

REPUBLIC OF KENYA



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CLERK-AT THE-TABLE:	<u>Moses Lemuna</u>

**THE AUDITOR-GENERAL**

**ON**

**REGISTRATION OF CERTIFIED PUBLIC  
SECRETARIES BOARD**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD  
(RCPSB)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2019**

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

**TABLE OF CONTENTS**

	<b>Page</b>
TABLE OF CONTENTS	i
I. KEY RCPSB INFORMATION AND MANAGEMENT	ii
II. THE BOARD OF DIRECTORS	iv
III. MANAGEMENT TEAM	viii
IV. CHAIRMAN'S STATEMENT	ix
V. REPORT OF THE CHIEF EXECUTIVE OFFICER	xi
VI. CORPORATE GOVERNANCE STATEMENT	xiv
VII. MANAGEMENT DISCUSSION AND ANALYSIS	xviii
IX. REPORT OF THE DIRECTORS	xix
X. STATEMENT OF DIRECTORS' RESPONSIBILITIES	xx
XI. REPORT OF THE INDEPENDENT AUDITORS ON THE REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD	xxi
XII. STATEMENT OF FINANCIAL PERFORMANCE	1
XIII. STATEMENT OF FINANCIAL POSITION	2
XIV. STATEMENT OF CHANGES IN NET ASSETS	3
XV. STATEMENT OF CASH FLOWS	4
XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
XVII. NOTES TO THE FINANCIAL STATEMENTS	6
XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	29

## I KEY RCPSB INFORMATION AND MANAGEMENT

### (a) Background information

Registration of Certified Public Secretaries Board (RCPSB) is established under the Certified Public Secretaries of Kenya Act Cap 534 of the laws of Kenya. The Board has 11 members who are in charge of developing policies and strategies in order to achieve the mandate of the Board. The day to day operations of the board are under the responsibility of an Executive Officer appointed by the Board.

### (b) Principal Activities

The principal activity of the Board is to register qualified Secretaries and issue practicing certificates to those registered Secretaries who are eligible to offer services to the public as Certified Public Secretaries of Kenya. The other mandate of the Board is a regulatory role which is to de-register members out of their professional misconduct or any other reason as stipulated in the Certified Public Secretaries Act Cap 534, Section 24.

### (c) Key Management

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

1. Board
2. Executive Officer
3. Accountant
4. Office Administrator

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

Designation	Name
1. Executive Officer	Patrick K. Mulwa
2. Head of Accounts/Finance	Patrick K. Tanui

### (e) Fiduciary Oversight Arrangements

- **The Board:** sets policy and is charged with the overall supervision of the Board activities.
- **Governance and Finance Committee:** in Charge of finance, audit and Governance Issues and reports to the Board.
- **Strategy and Development Committee:** in charge of strategy formulation, implementation, human resource management and reports to the Board
- **Audit and Risk Committee:** review in conjunction with the management the RCPSB's internal and disclosure controls and procedures over financial reporting, including whether there are deficiencies, material weaknesses, potential fraud opportunities, or any other corrective actions to be taken with regard to controls and procedures.
- **The Registrar:** An Ex-officio member of the Board appointed by the Cabinet Secretary, The National Treasury.

### (f) RCPSB Headquarters

P.O. Box 58218 -00200  
Kasneb Towers II,  
Hospital Road, Upper Hill, Nairobi, KENYA

**(g) RCPSB Contacts**

Telephone: 0706 376 624

E-mail: [regcpsb@gmail.com](mailto:regcpsb@gmail.com)

Website: [www.rcpsb.or.ke](http://www.rcpsb.or.ke)

**(h) RCPSB Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. National Bank of Kenya Limited  
Harambee Avenue Branch,  
P. O. Box 41862 - 00100,  
Nairobi.

**(i) Independent Auditors**

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





**(j) Principal Legal Adviser**

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

**II THE BOARD OF DIRECTORS**

<b>II BOARD OF DIRECTORS</b>	<b>PROFESSIONAL EXPERIENCE</b>
 <p>FCS. Lewis Kamau (Chairman) D.O.B 15/01/1951 Master of Law (McGill University, LLB (UON), Postgraduate Diploma in Law (KSL) Certified Public Secretaries of Kenya –CPS(K), Diploma in Financial Management – KCA University, Fellow Institute of Certified Secretaries (FCS)</p>	<p>Lewis Kamau is a Consultant in Corporate Governance at LEWIS KAMAU &amp; ASSOCIATES. He has previously worked at Kenya Airways as a company secretary. He is a Fellow, Institute of Certified Public Secretaries of Kenya. He has served on the Board of The Centre for Corporate Governance (CCG) and the Institute of Directors of Kenya (IOD)</p>
 <p>FCS. Doris Murimi (Vice Chairman) D.O.B -27/12/1968 Msc(HRM)( University of Leicester), MBA- Accounting Option ( Maastricht School of Management), Diploma in Financial Management (ACCA), Certified Public Secretaries of Kenya –CPS(K), Member, Institute of Human Resources Management, Member, Professional Trainers Association of Kenya (PTAK), Member Australian Mediation Association (AMA)</p>	<p>Director (DMR Consultants, Deputy Executive Director- Institute of Security Studies – South Africa, Finance and Investment Manager (Kenya Community Development Foundation, KCDF), Regional Finance Manager (Africa Wildlife Foundation- AWF, Kenya) and Fellow Institute of Certified Secretaries (FCS)</p>
 <p>FCS. Jacqueline Waihenya D.O.B -8/01/1974 Bachelor of Laws, LLB (UON) Post Graduate Diploma in Law (KSL), Certified Public Secretaries of Kenya –CPS(K)</p>	<p>Advocate, Law Chambers of JWM LAW LLP, Fellow of the Chartered Institute of Arbitrators (FCI Arb) and Fellow Institute of Certified Secretaries (FCS), Chartered Mediator ( Institute of Chartered Mediators and Conciliators)</p>


Registration of Certified Public Secretaries Board  
Annual Report and Financial Statements for the Year ended 30 June 2019

 <p>CPA. Geoffrey Njang'ombe (Member) D.O.B 10/10/1960 MBA (Strategic Management), Bachelor of Commerce</p>	<p>Deputy Director of Cooperative Audit Ministry of Industry, Trade and Cooperatives.</p>
 <p>CPA. Linah J. Kiptoo (Member) D.O.B -17/11//1969 MBA (UON), B. Ed(UON), CPA (K), Member-Institute of Public Accountants of Kenya (ICPAK)</p>	<p>Senior Assistant Commission Secretary Finance (Commission of University Education), Chief Accountant (Daystar University), Divisional Accountant (Signon Freight Limited)</p>
 <p>Jonah Wala (Registrar and Member) D.O.B. 9/11/1969 Master in Banking and Finance for Development (Giordano Del Amore, Italy), Bachelor of Arts (Egerton University)</p>	<p>Senior Deputy Accountant General (The National Treasury), Finance officer- Masai Mara University, Deputy Vice Chancellor, Finance and Planning- KCA University, Chief Accountant- Kenya Industrial Estates</p>
 <p>Catherine Wanja Maringa (Member) D.O.B 6/02/1960 Bachelor of Commerce (HRM) CUEA Master in Strategic Management (Moi University), Diploma in HRM (KIM) Fellow Institute of Certified Public Secretaries of Kenya (FCS), CPSK)</p>	<p>Deputy Director, Human Capital Development (kasneb) and Fellow Institute of Certified Public Secretaries of Kenya (FCS). She has worked with the Public Service Commission as a Personnel Officer</p>

