Services Unit at Ministry of Health. He holds an MBChB from Moi University, Master of International/Public Health from Virje University and Executive MBA from JKUAT.



Pauline Ngala

Independent Council Member

Mrs. Pauline Ngala, born on 10th July 1971 was appointed to the Council on 13th July 2022. She is a representative of the National Nurses Association of Kenya (NNAK) as the 1st Vice Chairperson. She holds a higher Diploma in critical care Nursing, Advanced Diploma in Healthcare Management from Kenya Institute of Management (KIM) KRCHN and KECHN from KMTTC. She is currently serving as Coordinator in Referral and Ambulatory services in Kilifi county.



Dr. Judith Awinja Aluora, OGW
Council Ex-Officio Member

Dr. Judith Awinja Aluora, born on 26th November 1969, is an Ex-officio member of the Council and the current Director of Nursing Services (DNS) Ministry of Health and is a representative of this Office. She holds a PhD in Public Health Policies and Administration (Strategic Management) from Walden University USA, Master of Science in Public Health (MPH) from University of Liverpool and Bachelor of Nursing (BN) from Dundee University Scotland. She is also currently the Head of Home Based Care Programme Ministry of Health and a Member of the Covid 19 Task force.



Anne Njeri Mukuna
Ag. Registrar/CEO

- Master in Health Systems Management
- Bachelor of Science, Nursing
- KRCHN

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Eugene Ayub

Ag. Corporation Secretary and Director legal services



- Bachelor of Law (LLB)

Advocate (Dip. KSL)




IV. MANAGEMENT TEAM

	<p>Anne Njeri Mukuna Director Standards & Compliance and Ag. Registrar/CEO</p> <ul style="list-style-type: none">• Master in Health Systems Management• Bachelor of Science, Nursing• KRCHN
	<p>Dr. Gladys Machira-Maripet Director Education and Examination</p> <ul style="list-style-type: none">• PhD in Nursing• Master of Science in Palliative Care• Bachelor of Science, Nursing

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	<p>Leonard Kipkurui Langat Director Registration and Licensing</p> <ul style="list-style-type: none"> • Master of Public Health, • Bachelor of Science, Nursing
	<p>CPA George Otieno Achieng Deputy Director Finance and Accounts</p> <ul style="list-style-type: none"> • Master of Business Administration (Finance) • Bachelor of Commerce (Finance) • CPA-K • Member of ICPAK
	<p>Eva Magothe Deputy Director Information Communication & Technology</p> <ul style="list-style-type: none"> • Bachelor of Business Information Technology • Certified Information System Auditor

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	<p>Augustine Abade Deputy Director Supply Chain</p> <ul style="list-style-type: none"> • Masters of Science Procurement and logistics • Bachelor of Business Management • Post-graduate diploma in Purchasing and supplies • MCIPS, MKISM, MKIM.
	<p>CPA Michael Kahuthu Mwenda Ag. Director Internal Audit, Risk and Compliance</p> <ul style="list-style-type: none"> • Bachelor of Business Management, • CPA-K • Member of ICPAK • Member of IIA Kenyan Chapter
	<p>Dickson Kimutai Toroitich Director Corporate Services</p> <ul style="list-style-type: none"> • Masters of Business Administration • Bachelor of Science in Human Resource Management • Member of IHRM • Executive Diploma in Industrial Relations • Higher Diploma in Human Resource Management

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 A portrait of Eugene Ayub, a man with short dark hair, wearing a dark suit jacket, a white shirt, and a red tie. He is smiling and looking directly at the camera.	<p>Eugene Ayub Corporation secretary and Director legal services</p> <ul style="list-style-type: none">• Bachelor of Law (LLB)• Advocate (Dip. KSL)
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V. CHAIRPERSON'S STATEMENT

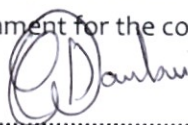
On behalf of the Council, I have the pleasure of presenting the Annual Report and Financial Statements for the financial year ended 30 June 2023. Established under the Nurses and Midwives Act Cap 257, the Council is mandated to regulate nursing and midwifery education and practice in Kenya, through making provisions for training, registration, enrolment and licensing of nurses and midwives. The Council also regulates their conduct to ensure maximum participation in health care of the community and connected purposes.

I am pleased to report that the Council was able to achieve most of the targets set for the financial year 2022-2023. We have continued to work within our mandate as stipulated in the Nurses and Midwives Act. The Council, during the year in review, launched its Strategic Plan 2023-2027 and certified with ISO 9001:2015, Quality Management Systems. The Council developed the Business Continuity Plan, the Data Protection Policy, the Alcohol and Drug Abuse Policy and Gender Mainstreaming Policy. The Council also reviewed the Education, Examination and Standards Policy and the Registration and Licencing Policy during the 2022/2023 financial year. The Council, through the adaptation of online licensure exams, has been able to examine 10,820 students and register and license around 6,341 nurses and midwives during the year under review.

To enhance service delivery, the Council has digitized most of its services including payment platform, retention and registration of nurses and midwives. In addition, the Council is committed to ensuring its prosperity by collectively directing its affairs, whilst meeting the diverse interests of stakeholders. The Council Charter guides the operations of the Council, as well as defining the roles and responsibilities of the Council members and Management. We strive to observe the highest standards of corporate governance and corporate ethics in providing overall policy and strategic direction.

The Council commits to implement the Strategic Plan 2023-2027 under the three thematic areas namely: Education and Assessment, Standards and Compliance, Registration and Licensing, Institutional Capacity Strengthening. The plan is aligned to the national aspirations as envisioned in the Bottom Up Economic Transformation Agenda (BETA), Kenya Vision 2030, the Medium-Term Plan and the Constitution of Kenya 2010.

Lastly, I wish to express my sincere appreciation to my fellow Council members, management and staff for their dedication in improving the operations of the Council. In addition, I wish to thank our clients and all other stakeholders for their continued patronage and support of our activities. Finally, I would like to thank the Government for the continued support, guidance and good working relationship.



.....
Prof. Eunice Ndirangu

Chairperson

16.02.2024
.....

Date

Nairobi

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VI. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the annual report and financial statements for the year ended 30th June 2023.

The Nursing Council of Kenya was established in June 1983 through the enactment of the Nursing Act. The mandate of the Council is to regulate the Nursing and midwifery education and practice in Kenya. The Strategic Plan of the Council is designed to ensure 100% compliance with the requirements under the Nursing and Midwifery Act Cap 257 and other relevant laws and regulations.

The core business of the Council is to make provision for training, registration, enrolment and licensing of nurses and midwives: to regulate their conduct and to ensure their maximum participation in the health care of the community and for connected purposes. This is in line with the mission and vision statement of the Council as nurtured by our core values.

During the year under review, the Council reported a total revenue Kshs.541.9 million FY 2022-2023 compared to Kshs.438.6 million FY 2021-2022 comprising of kshs.496.0 million A in A and Gok Recurrent grant of Kshs.45.8million. The Council realised a surplus of kshs. 13.6 million FY 2022-2023 compared to a surplus of kshs 24.7 million for FY 2021-2022. The surplus realised is attributed to prepayments realised in exam application for the August 2023 exam series. The value of total assets increased from Kshs. 241.5 million to Kshs. 248.5 million the current year. The Council achieved most of its intended plans, programs and activities as set out in the annual work plan and procurement plan.

