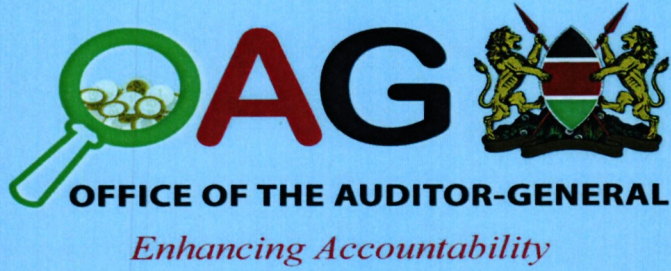


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

THE NATIONAL ASSEMBLY
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DATE: 15 FEB 2023 DAY: Wpd

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OF

THE AUDITOR-GENERAL

ON

NURSING COUNCIL OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2021**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

18 JUL 2022

RECEIVED



NURSING COUNCIL OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

Table of Content	Page
I. KEY ENTITY INFORMATION AND MANAGEMENT.....	ii
II. THE COUNCIL MEMBERS.....	vi
III. MANAGEMENT TEAM.....	xii
IV. CHAIRPERSON’S STATEMENT.....	xvi
V. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xvii
VI. STATEMENT OF NURSING COUNCIL OF KENYA PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021.....	xviii
VII. CORPORATE GOVERNANCE STATEMENT.....	xxi
VIII. MANAGEMENT DISCUSSION AND ANALYSIS.....	xxvii
IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxx
X. CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	xxxi
XI. REPORT OF THE COUNCIL MEMBERS.....	xxxv
XII. STATEMENT OF RESPONSIBILITIES OF THE COUNCIL MEMBERS.....	xxxvi
XIII. REPORT OF THE INDEPENDENT AUDITORS ON THE NURSING COUNCIL OF KENYA.....	xxxvii
XIV. STATEMENT OF FINANCIAL PERFORMANCE.....	1
XV. STATEMENT OF FINANCIAL POSITION.....	2
XVI. STATEMENT OF CHANGES IN NET ASSETS.....	3
XVII. STATEMENT OF CASH FLOWS.....	4
XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
XIX. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.....	8

NURSING COUNCIL OF KENYA

Annual Reports and Financial Statements

For the year ended June 30, 2021

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

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

(b) Principal Activities

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

Vision

A world class regulatory body in nursing and midwifery education and practice

Mission

Develop standards; enforce regulations in nursing and midwifery education and practice

Core Values

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

- ❖ Integrity
- ❖ Social Responsibility
- ❖ Innovation
- ❖ Excellence

NURSING COUNCIL OF KENYA

Annual Reports and Financial Statements

For the year ended June 30, 2021

- ❖ Nurture
- ❖ Professionalism
- ❖ Responsiveness

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Registrar/CEO	Edna Tallam – Kimaiyo
2.	Ag. Deputy Registrar	Dr. Gladys Machira-Maripet
3.	Manager Finance	CPA. George Otieno
4.	Manager Supply Chain	Augustine Abade

(e) Fiduciary Oversight Arrangements

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

Finance Strategy and Development Committee

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

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

Registration, Education and Examination Committee

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

Discipline, Standards and Ethics Committee

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

Risk and Audit Committee

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

(f) Headquarters

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

(g) Contacts

Tel: +254-20-7854665/9, +254-721-920567, +254-733-924669

Email: info@nckkenya.org

Website: www.nckkenya.com

(h) Bankers

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

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

(i) Independent Auditors

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084 - 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 - 00200

Nairobi, Kenya

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

II. THE COUNCIL MEMBERS



Prof. Eunice Ndirangu

**Independent Council Member and Chairperson,
Nursing Council of Kenya**

Prof. Eunice Ndirangu, born on 14th July 1978, was appointed to the Council on 5th July 2019 as the Chairperson. She holds a PhD in Nursing Studies and Master in Advanced Nursing Practice both from the University of Nottingham in the United Kingdom, and Bachelor of Science in Nursing (BScN) from the University of East Africa - Baraton. She is currently the Dean, Aga Khan University School of Nursing and Midwifery and a Board Member at Aga Khan University.



Mathew Kiptoigat Kipturgo

Independent Council Member

Mr. Mathew Kiptoigat Kipturgo, born on 25th February 1974, is the Chairperson of Finance, Strategy and Development Committee and is a representative of Mid-Level Colleges. He was appointed for another term to the Council on 5th July 2019. He holds Master of Science in Nursing and Bachelor of Science in Nursing both from the University of Nairobi. He is currently the Principal of the Kenya Medical Training College, Machakos Campus. He is also a Senior Principal Lecturer of nursing in the same institution.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021



Nyongesa Michael Simiyu

Independent Council Member

Mr. Nyongesa Michael Simiyu, born on 12th January 1972, was appointed to the Council on 5th July 2019. He is the Chairperson of Risk and Audit Committee and a representative of Kenya Professional Nurses Association. He holds a Bachelor of Science in Health Systems Management from Kenya Methodist University and a Diploma in Kenya Registered Community Health Nurse from the Kenya Medical Training College. He is also the Chair, Kenya Progressive Nurses Association (KPNA) and the Depot Manager, Division of Vaccine and Immunization.



Boniface Mutisya Kimangau

Independent Council Member

Mr. Boniface Mutisya Kimangau, born on 30th September 1979, was appointed to the Council on 5th July 2019 and is representative of Midwives Association of Kenya (MAK). He holds a Bachelor of Science in Nursing from Kenya Methodist University and Diploma in Kenya Registered Community Health Nurse from Kenya Medical Training College. He is currently serving as a Senior Nursing Officer, Labour Ward Kenyatta National Hospital.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021



Margaret Wangari Muiyuro-Nyaga
Independent Council Member

Mrs. Margaret Wangari Muiyuro, born on 1st March 1979, was appointed to the Council on 5th July 2019. She is a representative of the Public as per the Nurses Act. She holds a Master in Public Health from Roehampton University United Kingdom, Higher Diploma in Critical Care and Diploma in Registered Nursing both from Cicely McDonnell School of Nursing. She is serving as a Senior Nurse and ICU Infection Control Link Nurse at the Nairobi Hospital, the CEO and Founder Pokea Afya foundation, and the Chair of National Nurses of Kenya Nairobi hospital branch.