Registration of Certified Public Secretaries Board  
Annual Report and Financial Statements for the Year ended 30 June 2019

	<p>Director , Human Resource Management (Policy), Directorate of Public Service Management (DPSM), Ministry of Public Service , Youth and Gender Affairs</p>
<p>Benrodgers M. Milaih (Member) D.O.B -3/12/1962 MBA(HRM) (KU), BA(Hons) (UON), Higher National Diploma (HRM) , Full Member Institute of Human Resource Management (Kenya)</p>	<p>Partner Wach Consultants, Certified Public Accountants, Member ICPAK and Fellow Institute of Certified Secretaries (FCS)</p>
	<p>Principal State Counsel (Attorney General Chambers), Partner (Wachira Nguyo &amp; Co. Advocates.</p>
<p>Benjamin Achode (Member) D.O.B 13/04/1957 Executive Masters of Business Administration –EMBA- (JKUAT),, BComm (UON),Certified Secretary (CS), Certified Public Accountant (CPA)</p>	<p>Executive Officer (RCPSB), Academic Administrator (KIDS), Principal (Legacy College), Principal and Chief Trainer (EASM), Lecturer, (KIM), Programs Manager ( TEC Institute of Management), Training and Marketing Manager (Onix Computer Services Limited)</p>
	<p>Patrick K. Mulwa (Executive Officer &amp; Secretary to the Board) D.O.B -18/10/1969 Bachelor of Commerce (UON), CPSK (K), Member ICPSK, Associate Member, Kenya Institute of Management, Member, Professional Trainers Association of Kenya)</p>
<p>Patrick N. Wachira (Member) D.O.B -27/8/1981 Bachelor of Laws (Moi University), Diploma Legal Education Master of Laws (LLM) (KSL), ACCA (Part III)</p>	

**II MANAGEMENT**

MANAGEMENT	PROFESSIONAL EXPERIENCE
 <p>Patrick K. Mulwa (Executive Officer &amp; Secretary to the Board)                      D.O.B -18/10/1969                      Bachelor of Commerce (UON), CPSK (K), Member ICPSK,                      Associate Member, Kenya Institute of Management, Member,                      Professional Trainers Association of Kenya)</p>	<p>Chief Executive Officer (RCPSB),                      Academic Administrator (KIDS),                      Principal (Legacy College), Principal                      and Chief Trainer (EASM), Lecturer,                      (KIM), Programs Manager ( TEC                      Institute of Management), Training                      and Marketing Manager (Onix                      Computer Services Limited)</p>

#### **IV CHAIRMAN'S STATEMENT**

It is my pleasure, honour and privilege to once again on behalf of the Board to present the RCPSB annual report and financial statements for the year ended 30 June 2019. The RCPSB continued implementing its core mandate which is to register qualified secretaries and issue practicing certificates to those registered secretaries who are eligible to offer services to the public as Certified Secretaries.

The Board has continued its mandate which is to guide the mission, vision and purpose of the RCPSB. In this regard the Board guided and oversaw the development and adoption of the Strategic Plan of RCPSB for the period 2018-2022. The strategic plan seeks to implement more stakeholder focused engagement to increase the value proposition of the Certified Secretaries qualification. The Board welcomes the recognition of governance as a key enabler in the implementation of the Big 4 Agenda and is committed to supporting the Government to enable the actualization of the governance role in the Big 4 Agenda.

The RCPSB had been housed at the National Treasury Building since its inception in 1989. In November 2018, the RCPSB moved into its own offices at kasneb Towers II, Upper Hill. The move provided the Board and Secretariat with adequate space and synergies with related institutions for effective and efficient operations.

The RCPSB was able to get a separate budget line and enhanced budget allocation from the parent Ministry, the National Treasury and Planning. This has enabled the RCPSB to undertake board development activities, acquire office equipment and engage in the development of the required human resource instruments for more effective development of its human capital

The RCPSB is not formerly categorized within State Corporations. This has inhibited effective implementation of Government Policies. In the 2018/2019 financial year the RCPSB initiated with technical assistance from the State Department of Public Service, Ministry of Public Service, Gender and Youth the formal process of seeking categorization by the State Corporations Advisory Committee (SCAC).

The Board in cognizance of the importance of an effective Board undertook a number of Board activities aimed at adding value to the strategic direction of the RCPSB. The Board undertook a Board Evaluation exercise facilitated by SCAC) in November 2018. The Board held a Board Retreat in June 2019 at which it evaluated the implementation of the RCPSB Strategic Plan 2018-2022 and the joint Strategic Plan for the CS Profession 2017-2021. The retreat outcome was that the Board will continue working with its strategic partners to promote the Certified Secretaries profession by growing membership numbers, increasing opportunities for members in both the private and public sectors and ensuring the highest degree of professional discipline as part of the regulatory role of the RCPSB. The Board together with other Boards of State Corporations was trained by SCAC in June 2019.

The Board is alive to the fact that membership numbers provide a critical mass in impacting any profession as well as guaranteeing financial sustainability. In this regard the RCPSB in exercising its mandate under Section 20 (2) of the Certified Public Secretaries of Kenya Act, Cap 534 worked with kasneb, the examiner, the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Law Society of Kenya (LSK) and have agreed on enhanced exemptions for lawyers and advocates who need qualifications as Certified Secretaries. This will be explored with other professional bodies. The aim is to increase the number of registered Certified Secretaries. The Board has also recruited a marketing intern who will work with the Secretariat in order to carry outreach and marketing in order to increase registration of members.

Registration of Certified Public Secretaries Board  
Annual Report and Financial Statements for the Year ended 30 June 2019

In order to increase the market opportunities and promote good governance in both the private and public sectors, the RCPSB, ICPSK and kasneb have continued to engage the Public Service Commission in order to mainstream ethics within organizations. Specifically, the Certified Secretaries Institutions have petitioned the Public Service Commission for the creation of governance and ethics positions in the public service.


Cognizant of the role prudent financial management plays in ensuring sustainability, the Board will continue providing policy guidance in order to achieve increased revenue, cost saving and austerity measures, increased surplus and budgetary management for financial sustainability of the RCPSB.

The Board is committed to continuous business process improvements. This will focus on the internal activities undertaken to deliver value to stakeholder groups. Key initiatives will include how to improve process efficiency and especially with the use of technology. In this regard the Board in order to ensure efficiency and effectiveness has reviewed its meetings procedures such as agendas, frequency of meeting and strengthened the roles of committees so as to concentrate on strategic issues.

The Board recognizes that it is operating in a dynamic environment and that continuous learning is a policy imperative. The Board will focus on the key drivers for future growth and sustainability of the Registration Board. This will include staff empowerment, career growth, performance management including rewards and sanctions, operational efficiency and effectiveness through application of advance technology, and maintaining positive corporate image and governance.

