



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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REPORT

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THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
REGISTRATION OF CERTIFIED PUBLIC  
SECRETARIES BOARD

FOR THE YEAR ENDED  
30 JUNE 2018





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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018**

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



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## **I KEY RCPSB INFORMATION AND MANAGEMENT**

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

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

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

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

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

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

1. Executive Officer
2. Accountant
3. Secretarial Assistant

### **(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

<b>Designation</b>	<b>Name</b>
1. Executive Officer	Patrick K. Mulwa

### **(e) Fiduciary Oversight Arrangements**

- **The Board:** sets policy and is charged with the overall supervision of the Board activities.
- **Governance and Finance Committee:** in Charge of finance, audit and Governance Issues and reports to the Board.
- **Strategy and Development Committee:** in charge of strategy formulation, implementation, human resource management and reports to the Board
- **The Registrar:** An Ex-officio member of the Board appointed by the Cabinet Secretary, The National Treasury.

### **(f) RCPSB Headquarters**

P.O. Box 58218 -00200  
Treasury Building  
Harambee Avenue, Nairobi, KENYA

**(g) RCPSB Contacts**

Telephone: (+254) 706376624

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

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

**(h) RCPSB Bankers**

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

**(i) Independent Auditors**

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




**(j) Principal Legal Adviser**

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

## II THE BOARD OF DIRECTORS



II BOARD OF DIRECTORS	PROFESSIONAL EXPERIENCE
 <p>Lewis Kamau (Chairman)</p> <p>D.O.B 15/01/1951</p> <p>Master of Law (McGill University, LLB ( UON), Postgraduate Diploma in Law (KSL)</p> <p>Certified Public Secretaries of Kenya –FCPS(K),</p>	<p>Lewis Kamau is a Consultant in private practice. He has previously worked at Kenya Airways as a company secretary. He is a Fellow Institute of Certified Secretaries (FCS)</p>
 <p>Doris Murimi (Vice Chairman)</p> <p>D.O.B -27/12/1968</p> <p>Msc(HRM)( University of Leicester), MBA- Accounting Option ( Maastricht School of Management), Diploma in Financial Management (ACCA), CPS(K), Member, Institute of Human Resources Management, Member, Professional Trainers Association of Kenya (PTAK), Member Australian Mediation Association (AMA)</p>	<p>Director (DMR Consultants, Deputy Executive Director- Institute of Security Studies – South Africa, Finance and Investment Manager (Kenya Community Development Foundation, KCDF), Regional Finance Manager (Africa Wildlife Foundation-AWF, Kenya) and Fellow Institute of Certified Secretaries (FCS)</p>

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 <p>Jacqueline Waihenya</p> <p>Bachelor of Laws, LLB ( UON)</p> <p>Post Graduate Diploma in Law (KSL), Certified Secretary (CS)</p>	<p>Advocate, Law Chambers of JACQUELINE WAIHENYA MAINA &amp; CO. ADVOCATES, Member of the Chartered Institute of Arbitrators (MCI Arb) and Fellow Institute of Certified Secretaries (FCS)</p>
 <p>Geoffrey Njang'ombe (Member)</p> <p>D.O.B 10/10/1960</p> <p>MBA (Strategic Management), Bachelor of Commerce</p>	<p>Deputy Director of Cooperative Audit Ministry of Industry, Trade and Cooperatives.</p>
 <p>Linah J. Kiptoo (Member)</p> <p>D.O.B -17/11//1969</p> <p>MBA (UON), B. Ed(UON), CPA (K), Member-Institute of Public Accountants of Kenya (ICPAK)</p>	<p>Senior Assistant Commission Secretary Finance (Commission of University Education), Chief Accountant (Daystar University), Divisional Accountant (Sigiron Freight Limited)</p>