Alfred Obuya Obengo
Independent Council Member

Mr. Alfred Obuya Obengo, born on 4th April 1971, was appointed for another term to the Council on 5th July 2019. He is the Chairperson of the Discipline, Standards and Ethics Committee and a representative of National Nurses Association of Kenya (NNAK). He holds a Diploma in Kenya Registered Community Health Nurse from Kenya Medical Training College and Public Relations and Personnel Administration from Universal Group of Colleges. He is serving as the Chairperson of National Nurses Association and a Senior Nurse at Kenyatta National Hospital.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

	<p>Dr. Gondi Joel Odhiambo Independent Council Ex-Officio Member</p> <p>Dr. Gondi Joel Odhiambo, born 24th June 1972, is an Ex-officio member of the Council and is a representative of the Office of Director General, Medical Services. He is currently serving as Senior Deputy Director of Medical Services Ministry of Health, and previously served as the Head of Reproductive and Maternal Health Services Unit. He holds an MBChB from Moi University, Master of International/Public Health from Virje University and Executive MBA from JKUAT.</p>
	<p>Prof. Elijah Nyabuti Nyangena Independent Council Member</p> <p>Prof. Elijah Nyabuti Nyangena was born on 23rd June 1963. He was appointed to the Council on 5th July 2019. He is the Chairperson of the Registration, Education and Examination Committee and is a representative of Universities in Kenya. He holds a PhD in Medical Education from Moi University, Master of Science in Nursing from University of Witwatersrand South Africa, and Bachelor in Nursing from University of Eastern Africa Baraton. He is serving as an Associate Professor of Nursing and Head of Department of Nursing at the University of Kabianga.</p>

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021



Dr. Judith Awinja Aluora-
Council Ex-Officio Member

Dr. Judith Awinja Aluora, born on 26th November 1969, is an Ex-officio member of the Council and the current office holder of Director of Nursing Services (DNS) Ministry of Health and is a representative of this Office. She was appointed to the Council on 5th February 2020. She holds a PhD in Public Health Policies and Administration (Strategic Management) from Walden University USA, Master of Science in Public Health (MPH) from University of Liverpool and Bachelor of Nursing (BN) from Dundee University Scotland. She is currently the Head of Home Based Care Programme Ministry of Health and a Member of the Covid 19 Task force.



Edna Tallam – Kimaiyo
Registrar / Chief Executive Officer

Edna C. Tallam-Kimaiyo, born on 21st December 1982, is currently the Registrar/CEO of Nursing Council of Kenya. She holds a Master of Public Health from Kenyatta University, Bachelor of Science in Nursing (BScN) from University of East Africa - Baraton and is a Fellow of Global Health Leadership program, University of Washington. Previously she worked at Kenyatta National Hospital.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

	<p>Caroline Wanjiku Muchina Ag. Corporation Secretary</p> <p>Caroline Wanjiku Muchina, born on 15th May 1988, is currently the Ag. Corporation Secretary Nursing Council of Kenya. She holds a Bachelor of Laws University of Nairobi and an Advocate of the High Court of Kenya. She is a Certified Company Secretary (CPS-K) and a member of Institute of Certified Secretaries. In addition, she is a certified Governance Auditor and an Associate of the Kenya Institute of Bankers (AKIB). She has previously worked with Green Pot Enterprises Ltd and Imperial Bank (Under Receivership)</p>

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

III. MANAGEMENT TEAM



Edna Tallam - Kimaiyo

Registrar / Chief Executive Officer

Overall leadership and direction of the Council operation on a day to day basis

- Masters of Public Health
- Bachelor of Science in Nursing,
- A Fellow of Global Health Leadership





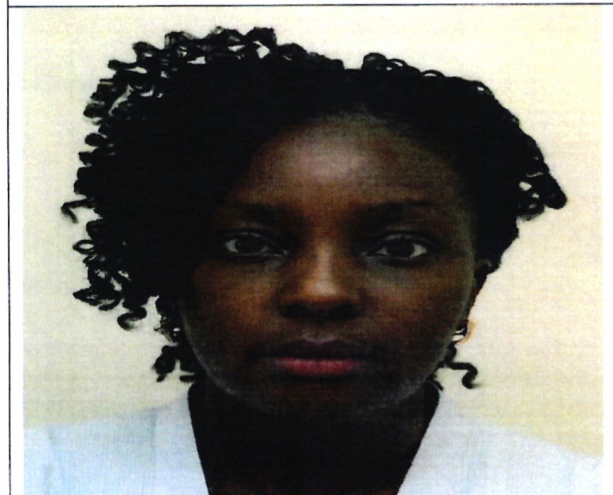
Gladys Machira-Maripet

Ag. Deputy Registrar

Deputising Registrar/CEO on the day to day management and operation of the Council and is the Manager Education, Research and Examination

- Master of Science in Palliative Care
- Bachelor of Science, Nursing

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021



Augustine Abade
Manager Supply Chain

- Masters of Science Procurement and logistics
- Bachelor of Business Management
- Post-graduate diploma in Purchasing and supplies
- MCIPS, MKISM, MKIM.



CPA Michael Kahuthu Mwenda
Head of Internal Audit, Risk and Compliance



- Bachelor of Business Management,
- CPA-K
- Member of ICPAK
- Member of IIA Kenyan Chapter



Ann Njeri Mukuna
Manager Standards and Ethics

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

	<p>Dickson Kimutai Toroitich Manager Human Resource and Administration</p> <ul style="list-style-type: none">• Masters of Business Administration• Bachelor of Science in Human Resource Management• Member of IHRM• Executive Diploma in Industrial Relations• Higher Diploma in Human Resource Management
	<p>Caroline Wanjiku Muchina Ag. Corporation Secretary and Head of Legal Services</p> <ul style="list-style-type: none">• Bachelor of Law (LLB)• Advocate (Dip. KSL)• ICPS(K)• Associate of Kenya Institute of Bankers (AKIB)

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

IV. CHAIRPERSON'S STATEMENT

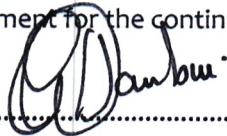
On behalf of the Council, I have the pleasure of presenting the Annual Report and Financial Statements for the financial year ended 30 June 2021. Established under the Nurses and Midwives Act Cap 257, the Council is mandated to regulate nursing and midwifery education and practice in Kenya, through making provisions for training, registration, enrolment and licensing of nurses and midwives. The Council also regulates their conduct to ensure maximum participation in health care of the community and connected purposes.

I am pleased to report that the Council was able to achieve most of the targets set for the financial year 2020-2021 despite the disruptions caused by the Global Covid-19 pandemic. We have continued to work within our mandate as stipulated in the Nurses and Midwives Act. To adapt to the current Covid-19 pandemic, the Council adopted an alternative to the written licensure examination by introducing a Centre-based online examination. This saw the Council administer two centre-based online licensure examinations in November 2020 and April 2021, which were done in line with the Ministry of Health Protocols and Guidelines on Covid-19.

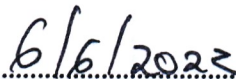
To enhance service delivery, the Council has digitized most of its services including payment platform, retention and registration of nurses and midwives. In addition, the Council is committed to ensuring its prosperity by collectively directing its affairs, whilst meeting the diverse interests of stakeholders.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

The Council acknowledges the unique contribution that nurses and midwives play in the healthcare system. We are very proud of the nursing and midwifery professionals at the frontline in response to the Covid-19 pandemic. We also continue to Implement our five-year Strategic Plan 2017 – 2022 under four key strategic pillars namely: - Education and Research, Nursing and Midwifery Practice, Institutional Capacity Development, and Leadership and Governance. The plan is aligned to the national aspirations as envisioned in the Kenya Vision 2030, the Medium-Term Plan and the Constitution of Kenya 2010.