I wish to recognize, with gratitude, the vital support, confidence, loyalty and trust that we have continued to receive from our clients, stakeholders and the Government through the National Treasury. I would like to thank the staff of the Board for their dedication and hard work that has ensured that the Board is able to discharge its mandate effectively. Finally, I would like to thank my fellow Board members for their commitment to the Board and the support they have accorded me and the Board in implementing its mandate.

**FCS. Lewis G. Kamau**

Chairman   
.....  
Date: 17/2/2021 .....

## **V REPORT OF THE CEO**

The RCPSB has continued its mandate which is to guide the mission, vision and purpose of the RCPSB. In this regard the Board guided and oversaw the development and adoption of the Strategic Plan of RCPSB for the period 2018-2022. The strategic plan seeks to implement more stakeholder focused engagement to increase the value proposition of the Certified Secretaries qualification.

The RCPSB had been housed at the National Treasury Building since its inception in 1989. In November 2018, the RCPSB moved into its own offices at kasneb Towers II, Upper Hill. The move provided the Board and Secretariat with adequate space and synergies with related institutions for effective and efficient operations.

In the FY 2018/2019, RCPSB was able to get a separate budget line and enhanced budget allocation from the parent Ministry, the National Treasury and Planning. This has enabled the RCPSB to undertake board development activities. The Board has conducted a Board Retreat, training by the State Corporations Advisory Committee and undertaken a Board Evaluations. These developmental activities will see a more effective and efficient Board. The RCPSB was also able to acquired three additional computers, an LCD projector and two printers. The new equipment will enhance service delivery and effectiveness.

The RCPSB is not formerly categorized within State Corporations. This has inhibited effective implementation of Government Polices. In the 2018/2019 financial year the RCPSB initiated with technical assistance from the State Department of Public Service, Ministry of Public Service, Gender and Youth Affairs the formal process of seeking categorization by the State Corporations Advisory Committee (SCAC). The human resource instruments include: Organization Structure, Staff Establishment, Career Progression Guidelines and Human Resource Policies and Procedures Manual. The instruments will ensure proper management of the RCPSB staff in terms of recruitment and selection, placement, training and development, reward management, performance management and discipline in line with laws and regulations. Categorization will also help the RCPSB in determining the appropriate terms and conditions of service for Board members, CEO and Management of the RCPSB which up to now have been pegged on the civil service without clear progression.

The Board in cognizance of the importance of an effective Board undertook a number of Board activities aimed at adding value to the strategic direction of the RCPSB. The Board undertook a Board Evaluation exercise facilitated by SCAC) in November 2018. The outcome of the Board Evaluation is that each Board Member has a clear performance improvement plan agreed with the Chairman of the Board. The Evaluation also identified the training and development needs of each director. This will assist in the development of an effective Board Development Plan.

The Board held a Board Retreat in June 2019 at which it evaluated the implementation of the RCPSB Strategic Plan 2018-2022 and the joint Strategic Plan for the CS Profession 2017-2021. The retreat enabled the Board members to recommit to the vision and mission of the RCPSB, review their roles and responsibilities, review performance, evaluate opportunities, challenges and chart the way forward. Action plans for the next planning period were also developed and adopted. The main retreat outcome was that the Board will continue working with its strategic partners to promote the Certified Secretaries profession by increasing membership, opportunities for members and ensuring the highest degree of professional discipline as part of the regulatory role of the RCPSB.

Registration of Certified Public Secretaries Board  
Annual Report and Financial Statements for the Year ended 30 June 2019

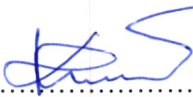
The Board together with other Boards of State Corporations was trained by SCAC in June 2019. The training enabled directors to have an appreciation of the role of a director, compliances with laws and regulations, directors' liability, good governance and responsibilities of the Board in regard to the Big 4 Agenda and Vision 2030 Government development initiatives.

The Board is alive to the fact that membership numbers provide a critical mass in impacting any profession as well as guaranteeing financial sustainability. In this regard the RCPSB in exercising its mandate under Section 20 (2) of the Certified Public Secretaries of Kenya Act, Cap 534 worked with kasneb, the examiner, the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Law Society of Kenya (LSK) and have agreed on enhanced exemptions for lawyers and advocates who need qualifications as Certified Secretaries. This will be explored with other professional bodies such as the Institute of Investment and Financial Analysts (ICIFA), the Kenya Institute of Management (KIM), the Institute of Human Resource Management (IHRM) and the Kenya Institute of Supplies Management (KISM). The aim is to promote good governance among other professions and to increase the number of registered Certified Secretaries. With only three (3) staff the Secretariat is constrained. Hence the RCPSB recruited a marketing intern who will work with the Secretariat in order to carry outreach and marketing in order to increase registration of members.

In order to increase the market opportunities and promote good governance in both the private and public sectors, the RCPSB, ICPSK and kasneb has continued to engage the Public Service Commission in order to mainstream ethics within organizations. Specifically, the Certified Secretaries Institutions have petitioned the Public Service Commission for the creation of governance and ethics positions in the public service. The RCPSB and ICPSK has developed and submitted a concept paper on mainstreaming the Certified Secretaries qualification in the public sector to the Public Service Commission. It is also envisioned that a similar petition will be submitted to the Federation of Kenyan Employers to recognize the importance of the Certified Secretary as a critical governance expert in their organizational structures.

The Board is committed to continuous business process improvements. This will focus on the internal activities undertaken to deliver value to stakeholder groups. Key initiatives will include how to improve process efficiency and especially with the use of technology. In this regard the RCPSB has acquired new equipment and installed reliable internet connectivity to enhance operations. The Board also approved the creation of a Management Committee in charge of processing applications so as to free Board time to concentrate of strategic issues and policy formulation.

Increased budget allocation, prudent financial management and cost control has seen the RCPSB reverse the deficit of Ksh, 337,016 in the financial year 2017/2018 to a surplus of Ksh. 905, 540 after taking into account contribution revenue by the National Treasury and Planning as financing for partitioning the RCPSB new offices.



.....  
**CS. Patrick K Mulwa**

**Executive Officer**

**Date:** .....

17/2/2024

## VI CORPORATE GOVERNANCE STATEMENT

Governance is the structure and the system of rules, practices and processes by which an organization is directed, controlled and held accountable. Governance also provides the framework of achieving the objectives of the organization and creates benchmarks for the measurement of corporate performance and disclosure. The core of RCPSB's governance structure is the Board and its committees that advice and guide decision making for the RCPSB.

The Board meets once every two months except in December to consider and approve applications for registration of Certified Secretaries and to approve issue Practicing Certificates. Committees of the Board meet quarterly.

In the Financial year ended 30 June 2019, Board held the following number of meetings.

S/N	TYPE OF MEETING	NUMBER OF MEETINGS
1	Board Meeting	8
2	Governance and Finance Committee Meeting	6*
3	Strategy and Development Committee Meeting	3
4	Audit and Risk Committee Meeting	2
5	Joint Committee meetings	5
	<b>Total Number of Meetings</b>	<b>24</b>

\*The Governance and Finance Committee is also in charge of Human Resource Management Matters and in the financial year 2018/2019 had to hold extra meetings to recruit an intern for the RCPSB. The Committee also meets to approve quarterly accounts for submission to the National Treasury and Planning and was engaged in the process of validating the Human Resource Instruments developed with the assistance of the State Department of Public Service.