	<p>Senior Deputy Accountant General (The National Treasury), Finance officer- Masai Mara University, Deputy Vice Chancellor, Finance and Planning- KCA University, Chief Accountant- Kenya Industrial Estates</p>
<p>Jonah Wala (Registrar and Member)                  D.O.B. 9/11/1969                  Master in Banking and Finance for Development (Giordano Del Amore, Italy), Bachelor of Arts (Egerton University)</p>	<p>Senior Manager, Human Capital Development (KASNEB) and Fellow Institute of Certified Public Secretaries of Kenya (FCS). She has worked with the Public Service Commission as a Personnel Officer</p>
	<p>Director , Human Resource Management (Policy), Directorate of Public Service Management (DPSM), Ministry of Public Service , Youth and Gender Affairs</p>
<p>Catherine Wanja Maringa (Member)                  D.O.B 6/02/1960                  Fellow Institute of Certified Public Secretaries of Kenya (FCS), CPSK)</p> <p>Benrodgers M. Milaih (Member)                  D.O.B -3/12/1962                  MBA(HRM) (KU), BA(Hons) (UON), Higher National Diploma (HRM) , Full Member Institute of Human Resources Management (Kenya)</p>	<p>Partner Wach Consultants, Certified Public Accountants. Member ICPAK and Fellow Institute of Certified Secretaries (FCS)</p>
	<p>Benjamin Achode (Member)</p>

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<p>D.O.B 13/04/1957</p> <p>Executive Masters of Business Administration –EMBA- (JKUAT),, BComm (UON),Certified Secretary (CS), Certified Public Accountant (CPA)</p>	
 <p>Patrick N. Wachira (Member)</p> <p>D.O.B -27/8/1981</p> <p>Bachelor of Laws (Moi University), Diploma Legal Education (KSL), ACCA (Part III)</p>	<p>Senior State Counsel (Attorney General Chambers), Partner (Wachira Nguyo &amp; Co. Advocates.</p>
 <p>Patrick K. Mulwa (Executive Officer &amp; Secretary to the Board)</p> <p>D.O.B -18/10/1969</p> <p>Bachelor of Commerce (UON), CPSK (K), Member ICPSK, Associate Member, Kenya Institute of Management, Member, Professional Trainers Association of Kenya)</p>	<p>Executive Officer (RCPSB), Academic Administrator (Kenya Institute of Development Studies), Principal (Legacy College), Principal and Chief Trainer (East Africa School of Management), Lecturer, (Kigali Institute of Management), Programs Manager ( TEC Institute of Management), Training and Marketing Manager (Onix Computer Services Limited)</p>

**II MANAGEMENT**

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

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

It is my pleasure, honour and privilege to once again on behalf of the Board to present the RCPSB annual report and financial statements for the year ended 30 June 2018. The RCPSB continued implementing its core mandate which is to register qualified secretaries and issue practicing certificates to those registered secretaries who are eligible to offer services to the public as Certified Secretaries.

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

A customer focused approach aimed at registration growth and revenue increase. This involves strategic initiatives aimed at improving the Registration Board's clients experience in terms of acquisition of new customers, customer service, customer satisfaction and customer retention.

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

The Board is committed to continuous business process improvements. This will focus on the internal activities undertaken to deliver value to stakeholder groups. Key initiatives will include how to improve process efficiency and especially with the use of technology

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

The Board in line with the RCPSB Strategic Plan 2018-2022 and the joint Strategic Plan for the CS Profession 2017-2021 will continue working with its strategic partners to promote the Certified

Secretaries profession by increasing membership, opportunities for members and ensuring the highest degree of professional discipline as part of the regulatory role of the RCPSB.

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

**FCS. Lewis G. Kamau**

**Chairman**

.....  .....

**Date:** .....  .....

## V REPORT OF THE CEO

The Board continued its core mandate which is to register qualified secretaries and issue practicing certificates to those who are eligible to offer services to the public as Certified Secretaries. However, it is noted that changes in legislation such as the Companies Act 2015 has had an impact on registration of Certified Secretaries. To stem such decline the RCPSB, The Institute of Certified Secretaries (ICS), kasneb and Law Society of Kenya worked together in 2017 to facilitate the qualification of advocates and lawyers to be registered as Certified Secretaries. The agreement saw the number of exemptions given to advocates increased by kasneb for advocates with various levels of experience. The agreement that was implemented from July 2018 is hoped to increase the number of advocates seeking registration of Certified Secretaries.