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



.....
Prof. Eunice Ndirangu
Chairperson



.....
Date
Nairobi

NURSING COUNCIL OF KENYA

Annual Reports and Financial Statements

For the year ended June 30, 2021

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the annual report and financial statements for the year ended 30th June 2021.

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

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

During the year under review, the Council reported a total revenue Kshs.305.3 million FY 2019-2020 compared to Kshs.282.5 million FY 2019-2020. This revenue unlike the previous year includes GOK Grant in kind for salaries paid directly by Ministry of Health totalling to kshs.20.8million. In the FY 2020-2021 the Council realised a deficit of kshs 11.2 million compared to a surplus of kshs 2.09 million for FY 2019-2020. The Council appropriated the previous years' surplus as approved in FY 2020-2021 budget to fund the year's current operations. The value of total assets declined from Kshs. 221.8 million to Kshs. 212.4 million the current year. The Council achieved most of its intended plans, programs and activities as set out in the annual work plan and procurement plan.

The Council successfully introduced a center-based online licensure examination as an alternative to the written licensure examination due to the Covid-19 pandemic. This saw candidates that were to sit for the April and August 2020 licensure examination that was disrupted by the Covid-19 pandemic sit for the online licensure exam in November 2020. The Council successfully administered two center-based online licensure examinations, in November 2020 and April 2021, which were done in line with the Ministry of Health Protocols and Guidelines on Covid-19. We have also implemented online CPD for practicing nurses to be in good professional standing.

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

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



Edna C. Tallam
Registrar/CEO



Date
Nairobi

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

VI. STATEMENT OF NURSING COUNCIL OF KENYA PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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

Nursing Council of Kenya has four (4) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2017- FY 2022. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Education and Research

Pillar/theme/issue 2: Nursing and Midwifery Practice

Pillar/theme/issue 3: Institutional Capacity Development

Pillar/theme/issue 4: Leadership and Governance

Nursing Council of Kenya develops its annual work plans based on the above four (4) Pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Council achieved its performance targets set for the FY 2020/2021 period for its four (4) strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Education and Research	➤ To enhance compliance and regulation of training	➤ Operational Education Policy ➤ Reviewed Accreditation guidelines	➤ Workshops and Stakeholder engagement	➤ The Council developed a comprehensive Education Policy in 2018; ➤ The Council reviewed the accreditation of courses in 2018
Nursing and Midwifery Practice	➤ To enhance capacity to regulate nursing and	➤ Operational registration and licensing,	➤ Workshops and stakeholder engagements	➤ The Council developed a comprehensive

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

	midwifery practice; and to enhance capacity to investigate professional misconduct.	and standard policies; ➤ operational regulatory tools ➤ Regional Offices	➤ Recruitment of Regional officers	registration and licensing policy in 2019; ➤ The Council is in the process of recruiting Regional Officers
Institutional Capacity Development	➤ To develop and build NCK human resource capacity	➤ Job Evaluation to be done, job description and specification, grading of employees into job groups, remuneration. Development of an organizational structure and empty posts to be filled	➤ Workshops	➤ The Council has developed an elaborate organizational structure, and it is the process of filing the remaining vacant positions; ➤ The Council has developed a competitive remuneration package for its staff, and further has secured a pension scheme for the staff.
Leadership and Governance	➤ Strengthen the legislative framework for regulation of nursing and midwifery education and practice; ➤ Strengthen the Council	➤ Review of the Nurses and Midwives Act, Cap 257; ➤ Auditing of the skills, and identification of gaps for Council Members	➤ Stakeholder engagement, and development of the draft legislation; ➤ Auditing of the skills of board members and	➤ The Council successfully amended the Nurses and Midwives Act in 2019. The current enabling law is referred to as the Nurses and Midwives Act, Cap 257; ➤ The board members whose skill gaps were

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

	<p>and Council committees; and</p> <p>➤ Enhance the board effectiveness</p>	<p>➤ Council evaluation report</p>	<p>identifying training needs</p> <p>➤ Through SCAC, the board members are evaluated</p>	<p>noticed underwent training to improve their skills so that they can effectively deliver on their mandate; and</p> <p>➤ Timely and effective undertaking of board evaluation.</p>
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NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

VII. CORPORATE GOVERNANCE STATEMENT

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

Composition of the Council:

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

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

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

Council Committees:

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

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

NURSING COUNCIL OF KENYA

Annual Reports and Financial Statements

For the year ended June 30, 2021

Members who served in the in the committees during the financial year are as follows;

Finance, Strategy and Development

- a) Mr Mathew Kiptoigat Kipturgo (Chairperson)
- b) Mrs Margaret Wangari Munyuro
- c) Prof. Elijah Nyabuti Nyangena
- d) Dr. Judith Awinja Aluora

Registration, Education and Examination Committee

- a) Prof. Elijah Nyabuti Nyangena (Chairperson)
- b) Mr Mathew Kiptoigat Kipturgo
- c) Dr. Judith Awinja Aluora
- d) Mr. Alfred Obuya Obengo
- e) Mr. Boniface Mutisya Kimangau

Discipline, Standards and Ethics Committee

- a) Mr. Alfred Obuya Obengo (Chairperson)
- b) Mr. Nyongesa Michael Simiyu
- c) Dr. Gondi Joel Odhiambo
- d) Mrs Margaret Wangari Munyuro

Audit and Risk Committee

- a) Mr. Nyongesa Michael Simiyu (Chairperson)
- b) Dr. Gondi Joel Odhiambo
- c) Mr. Boniface Mutisya Kimangau
- d) Dr. Julius Akicho (Co-opted, from The National Treasury)

Council Meetings:

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

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

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

Council Member	Committee Meetings	Full Council	Special Meetings	Total Meetings
Prof. Eunice Ndirangu		4	4	8
Mr. Mathew Kiptoigat Kipturgo	4	4	4	12
Dr. Judith Awinja Aluora	4	4	4	12
Prof. Elijah Nyabuti Nyangena	4	4	4	12
Mr. Nyongesa Michael Simiyu	4	4	4	12
Mr. Boniface Mutisya Kimangau	4	4	4	12
Mrs. Margaret Wangari Muiyuro	4	4	4	12
Mr. Alfred Obuya Obengo	4	4	4	12
Dr. Gondi Joel Odhiambo	4	4	4	12

The Role of the Council

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

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

The Council also reviews succession plans for the management team and endorses senior executive appointments, organisational changes and remuneration matters. It is concerned with key elements of the governance processes which sustain the operations of the Council, performance reporting processes as well as other disclosure requirements.