The Board carries an executive role of approving applications for registration and issue of practicing certificates as per the requirements of the CPS Act Cap 534 of the laws of Kenya. This necessitates a higher frequency of meetings. However, the Board had resolved to reduce the number of Board meetings and to have a meeting after every two months effective in the financial year 2018/2019.

The table below indicates the individual attendance of Board Members in Board Meetings:

### Board Meetings

S/N	BOARD MEMBER	DESIGNATION	ATTENNDANCE OUT OF 8 SITTINGS
1	Lewis Kamau	Chairman	8
2	Doris Murimi	Vice Chairman	8
3	Patrick Wachira	Member	6
4	Jacqueline Waihenya	Member	5
5	Linah Kiptoo	Member	3
6	Benrodgers Milaih	Member	5
7	Catherine Maringa	Member	7
8	Geoffery Njang'ombe	Member	2
9	Benjamin Achode	Member	7
10	Jonah Wala	Member/ Registrar	6
11	Patrick Mulwa	CEO/ Secretary	8

### Governance and Finance Committee

S/N	COMMITTEE MEMBER	DESIGNATION	ATTENNDANCE OUT OF 6 SITTINGS
1	Benjamin Achode	Chairman	6
2	Linah Kiptoo	Member	2
3	Benrodgers Milaih	Member	4
4	Jonah Wala	Member/ Registrar (Joined the Board in November 2017)	6
5	Patrick Mulwa	CEO/ Secretary	6

### Strategy and Development Committee

S/N	NAME OF BOARD MEMBER	DESIGNATION	ATTENNDANCE OUT OF 3 SITTINGS
1	Doris Murimi	Vice Chairman	3
2	Patrick Wachira	Member	2
3	Jacqueline Waihenya	Member	-
4	Geoffery Njang'ombe	Member	-
5	Catherine Maringa	Member	2
6	Patrick Mulwa	CEO/ Secretary	3

### Audit and Risk Committee

S/N	NAME OF BOARD MEMBER	DESIGNATION	ATTENNDANCE OUT OF 3 SITTINGS
1	Doris Murimi	Chairman	2
4	Geoffery Njang'ombe	Member	2
5	Catherine Maringa	Member	1
6	Patrick Mulwa	CEO/ Secretary	2

### Board and CEO Remuneration

The table below shows the Board members remuneration

	2019 Kshs	2018 Kshs
Directors Remuneration	5,151,847*	1,223,600
Key management compensation	<u>1,383,720</u>	<u>1,313,400</u>
	<b><u>2,537,000</u></b>	<b><u>2,537,000</u></b>

\*Due to financial constraints in the financial year 2017/2018 the RCPSB was paying directors a sitting allowance of Ksh. 5,500. After enhanced budget allocation by the National Treasury and Planning in the FY 2018/2019 the allowance was increased to Ksh. 20,000 per sitting. This caused an increase in directors sitting allowances.

Registration of Certified Public Secretaries Board  
Annual Report and Financial Statements for the Year ended 30 June 2019

The members of the Board are appointed by the Cabinet Secretary, The National Treasury according to the requirements of the Certified Public Secretaries of Kenya Act, Cap 534 of the Laws of Kenya. The members are appointed to serve for a term of 3 years.

Three months before the expiry of the term of the Board, the Registrar of the Board through the Office of the Director General Accounting Services and Quality Assurance, the National Treasury writes to the nominating institutions to nominate members for appointment by the Cabinet Secretary, The National Treasury to the next Board.

Directors can be removed through the nominating institution writing to the Cabinet Secretary and requesting for revocation of the director's nomination.

### **Roles and Functions of the Board**

- (a) Determine the Board's mission, vision, purpose and core values;
- (b) Review, evaluate and approve, on a regular basis, long-term plans for the Board;
- (c) Review, evaluate and approve the Board's budget and financial forecasts;
- (d) Review, evaluate and approve major resource allocations and capital investments;
- (e) Ensure that the procurement process is cost-effective and delivers value for money;
- (f) Review and approve the operating and financial results of the Board;
- (g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Board's operations and performance;
- (h) Ensure that effective processes and systems of risk management and internal controls are in place;
- (i) Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- (j) Review, evaluate and approve the remuneration structure of the Board;
- (k) Adopt, implement and monitor compliance with the Board's Code of Conduct and Ethics;
- (l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- (m) Review periodically the Board's strategic objectives and policies relating to sustainability and social responsibility/investment;
- (n) Protect the rights of stakeholders and optimize stakeholder value;
- (o) Enhance the Board's public image and ensure engagement with stakeholders through effective communication;
- (p) Monitor compliance with the Constitution, all applicable laws, regulations and standards; and
- (q) Review, monitor and ensure that the organization is effectively and consistently delivering on its mandate.

The current Board was appointed and gazetted on 17th March 2017 and an induction for the Board held on 21st April 2017. The board undertakes a Board evaluation at the end of each financial year. The most recent Board Evaluation was done in November 2018. The Board has also participated in training organized by the State Corporations Advisory Committee (SCAC) in June 2019. Board members are paid sitting allowances these are disclosed as board members' remuneration in the statement of Financial performance. The members of the Board are bound by the provisions of Mwongozo: The Code of Ethics for State Corporations.

## VII MANAGEMENT DISCUSSION AND ANALYSIS

The RCPSB revenue continues being affected by the enactment of the Companies Act No. 17 of 2015 which has removed the mandatory requirement for all companies to have a company secretary. This saw a drop in the initial applications for registration as certified secretaries and hence a drop in the revenue of the Board. However, the Act also introduced a requirement that corporate secretaries of public companies whether listed or not must have a practicing certificate. This together with the requirement that those Certified Secretaries wishing to be accredited as Governance Auditors by the Institute of Certified Secretaries must have a practicing certificate has seen the number of practicing certificates issued increase.

The category of Authority to Practice members has declined considerably given that these were usually old people who were given the Authority to continue practicing when the CPS Act came into force in 1989. This was through Legal Notice number 350 of 1995. Most have opted to retire.

The RCPSB continued its core mandate which is to register qualified secretaries and issue practicing certificates to those who are eligible to offer services to the public as Certified Secretaries. The following is a summary of registrations and issues of practicing certificates and other services for the financial year 2018/2019.

	2018/2019	2017/2018	CUMMULATIVE AS AT 30 JUNE 2019	CUMMULATIVE AS AT 30 JUNE 2018
Non-Practicing Registration	118	120	3,520	3,402
Practicing	37	48	1,361	1324
Re-registration	7	6	-	-
Authority to practice	4	-	10	10

RCPSB in the financial year 2018/2019 received a government grant of Ksh. 14,550,000 to supplement its internally generated revenue.

The foregoing saw the RCPSB report a surplus of Ksh. 1,074,885, in the financial year ending 30 June 2019.

The Board and other like-minded stakeholders will continue their efforts in entrenching the Certified Secretary in both public and private organizations. This will create opportunities for Certified Secretarial graduates and drive the demand for registration which accounts for a substantial percentage of the RCPSB's revenue. Towards this end the Board together with kasneb and the ICS jointly developed the Strategic Plan for the Certified Secretary profession 2017-2021. The Board has commenced with the process of constituting the Inter-Institutional Strategy Committee of the three Certified Secretary institutions; the RCPSB, ICS and kasneb in order to operationalize and implement the strategic plan of the Certified Secretary Profession and to enhance the visibility and viability of the profession.