During the year under review, the council has made great strides in mandate areas such enhancement of compliance and regulation in training, enhancing capacity to regulate nursing and midwifery education and practice, enhancing capacity on investigation of professional misconduct and disciplinary matters, development Council's human resource Capacity, improvement of customer service delivery, enhancement of financial sustainability, and strengthening of the legislative framework for regulation of nursing and midwifery education and practice.

The Council considers its customers experience an integral part of measure of success of operations. Therefore, the Council continually strives to remain customer centric in its service delivery. We are aware that in order to be successful, we need to continually change and adapt to the customers' ever-changing needs and wants. In this regard, processes have been designed and re-engineered to ensure that customer get the best service in the Council.

I appreciate the support and guidance received from the Council and the devotion of Council staff members.



Anne Njeri Mukuna
Ag. Registrar/CEO



Date
Nairobi

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VII. STATEMENT OF NURSING COUNCIL OF KENYA PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023

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

Nursing Council of Kenya has four (4) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY 2027. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Education and Research

Pillar/theme/issue 2: Nursing and Midwifery Practice

Pillar/theme/issue 3: Institutional Capacity Development

Pillar/theme/issue 4: Leadership and Governance

Nursing Council of Kenya develops its annual work plans based on the above four (4) Pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Council achieved its performance targets set for the FY 2022/2028 period for its four (4) strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Education and Research	➤ To enhance compliance and regulation of training	➤ Operational Education Policy ➤ Reviewed Accreditation guidelines	➤ Workshops and Stakeholder engagement	➤ The Council developed a comprehensive education policy accreditation guidelines
Nursing and Midwifery Practice	➤ To enhance capacity to regulate nursing and midwifery practice; and	➤ Operational registration and licensing, and standard policies;	➤ Workshops and stakeholder engagements	➤ The Council developed Specialist guidelines. ➤ The Council operationalized its Regional Offices

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	to enhance capacity to investigate professional misconduct.	<ul style="list-style-type: none"> ➤ operational regulatory tools ➤ Regional Offices 	<ul style="list-style-type: none"> ➤ Recruitment of Regional officers 	
Institutional Capacity Development	<ul style="list-style-type: none"> ➤ To develop and build NCK human resource capacity 	<ul style="list-style-type: none"> ➤ Job Evaluation to be done, job description and specification, grading of employees into job groups, remuneration. Development of an organizational structure and empty posts to be filled 	<ul style="list-style-type: none"> ➤ Workshops 	<ul style="list-style-type: none"> ➤ The Council has recruited key staff in management to oversee the departments and also for succession management.
Leadership and Governance	<ul style="list-style-type: none"> ➤ Strengthen the legislative framework for regulation of nursing and midwifery education and practice; ➤ Strengthen the Council and Council committees; and 	<ul style="list-style-type: none"> ➤ Development of the Nurses and Midwives (Fitness to Practice) Regulations ➤ Auditing of the skills, and identification of gaps for Council Members 	<ul style="list-style-type: none"> ➤ Stakeholder engagement, and development of the draft legislation; ➤ Auditing of the skills of board members and identifying training needs 	<ul style="list-style-type: none"> ➤ The Council successfully developed the Nurses and Midwives (Private Practice) Regulations, which are awaiting gazettelement ➤ Individual learning and development needs were identified from all the board members and members underwent

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	<ul style="list-style-type: none"> ➤ Enhance the board effectiveness 	<ul style="list-style-type: none"> ➤ Council evaluation report 	<ul style="list-style-type: none"> ➤ Through SCAC, the board members are evaluated 	<p>training to improve their skills in order to effectively deliver on their mandate;</p> <ul style="list-style-type: none"> ➤ Timely and effective undertaking of board evaluation; ➤ The Council is currently undertaking a governance audit in order to ensure that it conforms to the highest standards of good governance. ➤ The Council developed a Data Protection Policy to inform the management of personal data in the Council's information cycle and commitment by the Council to protect all the data collected and stored.
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VIII. CORPORATE GOVERNANCE STATEMENT

The Management of Nursing Council of Kenya is responsible for the overall management of the organization and is accountable to its stakeholders for ensuring that the organization complies with the law and the highest standards of best practices in corporate governance and quality service delivery. The Council is committed to integrity in accordance with the generally accepted corporate governance practices and endorses the principles of good corporate governance.

Composition of the Council:

The Council is made up of Nine non-executive members and who consist of a Chairperson and six members appointed by the Cabinet Secretary in the Ministry of Health to represent major stakeholders. Additional members to the Council comprise of a representative from the office Director General of Health, the Director of Nursing Services and the Registrar / Chief Executive Officer of the Council who are ex-officio members of the Council.

The Council exercises leadership, enterprise, integrity and judgement in managing the Council. The Council members are provided with full, appropriate and timely information that enables them to maintain full and effective control over strategic, financial, operational and compliance issues.

The day-to-day running of the operations of the Council is delegated to the Registrar/CEO but the Management is responsible for establishing and maintaining the Council's system of internal controls for the realization of the Council's mandate.

Council Committees:

The Council is assisted in its work by Council Committees attending to specific matters. The Committees report to and remain accountable to the Council for all their activities. The Council Committees' main function is to reinforce the wholeness of the Council's responsibility.

The Council has four standing committees which meet at least once per quarter and work under the terms of reference set by the Council. The Council co-opt members to enhance its performance in specific areas where there is need of expertise.

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The Council was appointed by Cabinet Secretary Ministry of Health on 13th July 2022 vide gazette Notice 8266 for a term of 3 years. The composition of members in their respective committees is as provided below;

Finance, Strategy and Development

- a) Dr. Joel Gondi (Chairperson)
- b) Mrs. Catherine Mwaura
- c) Dr. Tecla Ngotie
- d) Mrs. Pauline Ngala

Registration, Education and Examination Committee

- a) Dr. Albanus Mutisya (Chairperson)
- b) Mrs. Catherine Mwaura
- c) Dr. Judith Awinja Aluora
- d) Mrs. Pauline Ngala

Discipline, Standards and Ethics Committee

- a) Mrs. Tecla Ngotie (Chairperson)
- b) Dr. Judith Awinja Aluora
- c) Dr. Gondi Joel Odhiambo
- d) Mr. Erick Chebet
- e) Mr. Michael Nyongesa

Audit and Risk Committee

- a) Mr. Nyongesa Michael Simiyu (Chairperson)
- b) Dr. Albanus Mutisya
- c) Mr. Erick Chebet
- d) A Representative from The National Treasury (Yet to be appointed)

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Council Meetings:

The Council meets quarterly or more often, in accordance with the requirements of the business.

The Council work plan and calendar are prepared at the beginning of the year and adequate notice is given for all meetings. The agenda and Council papers are circulated within the stipulated timelines.

The table below is a summary of Council members' attendance to council meetings held in the period under review:

Council Member	Committee Meetings	Full Council	Special Meetings	Total Meetings
Prof. Eunice Ndirangu		4	1	5
Dr. Joel Gondi	4	4	1	9
Mrs. Catherine Mwaura	4	4	1	9
Dr. Tecla Ngotie	4	4	1	9
Mrs. Pauline Ngala	4	4	1	9
Dr. Judith Awinja Aluora	4	4	1	9
Mr. Nyongesa Michael Simiyu	4	4	1	9
Dr. Albanus Mutisya	4	4	1	9
Mr. Erick Chebet	4	4	1	9

The Role of the Council

As guided by Nurses and Midwives Act, the State Corporations Act, Cap 446, and other relevant laws of Kenya, the Council's role is to provide effective leadership and control, in terms of approving Council's strategy and ensuring best practice of corporate governance.