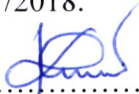
The RCPSB has also developed and adopted its Strategic Plan for the period 2018-2022. The strategic plan seeks to implement more stakeholder focused engagement to increase the value proposition of the Certified Secretaries qualification. Among the strategic objectives to be pursued include:

- (a) Increasing registration through an improvement of the registration process by harmonizing requirements and reviewing of documentation for registration, joint sensitization with key stakeholders and engaging other professions to facilitate cross membership. This has already been implemented with the Law Society of Kenya and it is hoped to be implemented with other professional bodies such as Institute of Certified Investment and Financial Analysts (ICIFA), The Kenya Institute of Management, The Institute of Human Resource Management (IHRM) and the Kenya Institute of Supplies Management (KISM) through exemptions by kasneb for the Certified Secretaries examinations.
- (b) Partnership development and stakeholder engagement, joint initiatives, advocacy and lobbying policy and legislation to promote the Certified Secretaries profession. The RCPSB, the ICS and kasneb under the Inter-Institutional Strategy Committee and forum have engaged the Public Service Commission in an effort to mainstream the Certified Secretaries qualification in the public service through a scheme of service for Governance and Ethics Officers.
- (c) The RCPSB will also seek to achieve financial sustainability by requesting for additional budget support so as to effectively discharge its regulatory mandate. Towards this end the

RCPSB in the Financial year 2018/2019 has seen its grant by the National Treasury increased from Ksh, 1,271,000 to Ksh. 15,000,000. Other measures to improve on financial sustainability include fundraising from key stakeholders and working with the Certified Secretaries Institutions (Kasneb and ICS) to increase registration and membership.

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

The above strategic measures coupled with cost control and operational efficiency is aimed at improving the bottom line and reversing the deficit that the RCPSB made in the financial year 2017/2018.



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

**Executive Officer**

**Date:** ..... 6/12/2017 .....

## VI CORPORATE GOVERNANCE STATEMENT

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

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

In the Financial year ended 30 June 2018, Board held the following number of meetings.

S/N	TYPE OF MEETING	NUMBER OF MEETINGS
1	Board Meeting	11
2	Governance and Finance Committee Meeting	8*
3	Strategy and Development Committee Meeting	4
	<b>Total Number of Meetings</b>	<b>24</b>

\*The Governance and Finance Committee is also in charge of Human Resource Management Matters and in the financial year 2017/2018 had to hold extra meetings to handle a gross misconduct case which led to dismissal and subsequent meetings for the recruitment of an Accountant for the Board.

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

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

### Board Meetings

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

### Governance and Finance Committee

S/N	COMMITTEE MEMBER	DESIGNATION	ATTENNDANCE OUT OF 9 SITTINGS
1	Benjamin Achode	Chairman	8
2	Linah Kiptoo	Member	4
3	Benrodgers Milaih	Member	7
4	Jonah Wala	Member/ Registrar (Joined the Board in November 2017)	3
5	Patrick Mulwa	CEO/ Secretary	8

### Strategy and Development Committee

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

### Board and CEO Remuneration

The table below shows the Board members remuneration

	2018 Kshs	2017 Kshs
Directors Remuneration	1,223,600*	702,500
Key management compensation	1,313,400	1,222,080
	<b><u>2,537,000</u></b>	<b><u>1,924,580</u></b>

\*The Governance and Finance Committee is also in charge of Human Resource Management Matters and in the financial year 2017/2018 had to hold extra meetings to handle a gross misconduct case which led to dismissal and subsequent meetings for the recruitment of an Accountant for the Board. This caused an increase in directors sitting allowances.

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

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

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

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

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

The current Board was appointed and gazetted on 17th March 2017 and an induction for the Board held on 21st April 2017. The board undertakes a Board evaluation at the end of each financial year. Board members are paid sitting allowances these are disclosed as board members remuneration in the statement of Financial performance. The members of the Board are bound by the provisions of Mwongozo: The Code of Ethics for State Corporations.

## VII MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The RCPSB continued its core mandate which is to register qualified secretaries and issue practicing certificates to those who are eligible to offer services to the public as Certified Secretaries. The following is a summary of registrations and issues of practicing certificates and other services for the financial year 2017/2018.