**VIII REPORT OF DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the RCPSB’s affairs.

**Principal activities**

The principal activities of the Registration of Certified Public Secretaries Board continue to be to register qualified Secretaries and issue practicing certificates to those registered Secretaries who are eligible to offer services to the public as Certified Public Secretaries of Kenya. The other mandate of the Board is a regulatory role which is to de-register members out of their professional misconduct or any other reason as stipulated in the Certified Public Secretaries Act Cap 534, Section 24.

**Results**

The results of the RCPSB for the year ended June 30, 2019 are set out on pages 1 to 5.

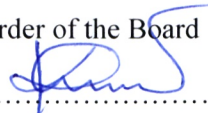
**Directors**

The members of the Board of Directors who served during the year financial year 2018/2019 shown on page (iv)- (vii)

**Auditors**

The Auditor General is responsible for the statutory audit of the RCPSB in accordance with the Section 34 of the Certified Public Secretaries Act, Section 14 (3) of the State Corporations Act (CAP 446) and Section 68 (2) of the Public Finance Management (PFM) Act, 2012)

By Order of the Board

  
.....

**CS. Patrick Mulwa**

Executive Officer and Secretary to the Board

Date: .....17/2/2024.....

## IX STATEMENT OF DIRECTORS RESPONSIBILITY

Section 34 of the Certified Public Secretaries Act (CAP 534), Section 81 (1) of the Public Finance Management Act, 2012 and section 14 (2) of the State Corporations Act, require the Directors to prepare financial statements in respect of that RCPSB, which give a true and fair view of the state of affairs of the RCPSB at the end of the financial year/period and the operating results of the RCPSB for that year/period. The Directors are also required to ensure that the RCPSB keeps proper accounting records which disclose with reasonable accuracy the financial position of the RCPSB. The Directors are also responsible for safeguarding the assets of the RCPSB.

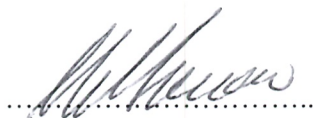
The Directors are responsible for the preparation and presentation of the RCPSB's financial statements, which give a true and fair view of the state of affairs of the RCPSB for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate 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 RCPSB; (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 RCPSB; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the RCPSB's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the RCPSB's financial statements give a true and fair view of the state of RCPSB's transactions during the financial year ended June 30, 2019, and of the RCPSB's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the RCPSB, which have been relied upon in the preparation of the RCPSB's financial statements as well as the adequacy of the systems of internal financial control.

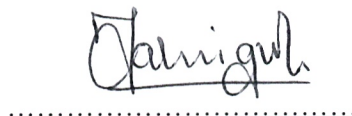
Nothing has come to the attention of the Directors to indicate that the RCPSB will not remain a going concern for at least the next twelve months from the date of this statements.

Approval of the financial statements:

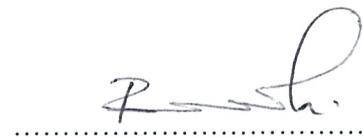
The RCPSB's financial statements were approved by the Board on 25<sup>th</sup> September 2019 and signed on its behalf by:



Director



Director



Director

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD FOR THE YEAR ENDED 30 JUNE, 2019**

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

#### **Opinion**

I have audited the accompanying financial statements of Registration of Certified Public Secretaries Board set out on pages 1 to 29 which comprise the statement of financial position as at 30 June, 2019, and statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 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 Registration of Certified Public Secretaries Board as at 30 June, 2019, 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 Public Finance Management Act, 2012, and Certified Public Secretaries Act, Cap 534 of the Laws of Kenya.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement 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, I confirm that, nothing 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**

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 Board's ability to continue to sustain services, disclosing, as applicable, matters

related to sustainability of services and using the applicable basis of accounting unless the Management is aware of intentions 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 Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the 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 overall 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 overall 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 Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to 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 Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**04 February, 2021**

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

Annual Report and Financial Statements for the Year ended 30 June 2019

**I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2018-2019 Kshs.	2017-2018 Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments – gifts and services-in-kind	1	14,550,000	1,271,200
<b>Revenue from exchange transactions:</b>			
Rendering of services	2	1,800,600	1,910,000
Finance income - external investments	3	577,120	623,200
<b>Total revenue</b>		<b>16,927,720</b>	<b>3,804,400</b>
<b>Expenses</b>			
Employee costs	4	2,799,763	2,055,972
Board Expenses	5	7,446,985	1,258,380
Depreciation and amortization expense	6	156,035	17,640
Repairs and maintenance	7	28,600	11,600
Contracted Services- Medical Insurance & Internet	8	524,986	-
General expenses	9	4,853,676	770,295
Bank Charges	10	35,640	27,529
Increase in provision for Audit fee	16	7,200	-
<b>Total expenses</b>		<b>15,852,885</b>	<b>4,141,416</b>
<b>Surplus/( deficit) for the period</b>		<b>1,074,885</b>	<b>(337,016)</b>

The notes set out on pages 6 to 28 form an integral part of these Financial Statements

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

Annual Report and Financial Statements for the Year ended 30 June 2019

XII: STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	NOTES	2018-2019 Kshs	2017-2018 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	11	8,274,283	8,469,078
Receivables from non-exchange transactions	12	32,550	1,750
Prepayments	13	635,576	-
<b>Total Current Assets</b>		<b>8,942,409</b>	<b>8,470,828</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	328,801	23,520
<b>Total Non-current Assets</b>		<b>328,801</b>	<b>23,520</b>
<b>Total assets</b>		<b>9,271,210</b>	<b>8,494,348</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	15	163,180	468,353
Provisions	16	100,000	92,800
<b>Total Current Liabilities</b>		<b>263,180</b>	<b>561,153</b>
<b>Total liabilities</b>		<b>263,180</b>	<b>561,153</b>
<b>Net assets</b>			
Reserves	17	7,933,195	7,984,995
Prior Year Adjustments		-	285,216
Accumulated surplus (Deficit) for the year		1,074,835	(337,016)
Capital Fund		9,008,030	7,933,195
<b>Total net assets and liabilities</b>		<b>9,271,210</b>	<b>8,494,348</b>

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

CEO

Patrick Mulwa

Sign:  .....

Date: 17/2/2021 .....

Head of Finance

Sign:  .....

ICPAK Member Number: 26598

Date: 17/2/2021 .....

Chairman:

Lewis Kaman

Sign:  .....

Date: 17/2/2021 .....