Council effectiveness

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

NURSING COUNCIL OF KENYA

Annual Reports and Financial Statements

For the year ended June 30, 2021

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

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

Director's remuneration

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

Statement of Compliance

The Council Member's participation and attendance confirms that Nursing Council of Kenya has throughout the 2020/2021 financial year complied with the entire Statutory and Regulatory requirement and that the Council is committed to the principles of good corporate governance as stipulated by Mwongozo: The Code of Governance for State Corporations.

Internal control and risk management:

Internal Control

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

NURSING COUNCIL OF KENYA

Annual Reports and Financial Statements

For the year ended June 30, 2021

Standing Instructions

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

Organization Structure

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

Strategic Plan

The business of the Council is determined by the Strategic Plan. It sets out the objectives of the Council, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives. The Council on an annual basis, approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

Internal Control Framework

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

The Audit Committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the Council. Where weaknesses are identified, the Audit Committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during 2020/2021.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

Risk Management

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

Management Team

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

NURSING COUNCIL OF KENYA

Annual Reports and Financial Statements

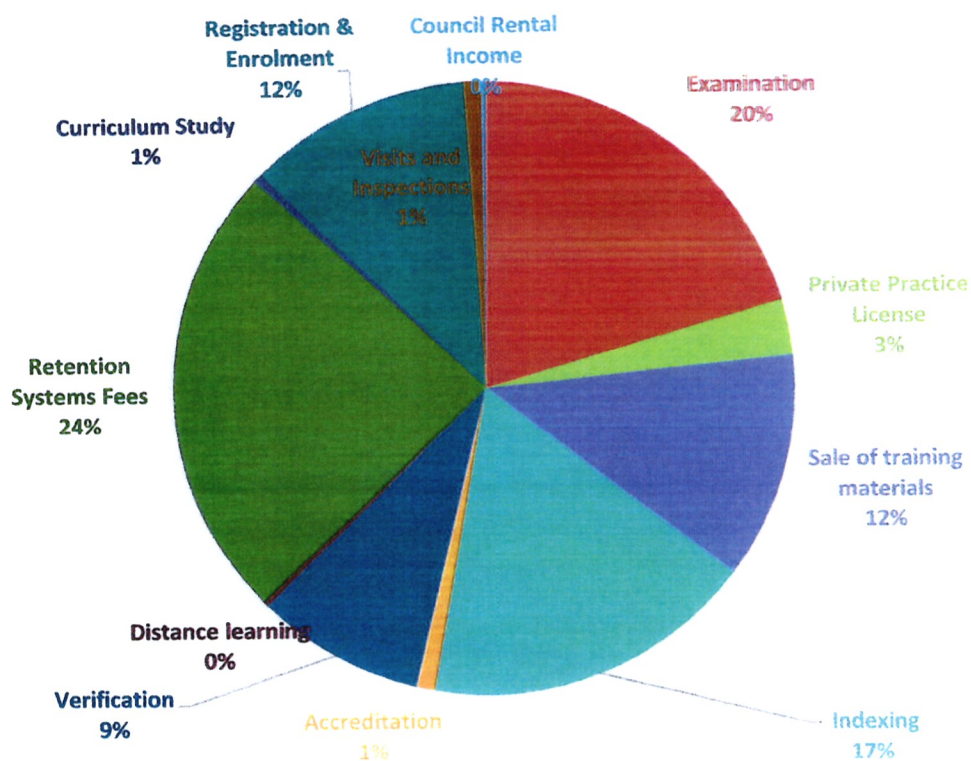
For the year ended June 30, 2021

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Revenue Performance

The Council generated reported a total revenue of kshs.305,266,444 that comprised of AIA generated within the year of kshs 284,436,476 and kshs.20,829,968 attributed to GOK Grant in kind for seconded staff salaries paid directly by the Ministry of Health. For FY 2019-2020, the Council generated a total of kshs 282,501,043 as AIA and had not factored the GOK Grant in kind for seconded staff salaries. The AIA performance on a standalone basis represented a slight improvement of kshs. 1,935,433 or 0.7% growth level. The Council did not fully realise the anticipated budget collection owing to the effects the Covid 19 pandemic.

The pie chart below shows revenue received by categorisation;



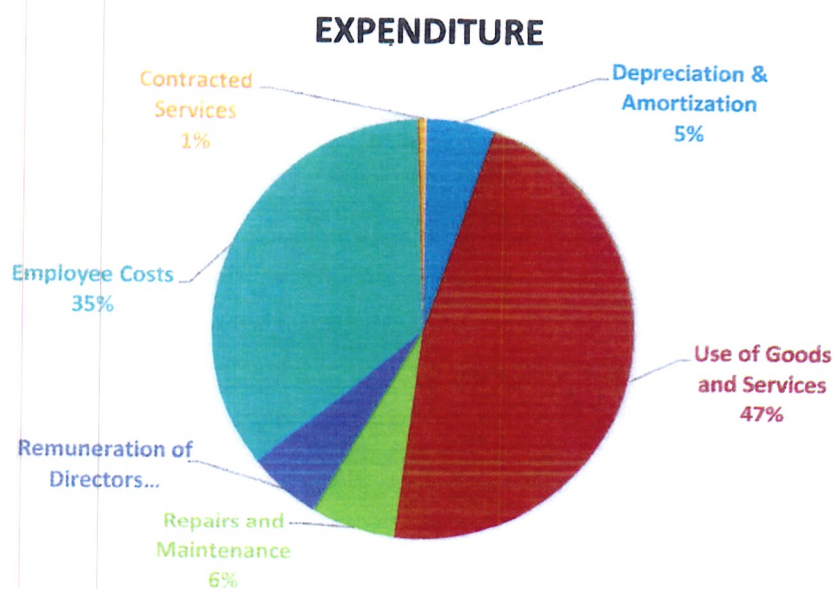
Pie Chart: Showing Nursing Council of Kenya Revenue Performance per Income Stream FY 2020-2021

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

Expenditure Performance

Total expenditure for the FY 2020-2021 stood at kshs 316,463,579 as compared to kshs 280,406,457 incurred in FY 2019-2020. The growth in expenditure was kshs.36,057,122 (12.9%). The increase in this expenditure is attributed to; inclusion of seconded staff salaries paid by the Ministry of Health, the implementation of revised salary structure as approved by Salaries and Remuneration Commission (SRC) and hiring of new staff for the existing vacant positions and the ongoing council investment in ICT infrastructure to enhance and improve online services. The reduction in operating expenses is as result of reduced field activities on compliance and inspection owing to covid-19 restrictions.