The Council retains full and effective control over the Council by monitoring the implementation of Council plans and strategies, review of management accounts and major capital expenditure. It reviews processes for the identification and management of risks as well as those concerning compliance with key regulatory and legal areas.

The Council also reviews succession plans for the management team and endorses senior executive appointments, organisational changes and remuneration matters. It is concerned with key elements of the

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governance processes which sustain the operations of the Council, performance reporting processes as well as other disclosure requirements.

Council effectiveness

The independence of the Council from the NCK's corporate management is ensured by the separation of the functions of the Chairperson and Registrar / CEO, and a clear definition of their responsibilities.

The Chairperson is a non-executive Council member and is primarily responsible for providing leadership to the Council while the Registrar / CEO is responsible for the day-to-day management of the Council. This achieves an appropriate balance of power, increased accountability and improved capacity for decision making.

The Council has a Charter for members to facilitate its governance system. Each Council member has signed the Charter.

Director's remuneration

In accordance with guidelines provided in the State Corporations Act, the Council members are paid taxable sitting allowance for every meeting attended, as well as travel and accommodation allowance while on the Council's duty. The Chairperson is also paid a monthly honorarium and airtime.

Statement of Compliance

The Council Member's participation and attendance confirms that Nursing Council of Kenya has throughout the 2022/2023 financial year complied with the entire Statutory and Regulatory requirement and that the Council is committed to the principles of good corporate governance as stipulated by Mwongozo: The Code of Governance for State Corporations.

Internal control and risk management:

Internal Control

The Council Members are responsible for reviewing the effectiveness of the Council's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of the assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to

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circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

The Council has a Code of Ethics and a Service Charter that is applicable to all employees. These two are standing Instructions to employees of the Council designed to enhance internal control. The Council has also designed other set of standing instructions to be followed in the management of various functions in the organization.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Council can meet its future management requirements.

Strategic Plan

The business of the Council is determined by the Strategic Plan. It sets out the objectives of the Council, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives. The Council on an annual basis, approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis. The Council's new strategic plan for the years 2023-2028 is now under implementation. The Strategic Plan has aligned the objectives of the Council with the national development objectives as set out in the Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA) for the Government.

Internal Control Framework

The Council continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an on-going basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the Council, is approved by the Audit Committee.

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The Audit Committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the Council. Where weaknesses are identified, the Audit Committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during 2022/2023.

Risk Management

The Council has a structure and process to help identify, assess and manage risks. The process was in place for the period up to the time this report was approved. This team reviews all the risks in the Council and updates the risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified. The identified risks are reported to the Audit Committee to assist the Council in the management of risk.

Management Team

The management team headed by the Registrar / CEO implements the Council decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Council's objectives are achieved effectively and efficiently. Such policies developed include the financial management policy, internal audit policy, procurement policy, education policy, examination policy, among others.

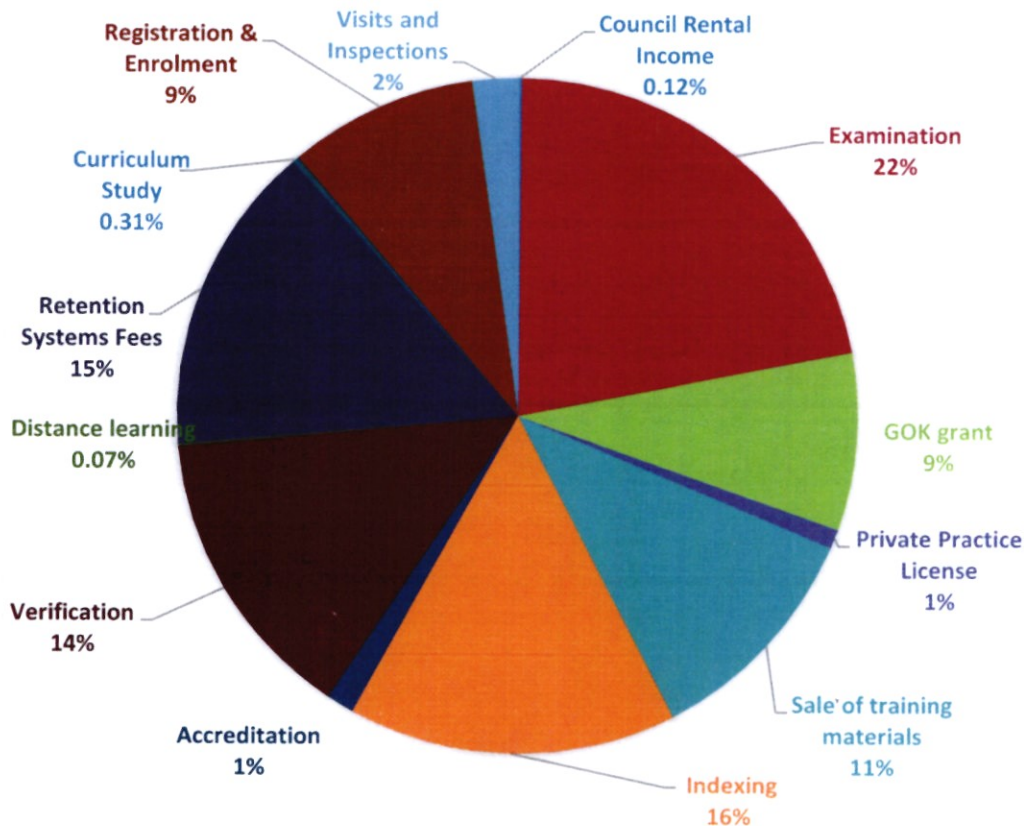
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IX. MANAGEMENT DISCUSSION AND ANALYSIS

Revenue Performance

The Council in FY 2022-2023, reported a total revenue of kshs.541,903,807 that comprised of AIA of kshs.496,070,472 and the GOK recurrent grant of Kshs.45,833,335. For comparative period FY 2021-2022, the Council reported a total of kshs.438,662,968 out of which kshs. 360,123,531 was AIA and Kshs.78,544,384 received as GOK recurrent. The AIA performance on a standalone basis represented an increment of kshs.135,946,941 or 38% growth level. The good performance in A in A is attributed to rapid response initiative in carrying out clearing indexing of students, surge in exam applications and rising numbers of nurses and midwives who are expressing interest to emigration.