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

Annual Report and Financial Statements for the Year ended 30 June 2019

**XIII: STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Reserves</b>	<b>Capital /Development Fund</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Balance as at 1 July 2017</b>	<b>7,984,995</b>	-	<b>7,984,995</b>
		-	-
Surplus/(deficit) for the period	(337,016)	-	(337,016)
Transfers to/from accumulated surplus	7,984,995	-	7,984,995
prior year adjustments	285,216	-	285,216
Grants received during the year	-	-	-
<b>Balance as at 30 JUNE 2018</b>	<b>7,933,195</b>	-	<b>7,933,195</b>
<b>Balance as at 1 July 2018</b>	<b>7,933,195</b>	-	<b>7,933,195</b>
		-	-
Surplus for the period	1,074,835	-	<b>1,074,835</b>
Transfers to/from accumulated surplus	7,933,195	-	<b>7,933,195</b>
Prior year adjustments	-	-	-
<b>Balance as at 30 JUNE 2019</b>	<b>9,008,030</b>	-	<b>9,008,030</b>

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

Annual Report and Financial Statements for the Year ended 30 June 2019

XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019

	NOTES	2018-2019	2017-2018
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments – gifts and services-in-kind	1	14,550,000	1,271,200
Rendering of services	2	1,800,600	1,910,000
Finance income - external investments	3	577,120	623,200
<b>Total Receipts</b>		<b>16,927,720</b>	<b>3,804,400</b>
<b>Payments</b>			
Employee costs	4	2,799,763	2,055,972
Board Expenses	5	7,446,985	1,258,380
Repairs and maintenance	7	28,600	11,600
Contracted Services	8	524,986	-
General expenses	9	4,853,676	770,295
Bank Charges	10	35,640	27,529
<b>Total Payments</b>		<b>15,689,650</b>	<b>4,123,776</b>
<b>Net cash flows from operating activities</b>		<b>1,238,070</b>	<b>(319,376)</b>
<b>Working Capital Changes</b>			
Increase/Decrease in payables		<b>(305,173)</b>	<b>(100,000)</b>
Increase/Decrease in receivables		<b>(30,800)</b>	<b>10,918</b>
Increase/ Decrease in prepayments		<b>(635,577)</b>	-
Prior year adjustments		-	-
		<b>(971,550)</b>	<b>(89,082)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	14	(461,316)	-
Proceeds from sale of property, plant and Equipment		-	-
Decrease /Decrease in non-current receivables		-	-
Increase /Decrease in investments		-	-
<b>Net cash flows used in investing activities</b>		<b>(461,316)</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(194,796)</b>	<b>(408,458)</b>
Cash and cash equivalents at 1 JULY 2018		8,469,078	8,877,536
<b>Cash and cash equivalents at 30 JUNE 2019</b>		<b>8,274,282</b>	<b>8,469,078</b>

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

Annual Report and Financial Statements for the Year ended 30 June 2019

**XV: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2019**

**XV: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Government grants and subsidies	15,000,000	(300,000)	14,700,000	14,550,000	(150,000)	-1%
Rendering of services	2,605,000		2,605,000	1,800,600	(804,400)	-31%
Finance Income	640,000		640,000	577,120	(62,880)	-10%
Other Income	500,000		500,000	-	(500,000)	-100%
<b>Total income</b>	<b>18,745,000</b>	<b>(300,000)</b>	<b>18,445,000</b>	<b>16,927,720</b>	<b>(1,517,280)</b>	<b>-8%</b>
<b>Expenses</b>						
Compensation of Employees	4,521,169		4,521,169	2,799,763	(1,721,406)	-38%
Board Expenses	7,698,000		7,698,000	7,446,985	(251,015)	-3%
Depreciation and Amortization	136,800		136,800	156,035	19,235	14%
Repairs and maintenance	60,000		60,000	28,600	(31,400)	-52%
General Expenses	5,664,592		5,664,592	4,853,676	(810,916)	-14%
Bank Charges	30,250		30,250	35,640	5,390	18%
Contracted services	300,000		300,000	524,986	224,986	75%
Increase in provision for Audit fee	-		-	7,200	(7,200)	100%
<b>Total expenditure</b>	<b>18,410,811</b>		<b>18,410,811</b>	<b>15,852,885</b>	<b>(2,557,926)</b>	
<b>Surplus for the period</b>	<b>334,189</b>		<b>34,189</b>	<b>1,074,835</b>	<b>1,040,646</b>	

## **REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

**Annual Report and Financial Statements for the Year ended 30 June 2019**

### **Budget Notes**

1. Income from rendering of services declined due to the decline in the number of applications for registration and practicing certificates.
2. Finance Income declined due to the fluctuations on the Treasury Bill interest rates.
3. Compensation employees was less than the budgeted amount due to the fact that the intended recruitment of additional staff and was not successfully implemented in the financial year 2018/2019. The RCPSB was awaiting the approval of staff establishment by the State Corporations Advisory Committee.
4. Depreciation expense increased due the acquisition of new office equipment.
5. General expenses declined due to the prudent cost control.
6. Bank charges increased as a result of more transactions effected through the bank and the introduction of excise duty on bank transactions.
7. Increase in contracted services increased due to the implementation of medical scheme for board members.

# REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

Annual Report and Financial Statements for the Year ended 30 June 2019

## XVI: NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

Registration of Certified Public Secretaries Board (RCPSB) is established and derives its authority and accountability from the Certified Public Secretaries of Kenya Act Cap 534. The Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of the Board is to register qualified Secretaries and issue practicing certificates to those registered Secretaries who are eligible to offer services to the public as Certified Public Secretaries of Kenya. The other mandate of the Board is a regulatory role which is to de-register members out of their professional misconduct or any other reason as stipulated in the Certified Public Secretaries of Kenya Act Cap 534, Section 24.

### 2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

### 3 ADOPTION OF NEW AND REVISED STANDARDS

#### i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

#### ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> 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 RCPSB's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"><li>• 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;</li><li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li></ul>

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

Standard	Effective date and impact:
	<ul style="list-style-type: none"><li>Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an RCPSB's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li></ul>
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2022</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting RCPSB provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the RCPSB; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the RCPSB's financial performance, financial position and cash flows.

#### iii. Early adoption of standards

The RCPSB did not early – adopt any new or amended standards in year 2019.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Revenue recognition

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

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

The RCPSB recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the RCPSB and the fair value of the asset can be measured reliably.

##### **Transfers from other government entities**

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

#### ii) Revenue from exchange transactions

##### **Rendering of services**

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

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

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

#### *Sale of goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the RCPSB.

#### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

#### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the RCPSB's right to receive payments is established.

#### **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.

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

#### b) Budget information

The original budget for FY 2018-2019 was approved by the National Treasury on 26 September 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the RCPSB upon receiving the respective approvals in order to conclude the final budget. Accordingly, the RCPSB recorded additional appropriations of on the 2018-2019 budget following the governing body's approval.

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

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

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

#### c) Taxes

##### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the RCPSB operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable RCPSB and the same taxation authority.

#### *Sales tax*

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### **d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

#### e) **Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the RCPSB 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.

#### f) **Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the RCPSB. Assets held under a finance lease are capitalized at the 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 RCPSB 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 RCPSB 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 RCPSB. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### g) **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.

#### h) **Research and development costs**

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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

#### **i) Financial instruments**

##### *Financial assets*

##### *Initial recognition and measurement*

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

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### *Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the RCPSB has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### *Impairment of financial assets*

The RCPSB assesses at each reporting date whether there is objective evidence that a financial asset or an RCPSB of financial assets is impaired. A financial asset or a RCPSB of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the RCPSB of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

- The debtors or a RCPSB of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

#### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The RCPSB determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

##### *Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

#### **i) Inventories**

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

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

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

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

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

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

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

#### **j) Provisions**

Provisions are recognized when the RCPSB has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

#### ***Contingent liabilities***

The RCPSB 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 RCPSB 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 RCPSB 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.

#### **k) Nature and purpose of reserves**

The RCPSB creates and maintains reserves in terms of specific requirements.