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



Pie Chart: Showing Nursing Council of Kenya Expenditure Performance per Expenditure Line Item FY 2020-2021

Total Assets

The Council's overall total assets position declined to kshs.212,400,554 F/Y 2020-2021 from kshs 221,829,320 F/Y 2019-2020 representing a -4% growth level. The addition to assets within the year amounted to kshs 18,479,876. This comprised of purchases of Computers (kshs 5,980,200), Software-servers (kshs2,885,676), Furniture (kshs.4,818,000) and Office Equipment (kshs.4,796,000). Assets amounting to kshs. 978,000 that included Motor-vehicle Mitsubishi Pajero KAU 219L were disposed off within the year.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

Current Assets

The Current assets stood at kshs 68,874,762 in the FY 2020-2021 down from kshs.79,118,567 recorded in FY 2019-2020. This represented a reduction of 13%. The reduction is caused by a decline in cash and cash equivalent by kshs.11,757,029 (-18%) due to appropriation of previous year's surplus balances as approved in 2020-2021 budget. The receivables grew by kshs.1,497,654 (17%) and inventories by kshs 15,570 (0.2%).

Liabilities

The Council's balance of liabilities as at 30 June 2021 were kshs.5,626,149 compared to FY 2019-2020 balance of kshs.3,422,201 representing an upward growth of 64%.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Employee Welfare

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

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

ii) Responsible Supply chain and supplier relations

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

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

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

b) Carries out Market Surveys for Goods and Services

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

c) Contract administration and Management

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

d) Suppliers' Evaluations and Appraisals

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

X. CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS

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

The Council recognizes its obligations to act responsibly, ethically and with integrity in its dealings with staff, customers, stakeholders and the environment as a whole.

In striving to fulfil the corporate social responsibility in the financial year, the Council embarked on the following activities;

- I. Participation in the Beyond Zero Pre-Summit Meeting
- II. Support of activities/events organized by Nurses and Midwives Associations

I. Participation in the Beyond Zero Summit Pre-Summit Meeting

The Council participated in the preparation for this year's Beyond Zero Summit with a pre-summit meeting that drew key stakeholders in the Ministry of Health and participants from the country's 47 counties.

The summit, which will be held in September 2021, provides a platform for participants to reflect on up scaling primary healthcare as a ladder for achieving Universal Health Coverage (UHC).

The climax of the summit will be presentation of awards to outstanding nurses in public health facilities as part of the recognition of the key role they play in promoting primary healthcare especially maternal and child health.

The nurses will be honoured in three categories –nurses' practitioner's awards, nurses' leaders' awards and nurse-led initiative team's awards.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021



Beyond Zero Pre-Summit Meeting

II. Events Support of Nurses and Midwives Association.

The Nurses and midwives' fraternity has vibrant associations which have been established to champion their various needs and initiatives. On yearly basis the associations do organize events with particular thematic areas for sensitization of their members. The Council is invited as one of the corporate sponsors and participates in such events as well. For the year under review, the Council supported the 62nd Annual National Nurses Scientific Conference for National Nurses Association of Kenya (NNAK) Annual Nurses and the Kenya Progressive Nurses Association's (KPNA) 34th Annual Scientific Conference.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021



62nd National Nurses Association of Kenya Hybrid Conference Held at the Nurses Complex

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021



34th Kenya Progressive Nurses Association Conference Held at Tamarind Hotel

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

XI. REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the financial statements for the year ended June 30, 2021 which show the state of affairs of the Council.

Principal activities

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

Results

The results of the Council for the year ended June 30, 2021 are set out on page 1 of this report.

Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity made a surplus of kshs.2,094,586 as per audited financial statements FY 2019-2020 and did not remit surplus due to liquidity challenges. The Council realised a deficit of kshs.11,197,135 in subsequent FY 2020-2021.

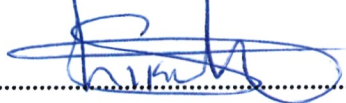
Council Members

The Council Members who served during the year are shown on page vi to x of this report.

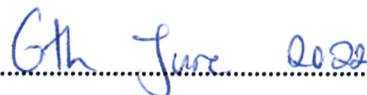
Auditors

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

By Order of the Council



.....
Caroline Wanjiku Muchina
Ag. Corporation Secretary



.....
Date
Nairobi

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

XII. STATEMENT OF RESPONSIBILITIES OF THE COUNCIL MEMBERS

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

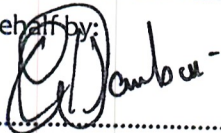
The Council Members are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012, the State Corporations Act and the Nurses Act. The Council Members are of the opinion that the Council's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2021, and of the Council's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Council's financial statements were approved by the Council on 25th Sept. 2021 and signed on its behalf by:

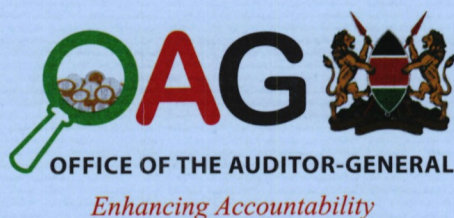


.....
Prof. Eunice Ndirangu
Chairperson



.....
Edna C. Tallam
Registrar/CEO

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON NURSING COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nursing Council of Kenya set out on pages 1 to 29, which comprise the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Nursing Council of Kenya as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Accrual Basis) and comply with the Nurses and Midwives Act Chapter 257 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 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 Council Members

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

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

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

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

The Council Members are responsible for overseeing the Council's financial reporting process, reviewing the effectiveness of how 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Council to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Council to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

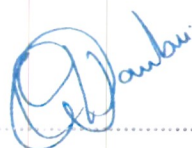
15 July, 2022

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

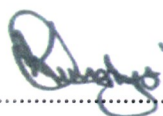
XV. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 Kshs	2020 Kshs
Revenue from exchange transactions			
Income from operations	6	249,455,214	250,185,197
Income from other sources	7	55,811,230	32,315,846
Total revenue		305,266,444	282,501,043
Expenditure			
Use of Goods and Services	8	147,750,075	154,230,317
Employee Costs	9	111,648,724	80,548,481
Remuneration of Directors	10	17,930,145	13,435,620
Depreciation and Amortization Expense	11	16,713,141	15,514,282
Repairs and Maintenance	12	20,365,766	14,679,750
Contracted Services	13	2,055,728	1,998,007
Total Expenditure		316,463,579	280,406,457
Surplus (Deficit) for the period		(11,197,135)	2,094,586

The notes set out on pages 8 to 29 form an integral part of these Financial Statements.