The pie chart below shows revenue received by categorisation;



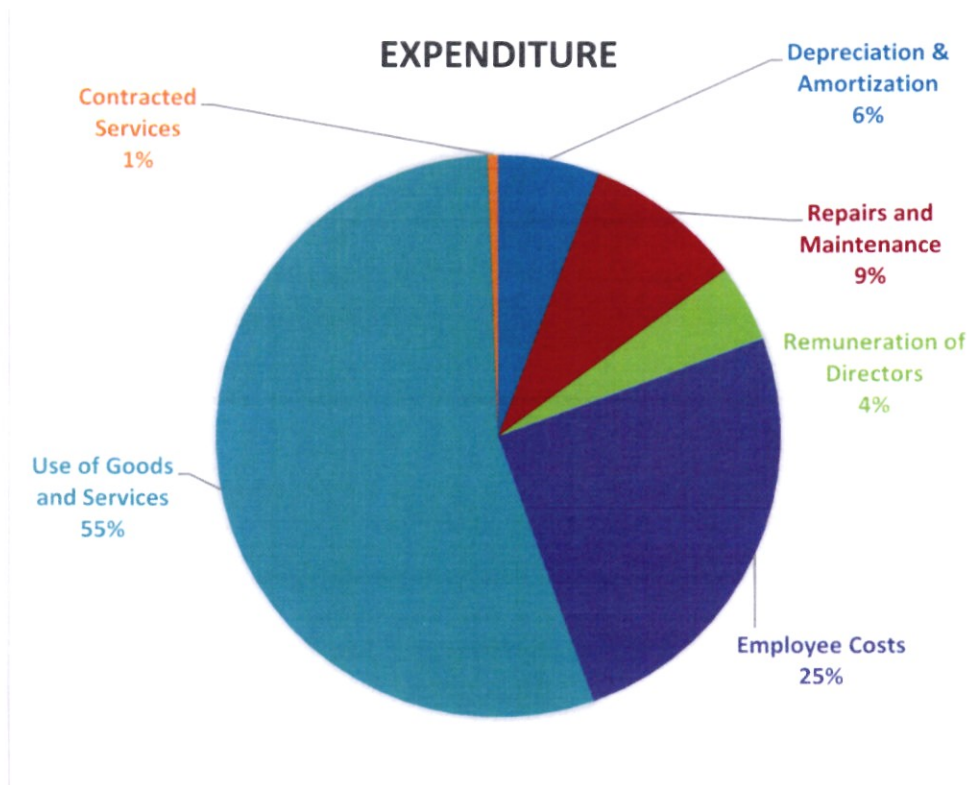
Pie Chart: Showing Nursing Council of Kenya Revenue Performance per Income Stream FY 2022-2023

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Expenditure Performance

Total expenditure for the FY 2022-2023 stood at kshs.528,275,387 as compared to kshs 413,941,016 incurred in FY 2021-2022. The growth in expenditure was kshs.114,334,371 (27%) owing to the institutional growth in budget. The reported expenditure includes ongoing recruitment costs of health workers under Kenya-UK Bilateral agreement.

The pie chart below shows expenditure incurred during the period by categorisation;



Pie Chart: Showing Nursing Council of Kenya Expenditure Performance per Expenditure Line Item FY 2022-2023

Total Assets

The Council's overall total assets position increased to kshs.248,450,266 F/Y 2022-2023 from kshs 241,525,685 F/Y 2021-2022 representing a 2.9% growth level. The addition to assets within the year amounted to kshs 21,793,906. This comprised of purchases of Computers (kshs 9,297,000), Software-servers (kshs.3,900,000), Furniture (kshs.2,140,000), Office Equipment (kshs.3,901,146) and the Construction of an Office Parking Shade (kshs.2,555,760). There were disposals in the year under review.

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Current Assets

The Current assets stood at kshs 73,614,362 in the FY 2022-2023 up from kshs. 57,932,316 recorded in FY 2021-2022. This represented an increase of 27.0%. The Council held more inventory of training materials as at the close of the year in readiness for distribution to schools. The Council carried out a massive indexing of students within the financial year. The Growth in receivables is as a result of increased prepayment made for insurances for assets and for staff medical cover following an increase in assets acquired and staffing levels. The receivables grew by kshs.5,319,122(37.0%), inventories by kshs.7,570,416 (55.4%) and cash and cash equivalent by kshs.2,792,507 (9.3%).

Liabilities

The Council's balance of liabilities FY 2022- 2023 were kshs.3,325,489 compared to F/Y 2021-2022 balance of kshs.10,029,329 representing a reduction of 67% from the previous year.

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X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Council exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Employee Welfare

The Council is guided by the Constitution of Kenya 2010, Public Service Commission of Kenya HR Policies and Procedures manual 2016 and the Nursing Council of Kenya HR Manual and Career Guidelines. Our Policies are reviewed from time to time and not more than three (3) years to align with the trends in the Labour Market.

Cognizance of employee welfare, the Council operates a Comprehensive medical cover, Group Life and Group Personal Accident.

ii) Responsible Supply chain and supplier relations

Nursing council of Kenya has maintained good business practices and treats its own suppliers responsibly by ensuring that it:

a) Conducts bi annual Registration of suppliers and continuously updates suppliers register

The council encourages suppliers to be registered by carrying out bi-annual registration process so that all suppliers can have a fair chance to trade with the council. In addition, the council conducts a continuous registration of special group of suppliers so as to provide avenue for youths, women and persons with disabilities to develop.

b) Carries out Market Surveys for Goods and Services

The council does market surveys to ascertain the current prevailing prices of various commodities and services to provide a basis for negotiations with its suppliers so as to have a good working relationship while realising value for money to the Council.

c) Contract administration and Management

The Council engages its suppliers in mutual contract agreement based on the initial terms and conditions indicated in the bidding documents. In addition, all contracts are subjected to evaluation process and where suppliers have performed well their track records are recorded for future engagements.

d) Suppliers' Evaluations and Appraisals

The council undertakes supplier appraisals once the contract is completed and does provide feedback to the suppliers for improvement.

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XI. CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS

The Council plays an important role in the provision for training, registration, enrolment and licensing of nurses and midwives in Kenya and regulates their conduct to ensure their maximum participation in the health care of the Community and for connected purposes. Corporate Social Responsibility (CSR) is increasingly becoming an integral part of business today as it influences the long-term success of any organization. In the process of carrying out our activities as the Council, we are keen to work closely with communities and other stakeholders around us, to empower, create value and better their lives.

The Council recognizes its obligations to act responsibly, ethically and with integrity in its dealings with staff, customers, stakeholders and the environment. In striving to fulfil the corporate social responsibility in the financial year, the Council embarked on the following activities;

- I. Kaptagat Annual Tree Planting 2023
- II. Support of activities/events organized by Nurses and Midwives Associations

I. Kaptagat Annual Tree Planting 2023



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The Nursing Council of Kenya in partnership with various governmental and non-governmental organizations participated in the 7th edition of the annual Kaptagat Tree planting at Kessup Forest Block, Kaptagat Forest Ecosystem in Elgeyo Marakwet. The Nursing Council of Kenya donated 3,000 seedlings which were planted during the event.

II. Events Support of Nurses and Midwives Association.

The Nurses and midwives' fraternity has vibrant associations which have been established to champion their various needs and initiatives. On yearly basis the associations do organize events with particular thematic areas for sensitization of their members. The Council is invited as one of the corporate sponsors and participates in such events as well. For the year under review, the Council supported the 64th Annual National Nurses Scientific Conference for National Nurses Association of Kenya (NNAK) Annual Nurses, the Midwives Association of Kenya (MAK) 7th Annual Scientific Conference, the International Nurses and Midwives Week Launch in Kitui County, and the International Nurses and Midwives Week Climax in Nairobi County



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64th National Nurses Association of Kenya Conference 2023 Held in Bungoma County



7th Midwives Association of Kenya Conference 2023 Held in Nakuru County

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International Nurses and Midwives Week Launch 2023 in Kitui County



International Nurses and Midwives Week Climax 2023 in Nairobi County

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XII. REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the financial statements for the year ended June 30, 2023 which show the state of affairs of the Council.

Principal activities

The principal activity of the Council is to regulate the Nursing and midwifery education and practice in Kenya

Results

The results of the Council for the year ended June 30, 2023 are set out on page 1 of this report.

Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity made a surplus of kshs. (24,721,952) as per audited financial statements FY 2021-2022 and did not remit surplus as the bulk of the funds were in respect of a revolving fund advanced to the Council to operationalize the Kenya-UK bilateral Agreement for recruitment of Health workers. This activity is still ongoing. The Council realised a surplus of kshs.13,628,420 in subsequent FY 2022-2023.

Council Members

The new Council Members appointed to serve onwards in the Council are as shown on page viii to xiii of this report.

Auditors

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

By Order of the Council



Eugene Ayub

Ag. Corporation Secretary and Head of
Legal Services

14.02.2024

Date

Nairobi

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XIII. STATEMENT OF RESPONSIBILITIES OF THE COUNCIL MEMBERS

Section 81 of the Public Finance Management Act 2012, Section 14 of the State Corporations Act and Section 27B (1) Nurses & Midwives Act Cap 257 require the Council to prepare financial statements in respect of Nursing Council of Kenya, which give a true and fair view of the state of affairs of the Council at the end of the financial year and the operating results of the Council for that year. The Council Members are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Council Members are also responsible for safeguarding the assets of the Council.

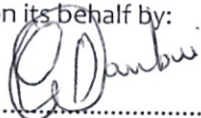
The Council Members are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council; (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 Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012, the State Corporations Act and the Nurses Act. The Council Members are of the opinion that the Council's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2023, and of the Council's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Council's financial statements were approved by the Council on 27th Sept. 2023 and signed on its behalf by:



.....
Prof. Eunice Ndirangu
Chairperson



.....
Anne Njeri Mukuna
Ag. Registrar/CEO

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 NURSING COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE, 2023

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 control, 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 Nursing Council of Kenya set out on pages 1 to 29, which comprise the statement of financial position as at

30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 Nursing Council of Kenya as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and comply with the Nurses and Midwives Act Cap 257.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nursing Council of Kenya 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

Failure to Adhere to Two Thirds Rule on Wages

The statement of financial performance and Note 10 to the financial statements reflects expenditure in respect of employee costs totalling Kshs.133,059,312. Review of the payroll revealed that five (5) members of staff earned net salaries which were less than a third of their basic pay during various months contrary to Section19(3) of Employment

Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Staff on Secondment and Acting Capacity

The statement of financial performance and Note 10 to the financial statements reflects expenditure on employee costs totalling to Kshs.133,059,312 out of which expenditure totalling to Kshs.4,394,664 was paid to staff members on secondment. Review of the payroll revealed that eight (8) members of staff on secondment have served for at least six (6) years. In addition, five (5) members of staff served in acting capacity during the financial year and were paid a total of Kshs.2,088,566 as acting allowance.

In the circumstances, the effectiveness of governance and decision-making process could not be confirmed.

2. Understaffing

Review of the staff establishment for the Council revealed that ninety-two (92) positions of various cadre were provided out of which sixty-one (61) posts were substantively filled resulting to understaffing of thirty-one (31) positions.

In the circumstances, the effectiveness of governance and service delivery could not be confirmed.

3. Lack of a Risk Management Policy

Review of records revealed that the Council's risk management policy lapsed in 2021 and a new one has not been developed.

In the circumstances, the effectiveness of the risk management strategies could not be confirmed.

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 Council Members

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

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

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

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

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

Because of its inherent limitations, internal control 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 control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council'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 Council to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Council to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 March, 2024

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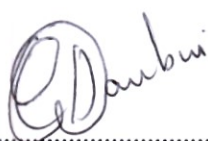
XV. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 Kshs	2022 Kshs
Revenue from non- exchange transactions			
GOK recurrent grants from MOH	6	45,833,335	78,544,384
Revenue from exchange transactions			
Income from operations	7	435,294,879	322,434,660
Income from other sources	8	60,775,593	37,683,925
Total revenue		541,903,807	438,662,968
Expenditure			
Use of Goods and Services	9	290,142,172	219,183,202
Employee Costs	10	133,059,312	109,903,954
Remuneration of Directors	11	23,563,705	23,070,820
Depreciation and Amortization Expense	12	30,551,372	17,988,261
Repairs and Maintenance	13	47,876,076	41,412,063
Contracted Services	14	3,082,751	2,382,717
Total Expenditure		528,275,387	413,941,016
Surplus (Deficit) for the period		13,628,420	24,721,952

The notes set out on pages 8 to 30 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Council Members by:



Prof. Eunice Ndirangu
 Chairperson



Anne Njeri Mukuna
 Ag. Registrar/CEO



CPA George Otieno
 Head of Finance
 ICPAK No. 10430

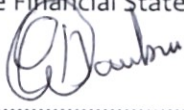
NURSING COUNCIL OF KENYA
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XVI. STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	2023 Kshs	2022 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	15	32,692,607	29,900,100
Receivable from exchange transactions	16	19,707,723	14,388,601
Inventories	17	21,214,032	13,643,616
		<u>73,614,362</u>	<u>57,932,316</u>
Non-current assets			
Property, plant and equipment	18	170,294,865	180,102,835
Intangible Assets	19	4,541,038	3,490,534
		<u>174,835,903</u>	<u>183,593,369</u>
Total assets		<u>248,450,266</u>	<u>241,525,685</u>
LIABILITIES			
Current liabilities			
Payables from exchange transactions	20	2,025,489	8,033,329
Provisions	21	1,300,000	1,996,000
Total liabilities		<u>3,325,489</u>	<u>10,029,329</u>
Net assets		<u>245,124,776</u>	<u>231,496,357</u>
Equity			
Accumulated surplus	22	196,277,113	182,648,694
Revaluation Reserve	23	48,847,663	48,847,663
Total equity		<u>245,124,776</u>	<u>231,496,357</u>
Total net asset and liabilities		<u>248,450,266</u>	<u>241,525,685</u>

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Members of Council by:



Prof. Eunice Ndirangu
 Chairperson



Anne Njeri Mukuna
 Ag. Registrar/CEO



CPA George Otieno
 Head of Finance
 ICPAK No. 10430

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XVII. STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2023

	Revaluation Reserve Kshs	Accumulated Surplus Kshs	Total Kshs
At 1st July 2021	48,847,663	157,926,742	206,774,405
Surplus for the year		24,721,952	24,721,952
At 30th June 2022	<u>48,847,663</u>	<u>182,648,694</u>	<u>231,496,357</u>
At 1st July 2022	48,847,663	182,648,694	231,496,357
Surplus for the year		13,628,420	13,628,420
At 30th June 2023	<u>48,847,663</u>	<u>196,277,114</u>	<u>245,124,777</u>