#### **l) Changes in accounting policies and estimates**

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

#### **m) Employee benefits**

##### **Retirement benefit plans**

The RCPSB provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an RCPSB pays fixed contributions into a separate RCPSB (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis.

## **REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

### **Annual Report and Financial Statements for the Year ended 30 June 2019**

Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

#### **n) 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.

#### **o) Borrowing costs**

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

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

#### **p) Related parties**

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

#### **q) Service concession arrangements**

The RCPSB analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the RCPSB recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the RCPSB also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

#### **r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. 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.

# REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

## Annual Report and Financial Statements for the Year ended 30 June 2019

### s) Comparative figures

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

### t) 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, 2019.

## 5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the RCPSB'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. State all judgements, estimates and assumptions made: e.g.

### 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 RCPSB 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 RCPSB. 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 RCPSB
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 20

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.

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

Annual Report and Financial Statements for the Year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 Transfers from Ministries, Departments and

Name of the RCPSB sending the grant	Amount recognized to Statement of Comprehensive Income	Total grant income during the year	2018-2019
	KShs	KShs	KShs
The National Treasury	14,550,000	14,550,000	14,550,000
<b>Total</b>	<b><u>14,550,000</u></b>	<b><u>14,550,000</u></b>	<b><u>14,550,000</u></b>

2. Rendering of services

Description	2018-2019 Kshs	2017-2018 Kshs
Registration	1,180,000	1,207,500
Re-registration	105,000	90,000
Practicing Certificates	462,500	612,500
Authority to Practice	40,000	-
Certificate Replacement	12,000	-
Bank Charge recovered on dishonoured Cheque.	1,100	
<b>Total</b>	<b><u>1,800,600</u></b>	<b><u>1,910,000</u></b>

3. Finance income - external investments

Description	2018-2019 KShs	2017-2018 KShs
Interest income from Treasury Bills	577,120	623,200
<b>Total finance income – external investments</b>	<b><u>577,120</u></b>	<b><u>623,200</u></b>

4. Employee costs

	2018-2019 KShs	2017-2018 KShs
Salaries and wages	1,669,840*	1,191,491
Employee related costs - contributions to pensions and medical aids	163,423	114,982
Travel, motor car, accommodation, subsistence and other allowances	204,000	175,000
Housing benefits and allowances	699,000	544,500

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD****Annual Report and Financial Statements for the Year ended 30 June 2019**

Performance and other bonuses	57,500	30,000
Overtime payment	6,000	-
<b>Employee costs</b>	<b><u>2,799,763</u></b>	<b><u>2,055,972</u></b>

\* The RCPSB recruited an Accountant at Job Group K as part of capacity building on Financial Reporting and abolished the lower position of a Clerical Officer. This also had an impact on other remuneration costs.

**5. Board Expenses**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria	960,000	228,000
Airtime- Chairman	60,000	-
Directors emoluments	3,896,000	995,600
Fare refund	235,847	-
Other Board Expenses	16,100	34,780
Board Capacity building	1,419,908	-
Board retreat	859,130	-
<b>Total director emoluments</b>	<b><u>7,446,985*</u></b>	<b><u>1,258,380</u></b>

\*There was a substantial increase in Board Expenses due to the implementation of SRC Circular SRC/TS/SC/3/17 VOL (171)

**6. Depreciation and amortization expense**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	156,035	17,640
<b>Total depreciation and amortization</b>	<b><u>156,035</u></b>	<b><u>17,640</u></b>

**7. Repairs and maintenance**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Website Maintenance	11,600	11,600
Computer & Printer repair	17,000	-
<b>Total repairs and maintenance</b>	<b><u>28,600</u></b>	<b><u>11,600</u></b>

**8. Contracted services**

<b>Description:</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Internet	20,010	-
Medical insurance	504,976	-
<b>Total</b>	<b><u>524,986*</u></b>	<b><u>-</u></b>

\*The RCPSB installed internet in its new offices. When domiciled at The Treasury Building in the previous year it used internet services provided for by the Treasury. Increase in contracted services also increased due to the implementation of medical scheme for Board members.

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

**Annual Report and Financial Statements for the Year ended 30 June 2019**

**9. General expenses**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Miscellaneous Expenses	19,539	3,930
Goods and services	-	3,990
Office Rent & Relocation	2,314,472	-
Audit fees	100,000	92,800
Conferences and delegations	610,820	274,110
Consulting fees	-	40,000
CPS Profession Development	298,440	-
Other expenses-consumables	130,974	100,863
News paper	12,600	14,760
Transport	41,700	25,810
Postage	3,540	1,650
Printing and stationery	295,831	166,722
Box Rental	9,450	10,960
Telecommunication	21,910	24,700
Staff training and development	100,000	10,000
Development of Human Resource Instruments	879,400	-
Subscriptions	15,000	-
<b>Total general expenses</b>	<b><u>4,853,676*</u></b>	<b><u>770,295</u></b>

- Increase in general expenses was due to payment of rent when the RCPSB moved to new premises, Contracting the State Department of Public Service to Develop Human Resource Instruments as required by SCAC vide Circular No.

**10. Bank Charges**

	<b>2018-2019</b>	<b>2017-2018</b>
Bank Charges	35,640	27,529
<b>Total</b>	<b><u>35,640</u></b>	<b><u>27,529</u></b>

**11. Cash and cash equivalents**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Current account	274,283	469,078
Treasury Bills Investment	8,000,000	8,000,000
<b>Total cash and cash equivalents</b>	<b><u>8,274,283</u></b>	<b><u>8,469,078</u></b>

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

Annual Report and Financial Statements for the Year ended 30 June 2019

**Detailed analysis of the cash and cash equivalents**

<b>Financial institution</b>	<b>Account number</b>	<b>2018-2019 KShs</b>	<b>2017-2018 KShs</b>
<b>a) Current account</b>			
National Bank of Kenya	01021002846501	274,283	469,078
<b>Sub- total</b>		<b><u>274,283</u></b>	<b><u>469,078</u></b>
<b>b) Treasury Bills Investment</b>			
Central Bank of Kenya	103798-1	8,000,000	8,000,000
<b>Grand total</b>		<b><u>8,274,273</u></b>	<b><u>8,469,078</u></b>

**12. Receivables from non-exchange contracts**

<b>Description</b>	<b>2018-2019 KShs</b>	<b>2017-2018 KSh</b>
<b>Current receivables</b>		
Staff Salary Advance	32,550	1750
<b>Total current receivables</b>	<b><u>32,550</u></b>	<b><u>1,750</u></b>

**13. Prepayment:**

<b>Description:</b>	<b>2018-2019 Kshs</b>	<b>2017-2018 Kshs</b>
Office rent deposit	462,378	-
Parking Bay deposit	54,000	-
Quarterly Service Charge deposit.	119,198	-
<b>Total</b>	<b><u>635,576</u></b>	<b>=</b>

**14. Property plant and equipment Movement Schedule:**

	Computers	Dispensers	Microwave	printers	projector	Total
Cost	KShs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2017	58,800	-	-	-	-	58,800
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers		-	-	-	-	-
At 30 June 2018	58,800	-	-	-	-	58,800