Prof. Eunice Ndirangu
 Chairperson



Edna C. Tallam
 Registrar/CEO



CPA George Otieno
 Manager Finance
 ICPAK No. 10430

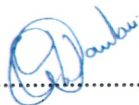
NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

XV. STATEMENT OF FINANCIAL POSITION

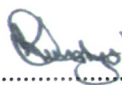
AS AT 30 JUNE 2021

	Notes	2021 Kshs	2020 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	14	51,920,429	63,677,458
Receivable from exchange transactions	15	10,120,873	8,623,219
Inventories	16	6,833,460	6,817,890
		<u>68,874,762</u>	<u>79,118,567</u>
Non-current assets			
Property, plant and equipment	17	139,447,264	139,011,684
Intangible Assets	18	4,078,528	3,263,489
		<u>143,525,792</u>	<u>142,275,173</u>
Total assets		<u><u>212,400,554</u></u>	<u><u>221,393,740</u></u>
LIABILITIES			
Current liabilities			
Payables from exchange transactions	19	3,795,509	1,632,841
Provisions	20	1,830,640	1,789,360
Total liabilities		<u>5,626,149</u>	<u>3,422,201</u>
Net assets		<u><u>206,774,405</u></u>	<u><u>217,971,540</u></u>
Equity			
Accumulated surplus	21	157,926,742	169,123,877
Revaluation Reserve	22	48,847,663	48,847,663
Total equity		<u><u>206,774,405</u></u>	<u><u>217,971,540</u></u>
Total net asset and liabilities		<u><u>212,400,554</u></u>	<u><u>221,393,740</u></u>

The Financial Statements set out on pages 1 to 29 were signed on behalf of the Members of Council by:



.....
Prof. Eunice Ndirangu
Chairperson



.....
Edna C. Tallam
Registrar/CEO



.....
CPA George Otieno
Manager Finance
ICPAK No. 10430

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

XVI. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation Reserve Kshs	Accumulated Surplus Kshs	Total Kshs
At 1st July 2019	48,847,663	167,029,291	215,876,954
Surplus for the year		2,094,586	2,094,586
At 30th June 2020	<u>48,847,663</u>	<u>169,123,877</u>	<u>217,971,540</u>
At 1st July 2020	48,847,663	169,123,877	217,971,540
Deficit for the year		(11,197,135)	(11,197,135)
At 30th June 2021	<u>48,847,663</u>	<u>157,926,742</u>	<u>206,774,405</u>

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

XVII. STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 Kshs	2020 Kshs
Cash flows from operating activities:			
Receipts			
Examination & Indexing		107,135,723	94,453,286
Registration & Enrolment		33,349,661	49,844,330
Private Practice License		6,854,022	5,708,050
Curriculum Study		1,300,000	4,335,050
License Application & Verification		26,294,125	19,807,964
Retention Systems Fees		68,472,565	61,133,856
Accreditation & Inspections		5,279,368	12,784,061
Distance learning		769,750	2,118,600
Council Rental Income		720,000	720,000
Sale of training materials		34,244,768	31,322,719
Miscellaneous income		16,494	221,986
Total Receipts		284,436,476	282,449,902
Payments			
Use of Goods and Services		146,216,358	153,030,317
Employee Costs		90,818,756	80,548,481
Remuneration of Directors		17,930,145	13,435,620
Repairs and Maintenance		20,365,766	14,679,750
Contracted Services		2,055,728	1,998,007
Prepayments of Insurance		1,497,654	761,986
Net Disbursement to suppliers		(2,162,669)	1,952,831
Purchase of training materials		15,570	2,791,770
Audit fees		1,258,720	410,640
Total Payments		277,996,029	269,609,401
Net cash from operating activities	23	6,440,447	12,840,500
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	17 & 18	(18,479,876)	(16,286,750)
Sale proceeds on disposal		282,400	481,500
Net cash used in investing activities		(18,197,476)	(15,805,250)
Net cash used in financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(11,757,029)	(2,964,750)
Cash and cash equivalents at 1st July	14	63,677,458	66,642,208
Cash and cash equivalents at 30 June	14	51,920,429	63,677,458

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
	Kshs		Kshs	Kshs	Kshs	%
Revenue						
Indexing	35,000,000		35,000,000	49,492,152	14,492,152	141
Examination	76,000,000		76,000,000	57,643,571	(18,356,429)	76
Registration & Enrolment	58,800,000		58,800,000	33,349,661	(25,450,339)	57
Private Practice License	8,750,000		8,750,000	8,212,017	(537,983)	94
Accreditation	3,000,000		3,000,000	2,703,319	(296,681)	90
Verification	19,200,000		19,200,000	24,936,130	5,736,130	130
Retention Systems Fees	78,000,000		78,000,000	68,472,565	(9,527,435)	88
Curriculum Study	1,600,000		1,600,000	1,316,494	(283,506)	82
Visits and Inspections	5,000,000		5,000,000	2,576,049	(2,423,951)	52
Council Rental Income	720,000		720,000	720,000	-	0
Sale of training materials	40,800,000		40,800,000	34,244,768	(6,555,232)	84
Distance learning	3,780,000		3,780,000	769,750	(3,010,250)	20
GOK Grant in kind	20,829,968		20,829,968	20,829,968	-	0
Retained Surplus	24,000,000		24,000,000			0
Total income	375,479,968	-	375,479,968	305,266,444	(70,213,524)	
Expenditure						
Use of Goods and Services	188,793,400	(11,950,000)	176,843,400	147,750,075	29,093,325	84
Employee Costs	124,949,968		124,949,968	111,648,724	13,301,244	89
Remuneration of Directors	20,270,000		20,270,000	17,930,145	2,339,855	88
Depreciation and Amortization	-	-	-	16,713,141	(16,713,141)	-
Repairs and Maintenance	16,520,600	3,550,000	20,070,600	20,365,766	(295,166)	101
Contracted Services	2,136,000	-	2,136,000	2,055,728	80,272	96
Total expenditure	352,669,968	(8,400,000)	344,269,968	316,463,579	27,806,389	92
Surplus(deficit) for the period	22,810,000	8,400,000	31,210,000	(11,197,135)	(42,407,135)	

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

N/B: The Statement of comparison of budget and actual amount has factored amount of kshs.20,829,968 as GOK Grant for seconded staff whose salaries were directly paid by the Ministry of Health. The same amount has been included in the Employee Costs adjusting the approved budget of kshs.354,650,000 upwards to kshs.375,479,968 with a zero net effect. The adjustment was necessitated by the need not to understate the actual position of staff costs for all employees rendering their full time services to the Council.

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

Revenue

- a. **Indexing:** Impressive performance in indexing is as a result schools submitting a backlog of students who were in waiting during closure of learning as result of covid-19 pandemic.
- b. **Examination:** Full collection on exams was not realised because a majority of the candidates who sat for their November 2020 exams paid for it in April 2020 and this was accounted for in FY 2019-2020. The April 2020 Exams were postponed due to Covid-19 pandemic.
- c. **Registration & Enrolment:** Registration & Enrolment of nurses was affected by Covid-19 pandemic as fewer candidates sat for exams during the period.
- d. **Accreditation:** A few schools that had expressed interest in accreditation failed to meet criteria hence could not pay all the requisite fees for accreditation.
- e. **Verification:** There was an increment in the number of nurses of that expressed interest to emigrate to foreign countries in search of employment opportunities.
- f. **Retention:** Relatively fewer candidates sat for exams hence fewer candidates registered affecting collection of revenue on initial retention of nurses.
- g. **Curriculum Study:** Postponement of learning affected school calendar hence fewer curriculum studies were done.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

- h. **Visits and Inspections:** Restrictions of movement and reduced activities during the Covid-19 pandemic affected planned compliance visits to health facilities as well as learning institutions
- i. **Sale training materials:** Some of the training materials issued during the year were for revenue received and accounted for in the earlier financial years. There is normally a lag between payment of training materials and actual collection.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

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

- j. **Distance Learning;** The Council has witnessed a reduction in the number of students undertaking online learning option in institutions of Higher learning hence the failure to meet the revenue target.