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XVIII. STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 Kshs	2022 Kshs
Cash flows from operating activities:			
Receipts			
Examination & Indexing		202,919,018	138,861,232
Registration & Enrolment		48,841,579	48,807,189
Private Practice License		4,987,600	5,055,110
Curriculum Study		1,700,000	1,792,400
License Application & Verification		76,739,029	45,296,840
Retention Systems Fees		80,473,248	70,459,148
Accreditation & Inspections		19,243,305	12,109,041
Distance learning		391,100	53,700
Council Rental Income		660,000	720,000
Sale of training materials		60,115,593	36,939,106
Miscellaneous income		-	24,818
Grant received		45,833,335	78,544,384
Total Receipts		541,903,807	438,662,968
Payments			
Use of Goods and Services		290,142,172	219,183,202
Employee Costs		133,059,312	109,903,954
Remuneration of Directors		23,563,705	23,070,820
Repairs and Maintenance		47,876,076	41,412,063
Contracted Services		3,082,751	2,382,717
Prepayments of Insurance		5,319,122	4,267,728
Net Disbursement to suppliers		6,007,840	(4,237,820)
Purchase of training materials		7,570,416	6,810,156
Audit fees		696,000	(165,360)
Total Payments		517,317,393	402,627,460
Net cash from operating activities	24	24,586,414	36,035,508
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	18 & 19	(21,793,906)	(58,055,838)
Sale proceeds on disposal		-	-
Net cash used in investing activities		(21,793,906)	(58,055,838)
Net cash used in financing activities			
Net increase (decrease) in cash and cash equivalents		2,792,508	(22,020,330)
Cash and cash equivalents at 1st July	15	29,900,100	51,920,430
Cash and cash equivalents at 30 June	15	32,692,607	29,900,100

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XIX. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
	Kshs		Kshs	Kshs	Kshs	%
Examination	68,000,000	-	68,000,000	118,269,000	50,269,000	174
Indexing	32,000,000	30,000,000	62,000,000	84,650,018	22,650,018	137
Registration & Enrolment	65,400,000	-	65,400,000	48,841,579	(16,558,421)	75
Private Practice License	6,000,000	-	6,000,000	4,987,600	(1,012,400)	83
Accreditation	3,000,000	-	3,000,000	7,217,081	4,217,081	241
Verification	31,200,000	20,000,000	51,200,000	76,739,029	25,539,029	150
Retention Systems Fees	87,600,000	-	87,600,000	80,473,248	(7,126,752)	92
Curriculum Study	3,000,000	-	3,000,000	1,700,000	(1,300,000)	57
Visits and Inspections	7,250,000	-	7,250,000	12,026,224	4,776,224	166
Council Rental Income	720,000	-	720,000	660,000	(60,000)	-8
Sale of training materials	35,370,000	-	35,370,000	60,115,593	24,745,593	170
Distance learning	1,000,000	-	1,000,000	391,100	(608,900)	39
Gok Recurrent Grants	50,000,000	-	50,000,000	45,833,335	(4,166,665)	-8
Total income	390,540,000	50,000,000	440,540,000	541,903,807	101,363,807	
Expenditure						
Use of Goods and Services	197,485,000	38,400,000	235,885,000	290,142,172	(54,257,172)	123
Employee Costs	126,663,000	4,600,000	131,263,000	133,059,312	(1,796,312)	101
Remuneration of Directors	23,100,000	-	23,100,000	23,563,705	(463,705)	102
Depreciation and Amortization	-	-	-	30,551,372	(30,551,372)	-
Repairs and Maintenance	40,292,000	7,000,000	47,292,000	47,876,076	(584,076)	101
Contracted Services	3,000,000	-	3,000,000	3,082,751	(82,751)	103
Total expenditure	390,540,000	50,000,000	440,540,000	528,275,387	(87,735,387)	
Surplus(deficit) for the period	-	-	-	13,628,420	13,628,420	

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

EXPLANATION OF MATERIAL VARIANCES (10% OVER/ UNDER) IPSAS 24.14

Revenue

The Council has experienced incremental growth in revenue over the last two years and this has been propelled by the increased demand in nursing and midwifery courses across learning institutions. The Council has mitigated this discrepancy in budgeting vs actual by raising its revenue projection in the subsequent annual budgets.

Explanatory details of the specific revenue items as indicated below;

- a. **Examination:** The target achieved following successful execution of the three (3) planned exams with excess collection resulting from moneys received in advance for the August 2023 licensure examinations.
- b. **Indexing:** Impressive performance in indexing is as a result of rapid result initiative implemented by the Council to have all pending backlog of students cleared for indexing.
- c. **Registration & Enrolment:** There is an increased failure rate of exam applicants hence affecting realisation of the transition rate for registration of new applicants.
- d. **Accreditation:** More schools expressed interest in accreditation hence achievement of planned target.
- e. **Verification:** There was an increment in the number of nurses that expressed interest to emigrate to foreign countries in search of employment opportunities.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

EXPLANATION OF MATERIAL VARIANCES (10% OVER/ UNDER) IPSAS 24.14

- f. **Curriculum Study:** Fewer than anticipated curriculums for study were submitted by Schools.
- g. **Visits and Inspections:** The target was achieved successfully and planned compliance visits done as envisioned.
- h. **Sale of training materials:** The Council carried out massive indexing of students and indexing fee is paid as a package with training materials hence stellar performance in collection.
- i. **Distance learning:** The preference of distance learning as a mode of learning has declined and hence low collection for the anticipated fees
- j. **Distance Learning;** The Council has witnessed a reduction in the number of students undertaking online learning option in institutions of Higher learning hence the failure to meet the revenue target.

Expenditure

- k. **Use of Goods and Services:** The increased expenditure under use of goods and services where the core mandate activities are carried out was occasioned by general inflation increase that affected cost of delivery of goods and services to the Council among many service providers. There were increased fuel costs and also there was unforeseen depreciation of Kenya shillings that affected the cost of delivering Council's licensure online exams and postage of nurses' parcels for e-migration. In addition, there were many candidates who did exams and the number of nurses who expressed interest for e-migration increased and contributed to the high costs.

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XIX. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

Nursing Council of Kenya is established by and derives its authority and accountability from Nurses Act Cap 257. The Council is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of NCK is to regulate the Nursing and Midwifery education and practice in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Council's financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The Council is not affected by the application of the Standard</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p>

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Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; & (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p>The Council is not affected by the application of the Standard</p>
Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The Council is not affected by the application of the Standard</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>The Council is not affected by the application of the Standard</p>
IPSAS 43	Applicable 1st January 2025

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Standard	Effective date and impact:
	<p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The Council is not affected by the application of the Standard</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The Council is not affected by the application of the Standard</p>

ii. Early adoption of standards

The Council did not early – adopt any new or amended standards in year 2022/2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

The Council recognises revenue when it is probable that future economic benefits will flow to the Council and the amount of revenue can be measured reliably.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

i) Revenue from non-exchange transactions

Fees and licenses

Revenues from fees and licenses is recognised when the event occurs and the asset recognition criteria are met. 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 Council and the fair value of the asset can be measured reliably (accounted for when received). Fees refunded to students and candidates are accounted for in the year in which the refunds are made.

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.

ii) Revenue from exchange transactions

Rental income

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

Donor funds

The donations are recognised by the Council when received and any unexpended fund at the end of period adjusted to unspent donor fund.

b) Budget information

The Council's original budget of Kshs.390,540,000 for FY 2022-2023 was approved by the Ministry of Health on 23rd June, 2022. Subsequent revisions were made to the approved budget on 22nd March 2023 by Council through budget re-allocation to optimize the underutilized budget votes in accordance with the PFM Act.

The Council received additional allocation of kshs.50,000,000 through the National Treasury's supplementary II budget which was mainly financed by the Council's A in A as raised during FY 2022-2023

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

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) Property, plant and equipment

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

Depreciation

Depreciation is calculated on a straight-line method to write off property, plant and equipment over their estimated useful lives. Depreciation is charged on a pro-rata basis for assets bought during the financial year. The annual rates used are as here below;

Category	Percentage
Land	nil
Building	2.5
Furniture and fittings	12.5
Computer	33
Software	33
Motor vehicle	25
Office equipment	12.5

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

f) Inventories

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

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

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

g) Provisions

Provisions are recognized when the Council 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. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Council does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Council 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 Council 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.

h) Nature and purpose of reserves

The Council maintains accumulated revenue reserve which is continually updated by statement of financial performance with regard to surplus or deficit for a particular period. The reserve is retained for purpose of further growth.