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

**Annual Report and Financial Statements for the Year ended 30 June 2019**

Additions	294,500	12,766	7,250	99,000	47,800	461,316
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>At 30 June 2019</b>	<b>353,300</b>	<b>12,766</b>	<b>7,250</b>	<b>99,000</b>	<b>47,800</b>	<b>520,116</b>
<b>Depreciation &amp; Impairment</b>						
At 1 July 2017	17,640	-	-	-	-	17,640
Depreciation for the year	17,640	-	-	-	-	17,640
Impairment	-	-	-	-	-	-
<b>At 30 June 2018</b>	<b>35,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,280</b>
Depreciation for the year	105,990	3,830	2,175	29,700	14,340	156,035
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>At 30 June 2019</b>	<b>141,270</b>	<b>3,830</b>	<b>2,175</b>	<b>29,700</b>	<b>14,340</b>	<b>191,315</b>
Net Book Values						
<b>At 30 June 2019</b>	<b>212,030</b>	<b>8,936</b>	<b>5,075</b>	<b>69,300</b>	<b>33,640</b>	<b>328,801</b>
<b>At 30 June 2018</b>	<b>23,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,520</b>

**15. Trade and other payables from exchange transactions**

**Description:**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Medical In-patient- ICPSK	-	305,953
Other payables-newspapers	780	-
Unearned Interest (Treasury Bills)	162,400	162,400
<b>Total</b>	<b><u>163,180</u></b>	<b><u>468,353</u></b>

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

Annual Report and Financial Statements for the Year ended 30 June 2019

**16. Current provisions**

<b>Audit Fee:</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance b/d (1/7/2018)	92,800	92,800
Additional provision	7,200	-
<b>Total</b>	<b><u>100,000</u></b>	<b><u>92,800</u></b>

**17. Reserves**

<b>Description:</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance as at 1 July	7,933,195	7,984,995
Prior year adjustment	-	285,216
Surplus/deficit for the period	1,074,835-	(337,016)
Prior year adjustment	-	-
Transfer of excess depreciation on revaluation	-	-
<b>Total</b>	<b><u>9,008,030</u></b>	<b><u>7,933,195</u></b>

**18. CASH GENERATED FROM OPERATIONS**

	<b>NOTES</b>	<b>2018-2019</b>	<b>2017-2018</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments – gifts and services-in-kind	1	14,550,000	1,271,200
Rendering of services	2	1,800,600	1,910,000
Finance income - external investments	3	577,120	623,200
<b>Total Receipts</b>		<b>16,927,720</b>	<b>3,804,400</b>
<b>Payments</b>			
Employee costs	4	2,799,763	2,055,972
Board Expenses	5	7,446,985	1,258,380
Repairs and maintenance	7	28,600	11,600
Contracted Services	8	524,986	-
General expenses	9	4,853,676	770,295
Bank Charges	10	35,640	27,529
<b>Total Payments</b>		<b>15,689,650</b>	<b>4,123,776</b>
<b>Net cash flows from operating activities</b>		<b>1,238,070</b>	<b>(319,376)</b>
<b>Working Capital Changes</b>			
Increase/Decrease in payables		<b>(305,173)</b>	<b>(100,000)</b>
Increase/Decrease in receivables		<b>(30,800)</b>	<b>10,918</b>
Increase/ Decrease in prepayments		<b>(635,577)</b>	<b>-</b>
Prior year adjustments		<b>-</b>	<b>-</b>

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

**Annual Report and Financial Statements for the Year ended 30 June 2019**

**(971,550) (89,082)**

**19. FINANCIAL RISK MANAGEMENT**

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

**(i) Credit risk**

The RCPSB 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. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the RCPSB’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 RCPSB’s maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2019</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	32,550	32,550	-	-
Bank balances	8,274,283	8,274,283	-	-
<b>Total</b>	<b>8,306,833</b>	<b>8,306,833</b>	-	-
<b>At 30 June 2018</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	1,750	1,750	-	-
Bank balances	8,469,078	8,469,078	-	-
<b>Total</b>	<b>8,470,828</b>	<b>8,470,828</b>	-	-

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

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

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>				
Trade payables	-	-	163,180	163,180
Current portion of borrowings	-	-	-	-
Provisions	-	-	100,000	100,000
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	<b>263,180</b>	<b>263,180</b>
<b>At 30 June 2018</b>				
Trade payables	-	-	468,353	468,353
Current portion of borrowings	-	-	-	-
Provisions	-	-	92,800	92,800
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	<b>561,153</b>	<b>561,153</b>

#### (iii) Market risk

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

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

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

There has been no change to the RCPSB's exposure to market risks or the manner in which it manages and measures the risk.

	<b>Ksh</b>	<b>Other currencies</b>	<b>Total</b>
<b>At 30 June 2019</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Financial assets (investments, cash, debtors)	8,000,000		8,000,000
Liabilities	-		-
Trade and other payables	163,180	-	163,180
Borrowings	-	-	
Net foreign currency asset/(liability)	-	-	-

#### iv) Capital Risk Management

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

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	-	-
Retained earnings	9,008,030	7,933,195
Capital reserve	-	-
<b>Total funds</b>	<b>9,008,030</b>	<b>7,933,195</b>
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

## 20. Related Party Balances

### a) Nature of related party relationships

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

### Annual Report and Financial Statements for the Year ended 30 June 2019

Entities and other parties related to the Board 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 Board is related to

- (i) The Parent Ministry (The National Treasury)
- (ii) Key management;
- (iii) Board of directors;

#### b) Related party transactions

	2018-2019	2017-2018
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of goods	-	-
Sales of services	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from National Govt	14,550,000	1,271,200
Grants from County Government	-	-
Donations in kind	-	-
<b>Total</b>	<b>14,550,000</b>	<b>14,550,000</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for RCPSB employees	1,254,471	638,892
Payments for goods and services	-	3,990
<b>Total</b>	<b>1,254,471</b>	<b>642,882</b>
<b>d) Key management compensation</b>		
Directors' emoluments	3,896,000	995,600
Compensation to the CEO	1,545,292	1,417,080
Compensation to key management	1,020,000	1,222,080
<b>Total</b>	<b>6,461,292</b>	<b>3,634,760</b>

## **REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

**Annual Report and Financial Statements for the Year ended 30 June 2019**

### **21. Events after the reporting period**

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

### **22. Ultimate and Holding Board**

The Board is a State Corporation under the National Treasury. Its ultimate parent is the Government of Kenya.

### **23. Currencies**

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

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

**Annual Report and Financial Statements for the Year ended 30 June 2019**


**XVII: PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS**

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

<b>Referen ce No. on the externa l audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	The Auditor raised the Issue of an internal Audit function and audit Committee.	The Board has formed an audit committee and requested the parent ministry, The National Treasury and Planning has incorporated the RCPSB in its internal audit Programme and will be providing internal audit services to the RCPSB	The Executive Officer	Resolved	The National Treasury incorporated the RCPSB in its Internal Audit Programme on 28 <sup>th</sup> November 2019

**CHIEF EXECUTIVE OFFICER**

PATRICK K. MULWA

SIGNATURE:  .....

DATE: 17/2/2021 .....

**CHAIRMAN OF THE BOARD**

LEWIS G. KAMAU

SIGNATURE:  .....

DATE: 17/2/2021 .....