Expenditure

- k. **Use of Goods and Services:** NCK being a regulating agency most of its operational activities involve compliance visits and inspections which were mainly hindered by restrictions in movement due to Covid-19 pandemic. In addition, there were relative fewer administrative activities as the Council adhered to the government directive on covid-19 restrictive measures and working from home arrangement.
- l. **Staff Costs:** Savings on staff costs is as a result of reduced staff training activities owing to the prevailing Covid-19 pandemic. Most of the trainings were also conducted online and this was a cheaper alternative.
- m. **Remuneration of Directors:** The savings on board expenses was on international seminars and workshops which did not take place owing to the Covid-19 global pandemic.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

XIX. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. The Council is not affected by the application of the amendments to the IPSAS as indicated.</p>

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021**

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

The Council did not early – adopt any new or amended standards in year 2020/2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

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

i) Revenue from non-exchange transactions

Fees and licenses

Revenues from fees and licenses is recognised when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Council and the fair value of the asset can be measured reliably (accounted for when received). Fees refunded to students and candidates are accounted for in the year in which the refunds are made.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions

Rental income

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

Donor funds

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

b) Budget information

The Council's original budget for FY 2020-2021 was approved by the Ministry of Health on 28th July, 2020. Subsequent revisions were made to the approved budget on 9th April 2021 by Council through budget re-allocation to optimize the underutilized budget votes in accordance with the PFM Act.

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

c) Property, plant and equipment

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

Depreciation

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

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

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

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

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

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

e) Intangible assets

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

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

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

f) Inventories

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

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

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

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

g) Provisions

Provisions are recognized when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

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

i) Changes in accounting policies and estimates

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

j) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

k) Related parties

The Council regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Council, or vice versa. Members of key management are regarded as related parties and comprise the Council members, the CEO and senior managers.

l) Cash and cash equivalents

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

m) Comparative figures

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

n) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

Provisions

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

Comparative information

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

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

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

	2021	2020
	Kshs	Kshs
6 Income from operations		
Examination and Indexing	107,135,723	94,453,286
Registration and Enrolment	33,349,661	49,844,330
Private Practice License	6,854,022	5,708,050
Curriculum Study	1,300,000	4,335,050
License Application and Verification	26,294,125	19,807,964
Retention Systems Fees	68,472,565	61,133,856
Accreditation and Inspections	5,279,368	12,784,061
Distance learning	769,750	2,118,600
	<u>249,455,214</u>	<u>250,185,197</u>
7 Income from other sources		
Council Rental Income	720,000	720,000
Sale of training materials	34,244,768	31,322,719
Miscellaneous income	16,494	273,127
GOK Grant for Seconded staff Salaries	20,829,968	
	<u>55,811,230</u>	<u>32,315,846</u>
8 Use of goods and Services		
Seminars and workshops	25,862,138	21,374,866
Printing and signing of certificates	38,514,943	23,203,230
Donations and subscription	331,650	803,173
Retention system	-	15,950,000
Standards and Compliance visits	8,186,047	18,740,472
Travelling cost	420,626	1,170,610
Examinations	34,509,851	33,364,171
Nurses CPD Expenses	480,000	970,480
Office running cost	3,691,644	4,530,527
Motor vehicle running cost	4,329,546	3,761,626
Motor vehicle insurance	499,649	509,949
Advertising and newspaper	2,447,141	2,263,907
Stationery	5,067,301	5,391,288
Audit fees	953,152	1,200,000
Building insurance	101,931	22,820
Land rates	49,651	49,750
Legal fees	2,547,590	3,445,400
Consultancy fees	5,995,404	3,272,920
Bank charges	2,181,228	2,201,839
Postage and telephone	8,902,319	9,457,912
Electricity and water	1,656,911	1,604,299
Internet charges	1,021,352	941,078
	<u>147,750,075</u>	<u>154,230,317</u>

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

	2021	2020
	Kshs	Kshs
9 Employee costs		
Basic Salary	36,684,667	31,312,484
House Allowance	12,434,866	11,755,333
Commuter Allowance	3,244,567	3,147,666
Responsibility Allowance	5,177,792	6,890,017
Leave Allowance	2,982,247	2,537,138
Wages	49,700	32,500
Gratuity	10,588,569	9,259,625
Staff development	7,648,017	5,591,562
Medical cover	10,016,127	8,796,604
Employer statutory contributions	123,900	660,792
Other staff costs	1,868,304	564,760
Seconded Staff costs paid by Ministry of Health	20,829,968	
	<u>111,648,724</u>	<u>80,548,481</u>
10 Remuneration of Directors		
Sitting allowance	8,755,000	5,824,600
Accommodation allowance	5,187,000	3,587,500
Lunch allowance	264,000	228,000
Honoraria	960,000	880,000
Transport reimbursement	2,254,145	1,607,920
Board Training	510,000	1,307,600
	<u>17,930,145</u>	<u>13,435,620</u>
11 Depreciation and Amortization		
Building	1,250,000	1,250,000
Furniture and fittings	1,756,199	1,585,469
Computer and accessories	3,303,832	3,127,787
Motor Vehicles	7,293,527	5,776,341
Office Equipment	1,038,946	882,374
Intangible Assets	2,070,637	2,892,311
	<u>16,713,141</u>	<u>15,514,282</u>
12 Repairs & maintenance		
Machinery and office equipment repairs	361,786	535,786
ICT Equipment repairs	5,064,535	1,684,660
Building repairs	4,239,052	3,650,674
Software maintenance	4,010,365	3,753,140
Computer consumables and accessories	6,690,028	5,055,490
	<u>20,365,766</u>	<u>14,679,750</u>
13 Contracted services		
Contracted services	2,055,728	1,998,007
	<u>2,055,728</u>	<u>1,998,007</u>

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

	2021	2020
	Kshs	Kshs
14 Cash and cash equivalent		
Absa Bank Kenya Ltd [Ac No.0948023954]	1,947,604	2,300,859
Cooperative Bank of Kenya [Ac No.01136098613400]	48,136,219	57,358,598
Mpesa Account [Pay bill No.992350]	1,836,567	4,017,855
Cash in Hand	39	146
	<u>51,920,429</u>	<u>63,677,458</u>
15 Receivable from non-exchange transactions		
Prepayments	10,031,373	8,623,219
Staff Imprest	54,500	-
Salary advance	35,000	-
	<u>10,120,873</u>	<u>8,623,219</u>
16 Inventory		
Stocks of training materials	<u>6,833,460</u>	<u>6,817,890</u>