The Council also maintains a revaluation reserve that resulted from a revaluation surplus when the Council revalued its assets on 31st December 2017.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

i) 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.

j) 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.

k) Related parties

The Council 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 Council, or vice versa. Members of key management are regarded as related parties and comprise the Council members, the CEO and senior managers.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. The Council's cash and cash equivalents comprises of bank account balances held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

m) Comparative figures

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

n) 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, 2023.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Provisions

Provisions are raised and management determines an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Comparative information

Except when an IPSAS permits or requires otherwise, comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements. Comparative information shall be included for narrative and descriptive information when it is relevant to an understanding of the Current period's financial statements.

When the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose: - 1. The nature of reclassification. 2. The amount of each item or class of items that is reclassified and 3. The reason for reclassification. (IPSAS 1. 54-55).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023 Kshs	2022 Kshs	
6	GOK recurrent grants from MOH	45,833,335	78,544,384
	<u>45,833,335</u>	<u>78,544,384</u>	
7	Income from operations		
	Examination and Indexing	202,919,018	138,861,232
	Registration and Enrolment	48,841,579	48,807,189
	Private Practice License	4,987,600	5,055,110
	Curriculum Study	1,700,000	1,792,400
	License Application and Verification	76,739,029	45,296,840
	Retention Systems Fees	80,473,248	70,459,148
	Accreditation and Inspections	19,243,305	12,109,041
	Distance learning	391,100	53,700
	<u>435,294,879</u>	<u>322,434,660</u>	
8	Income from other sources		
	Council Rental Income	660,000	720,000
	Sale of training materials	60,115,593	36,939,107
	Miscellaneous income	-	24,818
	GOK Grant for Seconded staff Salaries	-	-
	<u>60,775,593</u>	<u>37,683,925</u>	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023	2022
	Kshs	Kshs
9 Use of goods and Services		
Seminars and workshops	31,594,813	32,653,092
Printing and signing of certificates	61,936,670	42,173,531
Donations and subscription	1,876,567	1,575,145
Retention system	2,097,500	-
Standards and Compliance visits	17,179,045	7,641,508
Travelling cost	697,589	195,500
Examinations	84,905,316	55,668,005
Nurses CPD Expenses	250,000	180,000
Office running cost	3,861,040	3,610,023
Motor vehicle running cost	9,673,039	5,687,157
Motor vehicle insurance	1,383,543	747,817
Advertising and newspaper	6,449,606	4,176,368
Stationery	7,684,903	10,217,959
Audit fees	600,000	696,000
Building insurance	139,657	99,457
Land rates	114,010	68,739
Legal fees	579,265	4,063,650
Consultancy fees	5,108,771	9,844,514
Bank charges	2,764,577	2,799,940
Postage and telephone	23,459,824	14,277,173
Electricity and water	2,144,485	1,531,332
Internet charges	1,383,772	1,186,832
Development /Review of Training materials	20,729,031	16,284,194
KE-UK Bilateral Agreement-Recruitment of H.workers	3,529,149	3,805,266
	<u>290,142,172</u>	<u>219,183,201</u>
10 Employee costs		
Basic Salary	56,835,847	45,763,278
House Allowance	18,851,220	14,169,333
Commuter Allowance	5,069,933	3,724,666
Responsibility Allowance	4,910,110	5,271,317
Leave Allowance	3,538,077	3,818,663
Wages	55,155	34,338
Gratuity	8,116,620	12,486,627
Staff development	10,774,398	12,685,866
Medical cover	15,979,832	9,574,269
Employer statutory contributions	466,450	145,150
Other staff costs	3,446,825	2,230,447
Pension contribution	5,014,845	-
	<u>133,059,312</u>	<u>109,903,954</u>

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	2023	2022
	Kshs	Kshs
11 Remuneration of Directors		
Sitting allowance	8,088,000	7,914,000
Accommodation allowance	6,841,175	7,524,002
Lunch allowance	153,000	202,000
Honoraria	960,000	960,000
Transport reimbursement	3,039,185	4,141,263
Board Training	2,982,345	1,368,800
Board Medical Insurance	1,500,000	960,755
	<u>23,563,705</u>	<u>23,070,820</u>
12 Depreciation and Amortization		
Building	1,277,119	1,250,000
Furniture and fittings	2,642,274	2,335,663
Computer and accessories	7,927,682	4,025,517
Motor Vehicles	12,468,354	6,518,269
Office Equipment	2,431,466	1,827,980
Intangible Assets	3,804,477	2,030,832
	<u>30,551,372</u>	<u>17,988,261</u>
13 Repairs & maintenance		
Machinery and office equipment repairs	14,012	314,960
ICT Equipment repairs	10,770,336	8,799,180
Building repairs	20,944,598	16,562,891
Software maintenance	4,519,763	12,185,786
Computer consumables and accessories	11,627,366	3,549,244
	<u>47,876,076</u>	<u>41,412,061</u>
14 Contracted services		
Contracted services	3,082,751	2,382,717
	<u>3,082,751</u>	<u>2,382,717</u>
15 Cash and cash equivalent		
Absa Bank Kenya Ltd [Ac No.0948023954]	10,520,643	4,279,235
Cooperative Bank of Kenya [Ac No.01136098613400]	20,727,481	23,209,211
Mpesa Account [Paybill No.992350]	1,444,420	2,410,592
Cash in Hand	63	1,062
	<u>32,692,607</u>	<u>29,900,100</u>
16 Receivable from non-exchange transactions		
Prepayments	19,570,522	14,388,601
Salary advance	137,201	-
	<u>19,707,723</u>	<u>14,388,601</u>
17 Inventory		
Consumable	5,486,392	-
Stocks of training materials	15,727,641	13,643,616
	<u>21,214,032</u>	<u>13,643,616</u>

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18 Property, Plant & Equipment -30th June 2023

	F&F Kshs 12.50%	Office Equip Kshs 12.50%	Computer Kshs 33%	Vehicle Kshs 25%	Building Kshs 2.50%	Land Kshs 0%	Totals Kshs
COST							
30th June 2021	17,657,670	12,012,720	16,601,300	29,174,108	50,000,000	54,000,000	179,445,798
Additions	1,935,000	4,940,000	13,558,000	36,180,000	-	-	56,613,000
Disposal	-	-	-	-	-	-	-
30th June 2022	19,592,670	16,952,720	30,159,300	65,354,108	50,000,000	54,000,000	236,058,798
1st July 2022	19,592,670	16,952,720	30,159,300	65,354,108	50,000,000	54,000,000	236,058,798
Additions	2,140,000	3,901,146	9,297,000	-	2,555,760	-	17,893,906
Disposal	-	-	-	-	-	-	-
30th June 2023	21,732,670	20,853,866	39,456,300	65,354,108	52,555,760	54,000,000	253,952,704
DEPRECIATION							
1st July 2021	4,909,459	3,084,759	9,439,394	18,189,923	4,375,000	-	39,998,535
Depreciation	2,335,663	1,827,980	4,025,517	6,518,269	1,250,000	-	15,957,429
Disposal	-	-	-	-	-	-	-
30th June 2022	7,245,122	4,912,739	13,464,910	24,708,192	5,625,000	-	55,955,963
1st July 2022	7,245,122	4,912,739	13,464,910	24,708,192	5,625,000	-	55,955,963
Depreciation	2,642,274	2,431,466	8,882,663	12,468,354	1,277,119	-	27,701,876
Disposal	-	-	-	-	-	-	-
30th June 2023	9,887,396	7,344,205	22,347,573	37,176,546	6,902,119	-	83,657,839
NET BOOK VALUES							
30th June 2022	12,347,548.22	12,039,981	16,694,390	40,645,916	44,375,000	54,000,000	180,102,835
30th June 2023	11,845,274	13,509,661	17,108,727	28,177,562	45,653,641	54,000,000	170,294,865

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19 Intangible Assets - 30th June 2023

	Software Kshs 33%	Totals Kshs
COST		
30th June 2021	13,016,476	13,016,476
Additions	1,442,838	1,442,838
30th June 2022	<u>14,459,314</u>	<u>14,459,314</u>
1st July 2022	14,459,314	14,459,314
Additions	3,900,000	3,900,000
30th June 2023	<u>18,359,314</u>	<u>18,359,314</u>
AMORTIZATION		
30th July 2021	8,937,948	8,937,948
Amortization	2,030,832	2,030,832
30th June 2022	<u>10,968,780</u>	<u>10,968,780</u>
1st July 2022	10,968,780	10,968,780
Amortization	2,849,496	2,849,496
30th June 2023	<u>13,818,276</u>	<u>13,818,276</u>
NET BOOK VALUE		
30th June 2022	3,490,534	3,490,534
30th June 2023	<u>4,541,038</u>	<u>4,541,038</u>

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		2023	2022
		Kshs	Kshs
20	Payables from exchange transactions		
	Trade payables	1,845,489	7,853,329
	Rent deposit payable	180,000	180,000
		<u>2,025,489</u>	<u>8,033,329</u>
21	Provisions		
	Audit fees	1,300,000	1,996,000
		<u>1,300,000</u>	<u>1,996,000</u>
22	Accumulated fund		
	Balance brought forward	182,648,694	157,926,742
	Surplus for the period	13,628,420	24,721,952
	Balance carried forward	<u>196,277,114</u>	<u>182,648,694</u>
23	Reserves		
	Revaluation Reserve	<u>48,847,663</u>	<u>48,847,663</u>
24	CASH GENERATED FROM OPERATIONS		
		2023	2022
		Kshs	Kshs
	Cash flows from operating activities:		
	Surplus for the period	13,628,420	24,721,952
	Adjustments for:		
	Depreciation	18 27,701,876	15,957,429
	Amortization	19 2,849,496	2,030,832
	Loss (Gain) on disposal	-	-
	Operating profit before working capital changes	44,179,792	42,710,213
	Changes in operating assets and liabilities:		
	Decrease / (increase) in inventory	(7,570,416)	-6,810,156
	Decrease / (increase) in receivable	(5,319,122)	-4,267,728
	Increase / (decrease) in payable	(6,007,840)	4,237,820
	Increase / (decrease) in provisions	(696,000)	165,360
	Net cash from operating activities	<u>24,586,414</u>	<u>36,035,508</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

25 Financial Risk Management

The Council's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Council's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Council 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 Council's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Council has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows;

	Total Amount Kshs	Fully Performing	Past Due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Receivables from non-exchange transactions	19,707,723	19,707,723	-	-
Bank Balances	32,692,607	32,692,607	-	-
Total	52,400,330	52,400,330	-	-
At 30th June 2022				
Receivables from non-exchange transactions	14,388,601	14,388,601	-	-
Bank Balances	29,900,100	29,900,100	-	-
Total	44,288,701	44,288,701	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

The credit risk associated with these receivables is minimal as the amounts represented here mainly comprise of prepayments for medical insurances for staff due for the following financial year 2022/2023.

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

(ii) Liquidity risk management

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

The Council's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Council's reputation.

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

	Less than 1 Month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade payables	-	2,025,489	-	2,025,489
Provisions	-	1,300,000	-	1,300,000
Total	-	3,325,489	-	3,325,489
At 30th June 2022				
Trade payables	-	8,033,329	-	8,033,329
Provisions	-	1,996,000	-	1,996,000
Total	-	10,029,329	-	10,029,329

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The over 5 months' trade payable is in respect to the remaining amount due to vendor implementing the ERP software at the Council. The amount represents 14% of the remaining Contract sum for post implementation service support agreement.

(iii) Market risk

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

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

The Council's Finance Department is responsible for the development of detailed risk management policies and for the day to day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

iii. Currency Risk

The Council's transactions are denominated in Kenya Shillings and in cases of foreign currency payments, sufficient negotiations are carried out to obtain better foreign currency exchange rates.

iv. Capital Risk Management

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

	2023	2022
	Kshs	Kshs
Revaluation reserve	48,847,663	48,847,663
Accumulated Fund	196,277,113	182,648,694
Total funds	245,124,776	231,496,357
Total borrowings	-	-
Cash and bank balances	32,692,607	29,900,100
Gearing	0%	0%

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26. Related Party Disclosure

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The entity is related to;

- i) The National Government
- ii) The Ministry of Health
- iii) Council Members
- iv) Key management

Key Management compensation	2022/2023 Kshs	2021/2022 Kshs.
Council Members' Emoluments	23,563,705	23,070,820
Compensation to the Registrar/CEO	7,932,524	7,740,148
Compensation to the key management	32,312,304	28,310,045
Total	63,808,533	59,121,013

The Council has 9 key management personnel. The managers participate in making key management decisions of the Council and reports to Council of Management for guidance and the Ministry of Health for policy direction.

27. Progress on Follow Up of Auditor Recommendations

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

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Reference No. on the external audit Report	Issue/Observation	Management comments	Status: (Resolved/Not Resolved)	Timeframe: Put a date when you expect the issue to be resolved)
1.	The statement of comparison of budget and actual amounts reflects total expenditure of kshs.413,941,016 against an approved budget of kshs.370,356,384 resulting to over-expenditure of Kshs.43,584,632 or 12% of the budget. The over-expenditure and spending above the approved budget results to unauthorized expenditure and burden of pending bills	The Council has subsequently provided adequate budget provision that will mitigate expenditure overruns and implemented budget controls in the Financial reporting System	Resolved	N/a

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 Council is a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

31. Currency

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

32. Transfers from Other Governments Entities

Name of the MDA/Don or Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
MOH	08-09-22	Recurrent	4,166,667	4,166,667	-	-	-	-	4,166,667
MOH	08-09-22	Recurrent	4,166,667	4,166,667	-	-	-	-	4,166,667
MOH	05-10-22	Recurrent	4,166,666	4,166,666					4,166,666
MOH	14-11-22	Recurrent	4,166,667	4,166,667					4,166,667
MOH	16-02-23	Recurrent	4,166,667	4,166,667					4,166,667
MOH	24-03-23	Recurrent	8,333,334	8,333,334					8,333,334
MOH	24-03-23	Recurrent	4,166,667	4,166,667					4,166,667
MOH	12-06-23	Recurrent	4,166,667	4,166,667					4,166,667
MOH	15-06-23	Recurrent	4,166,667	4,166,667					4,166,667
MOH	15-06-23	Recurrent	4,166,666	4,166,666					4,166,666
Total			45,833,335	45,833,335	-	-	-	-	45,833,335