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

17 Property, Plant & Equipment -30th June 2021

	F&F	Office Equip	Computer	Vehicle	Building	Land	Totals
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	12.50%	12.50%	33%	25%	2.50%	0%	
COST							
1st July 2019	11,660,060	6,686,380	7,361,700	21,668,108	50,000,000	54,000,000	151,376,248
Additions	1,841,610	539,340	3,369,000	8,356,000	-	-	14,105,950
Disposal	(188,000)	(5,000)	(109,600)	(350,000)	-	-	(652,600)
30th June 2020	13,313,670	7,220,720	10,621,100	29,674,108	50,000,000	54,000,000	164,829,598
1st July 2020	13,313,670	7,220,720	10,621,100	29,674,108	50,000,000	54,000,000	164,829,598
Additions	4,818,000	4,796,000	5,980,200	-	-	-	15,594,200
Disposal	(474,000)	(4,000)	-	(500,000)	-	-	(978,000)
30th June 2021	17,657,670	12,012,720	16,601,300	29,174,108	50,000,000	54,000,000	179,445,798
DEPRECIATION							
1st July 2019	1,751,177	1,165,627	3,062,575	5,563,805	1,875,000	-	13,418,184
Depreciation	1,585,469	882,374	3,127,787	5,776,341	1,250,000	-	12,621,971
Disposal	(35,253)	(938)	(54,800)	(131,250)	-	-	(222,241)
30th June 2020	3,301,393	2,047,063	6,135,562	11,208,896	3,125,000	-	25,817,914
1st July 2020	3,301,393	2,047,063	6,135,562	11,208,896	3,125,000	-	25,817,914
Depreciation	1,756,199	1,038,946	3,303,832	7,293,527	1,250,000	-	14,642,504
Disposal	(148,133)	(1,250)	-	(312,500)	-	-	(461,883)
30th June 2021	4,909,459	3,084,759	9,439,394	18,189,923	4,375,000	-	39,998,535
NET BOOK VALUES							
30th June 2020	10,012,277	5,173,657	4,485,538	18,465,212	46,875,000	54,000,000	139,011,684
30th June 2021	12,748,211	8,927,961	7,161,906	10,984,185	45,625,000	54,000,000	139,447,264

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

18 Intangible Assets - 30th June 2021

	Software Kshs 33%	Totals Kshs
COST		
1st July 2019	7,950,000	7,950,000
Additions	2,180,800	2,180,800
30th June 2020	<u>10,130,800</u>	<u>10,130,800</u>
1st July 2020	10,130,800	10,130,800
Additions	2,885,676	2,885,676
30th June 2021	<u>13,016,476</u>	<u>13,016,476</u>
AMORTIZATION		
1st July 2019	3,975,000	3,975,000
Amortization	2,892,311	2,892,311
30th June 2020	<u>6,867,311</u>	<u>6,867,311</u>
1st July 2020	6,867,311	6,867,311
Amortization	2,070,637	2,070,637
30th June 2021	<u>8,937,948</u>	<u>8,937,948</u>
NET BOOK VALUE		
30th June 2020	3,263,489	3,263,489
30th June 2021	<u>4,078,528</u>	<u>4,078,528</u>

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

	2021	2020
	Kshs	Kshs
19 Payables from exchange transactions		
Trade payables	3,615,509	1,452,841
Rent deposit payable	180,000	180,000
	<u>3,795,509</u>	<u>1,632,841</u>
20 Provisions		
Audit fees	1,830,640	1,789,360
	<u>1,830,640</u>	<u>1,789,360</u>
21 Accumulated fund		
Balance brought forward	169,123,877	167,029,291
Surplus (Deficit) for the period	(11,197,135)	2,094,586
Balance carried forward	<u>157,926,742</u>	<u>169,123,877</u>
22 Reserves		
Revaluation Reserve	<u>48,847,663</u>	<u>48,847,663</u>
23 CASH GENERATED FROM OPERATIONS		
	2021	2020
	Kshs	Kshs
Cash flows from operating activities:		
Surplus for the period	(11,197,135)	2,094,586
Adjustments for:		
Depreciation	17 14,642,504	12,621,971
Amortization	18 2,070,637	2,892,311
Loss (Gain) on disposal	233,717	(51,141)
Operating profit before working capital changes	5,749,723	17,557,727
Changes in operating assets and liabilities:		
Decrease / (increase) in inventory	(15,570)	(2,791,770)
Decrease / (increase) in receivable	(1,497,654)	(761,986)
Increase / (decrease) in payable	2,162,669	(1,952,831)
Increase / (decrease) in provisions	41,280	789,360
Net cash from operating activities	<u>6,440,447</u>	<u>12,840,500</u>

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

24 Financial Risk Management

The Council's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Council's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Council does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Council's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

	Total Amount Kshs	Fully Performing	Past Due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Receivables from non-exchange transactions	10,120,873	10,120,873	-	-
Bank Balances	51,920,429	51,920,429	-	-
Total	62,041,302	62,041,302	-	-
At 30th June 2020				
Receivables from non-exchange transactions	8,623,219	8,623,219	-	-
Bank Balances	63,677,458	63,677,458	-	-
Total	72,300,677	72,300,677	-	-

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

The credit risk associated with these receivables is minimal as the amounts represented here mainly comprise of prepayments for medical insurances for staff due for the following financial year 2021/2022.

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

(ii) Liquidity risk management

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

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

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

	Less than 1Month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-	2,713,063	1,082,446	3,795,509
Provisions	-	1,830,640	-	1,830,640
Total	-	3,661,820	1,082,446	5,626,149
At 30th June 2020				
Trade payables	-	550,395	1,082,446	1,632,841
Provisions	-	1,789,360	-	1,789,360
Total	-	2,339,755	1,082,446	3,422,201

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

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

(iii) Market risk

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

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

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

iv. Currency Risk

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

v. Capital Risk Management

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

	2021	2020
	Kshs	Kshs
Revaluation reserve	48,847,663	48,847,663
Accumulated Fund	157,926,742	169,123,877
Total funds	206,774,405	217,971,540
Total borrowings	-	-
Cash and bank balances	51,920,429	63,677,458
Gearing	0%	0%

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

25. Related Party Disclosure

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

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

	2020/2021	2019/2020
Key Management compensation	Kshs	Kshs.
Council Members' Emoluments	17,930,145	13,435,620
Compensation to the Registrar/CEO	7,979,706	5,256,000
Compensation to the key management	23,647,091	24,267,775
Total	49,556,942	42,483,395

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

26. Progress on Follow Up of Auditor Recommendations

The Council received unqualified audit opinion for 2019-2020 Financial statements.

27. SURPLUS REMISSION

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity made a surplus of kshs.2,094,586 as per audited financial statements FY 2019-2020 and did not remit surplus due to liquidity challenges. The Council realised a deficit of kshs.11,197,135 in subsequent FY 2020-2021.

NURSING COUNCIL OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

29. Events after the reporting period

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

30. Ultimate and Holding Entity

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

31. Currency

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