<b>SERVICE</b>	<b>2017/2018</b>	<b>2016/2017</b>
<b>Registration</b>	120	131
<b>Practicing</b>	48	31
<b>Re-registration</b>	6	8
<b>Authority to practice</b>	-	3

RCPSB in the financial year 2017/2018 received a government grant of Ksh. 1,271,200 to supplement its internally generated revenue. The amount although going along way in enabling the RCPSB meet its financial obligations was not adequate.

The expenditure especially on the Board expenses had gone up because the Board had to pay travel allowances to Board members who are operating out of Nairobi. The Board also held a number of

Committee meetings to recruit the RCPSB Accountant and deliberate on the development of the RCPSB's Strategic Plan 2018-2022.

The foregoing saw the RCPSB report a deficit in the financial year ending 30 June 2018. To reverse this trend the Board has initiated a number of strategic objectives to increase registration revenue as addressed in the RCPSB Strategic Plan 2018/2022. These include:

- (a) Increasing registration through an improvement of the registration process by harmonizing requirements and reviewing of documentation for registration, joint sensitization with key stakeholders and engaging other professions to facilitate cross membership. This has already been implemented with the Law Society of Kenya and it is hoped to be implemented with other professional bodies such as Institute of Certified Investment and Financial Analysts (ICIFA), The Kenya Institute of Management, The Institute of Human Resource Management (IHRM) and the Kenya Institute of Supplies Management (KISM) through exemptions by kasneb for the Certified Secretaries examinations.
- (b) Partnership development and stakeholder engagement, joint initiatives, advocacy and lobbying policy and legislation to promote the Certified Secretaries profession. The RCPSB, the ICS and kasneb under the Inter-Institutional Strategy Committee and forum have engaged the Public Service Commission in an effort to mainstream the Certified Secretaries qualification in the public service through a scheme of service for Governance and Ethics Officers.
- (c) The RCPSB will also seek to achieve financial sustainability by requesting for additional budget support so as to effectively discharge its regulatory mandate. Towards this end the RCPSB in the Financial year 2018/2019 has seen its grant by the National Treasury increased from Ksh, 1,271,000 to Ksh. 15,000,000. Other measures to improve on financial sustainability include fundraising from key stakeholders and working with the Certified Secretaries Institutions (Kasneb and ICS) to increase registration and membership

The Board and other like-minded stakeholders will continue their efforts in entrenching the Certified Secretary in both public and private organizations. This will create opportunities for Certified Secretarial graduates and drive the demand for registration which accounts for a substantial percentage of the RCPSB's revenue. Towards this end the Board together with kasneb and the ICS jointly developed the Strategic Plan for the Certified Secretary profession 2017-2021. The Board has

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commenced with the process of constituting the Inter-Institutional Strategy Committee of the three Certified Secretary institutions; the RCPSB, ICS and kasneb in order to operationalize and implement the strategic plan of the Certified Secretary Profession and to enhance the visibility of the profession

With the foregoing and with the increased budget support from the National Treasury, it is projected that the RCPSB will achieve a surplus in the financial year 2018/2019.

## VIII REPORT OF DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the RCPSB's affairs.

### Principal activities

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

### Results

The results of the RCPSB for the year ended June 30, 2018 are set out on pages 1 to 5.


### Directors

The members of the Board of Directors who served during the year financial year 2017/2018 shown on page (iv)- (vii)

### Auditors

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

By Order of the Board

  
.....

**CS. Patrick Mulwa**

Executive Officer and Secretary to the Board

Date: 6/12/2018 .....

## **IX STATEMENT OF DIRECTORS RESPONSIBILITY**

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

The Directors are responsible for the preparation and presentation of the RCPSB's financial statements, which give a true and fair view of the state of affairs of the RCPSB for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the RCPSB; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the RCPSB; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the RCPSB's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the RCPSB's financial statements give a true and fair view of the state of RCPSB's transactions during the financial year ended June 30, 2018, and of the RCPSB's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the RCPSB, which have been relied upon in the preparation of the RCPSB's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements:

The RCPSB's financial statements were approved by the Board on 26<sup>th</sup> September 2018 and signed on its behalf by:



Director



Director



Director

# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Opinion**

I have audited the accompanying financial statements of Registration of Certified Public Secretaries Board set out on pages 1 to 22 which comprise the statement of financial position as at 30 June 2018, 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 Registration of Certified Public Secretaries Board as at 30 June, 2018, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with Certified Public Secretaries Act, Cap 534 of the Laws of Kenya.

##### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Registration of Certified Public Secretaries Board in accordance with ISSAI 30 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.

##### **Other Matter**

##### **Lack of Internal Audit Function**

As was reported in the previous financial year, the internal audit function which is an integral part of the board as required by good corporate governance is not functional. The board has

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*Report of the Auditor-General on the Financial Statements of Registration of Certified Public Secretaries Board for the year ended 30 June 2018*

not hired the services of an internal auditor and therefore there is no oversight on management. However, management has indicated that it has a governance and finance committee of the board whose terms of reference include monitoring of financial management, developing and implementing effective internal controls, providing internal audit services and ensuring financial reporting accuracy and compliance. It's important to note that the existence of the committee is important but its effectiveness is dependent on the input of the internal auditor. Therefore, without the input of the internal auditor, the committee's output may not have any impact on the overall management of the Board.

The management has however indicated that it expects to undertake the matter during the subsequent year as there is improved budgetary allocation.

## 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 of 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 1315 and ISSAI 1330. 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 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 Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standard (Accrual Basis) and for such 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations of the Board, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

### **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.

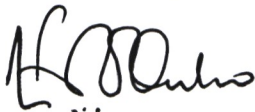
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Board's 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**20 February 2019**

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

Annual Report and Financial Statements for The Financial Year ended 30 June 2018

**I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments – gifts and services-in-kind	1	1,271,200	1,271,200
<b>Revenue from exchange transactions</b>			
Rendering of services	2	1,910,000	1,840,500
Finance income - external investments	3	623,200	315,392
Other income	4	=	<u>199,750</u>
<b>Total revenue</b>		<b><u>3,804,400</u></b>	<b><u>3,626,842</u></b>
<b>Expenses</b>			
Employee costs	5	2,055,972	2,475,340
Board Expenses	6	1,258,380	702,500
Depreciation and amortization expense	7	17,640	17,640
Repairs and maintenance	8	11,600	13,100
General expenses	9	770,295	978,054
Bank Charges	10	27,529	26,048
<b>Total expenses</b>		<b><u>4,141,416</u></b>	<b><u>4,212,682</u></b>
<b>Surplus/(deficit) for the period</b>		<b><u>(337,016)</u></b>	<b><u>(585,840)</u></b>

The notes set out on pages 6 to 19 form an integral part of these Financial Statements


REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD


Annual Report and Financial Statements for The Financial Year ended 30 June 2018


**XII: STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	NOTES	2017-2018 Kshs	2016-2017 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	8,469,078	8,877,536
Receivables from non-exchange transactions	12	<u>1,750</u>	<u>12,668</u>
<b>Total Current Assets</b>		<b><u>8,470,828</u></b>	<b><u>8,890,204</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	13	23,520	41,160
<b>Total Non-current Assets</b>		<u>23,520</u>	<u>41,160</u>
<b>Total assets</b>		<b><u>8,494,348</u></b>	<b><u>8,931,364</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	14	468,353	568,353
Provisions	15	92,800	92,800
<b>Total Current Liabilities</b>		<u>561,153</u>	<u>661,153</u>
<b>Total liabilities</b>		<b><u>561,153</u></b>	<b><u>661,153</u></b>
<b>Net assets</b>			
Reserves	16	8,270,211	8,570,835
Prior Year Adjustments			285,216
Accumulated surplus (Deficit)	16	(337,016)	(585,840)
<b>Total net assets</b>		<u>7,933,195</u>	<u>8,270,211</u>
<b>Total net assets and liabilities</b>		<b><u>8,494,348</u></b>	<b><u>8,931,364</u></b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

CEO  
Patrick Mulwa  
Sign:   
Date: 6/12/2018

Head of Finance  
Sign:   
ICPAK Member  
Number: .....  
Date: 06/12/2018

Chairman:  
Lewis Kamau  
Sign:   
Date: 6/12/2018

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

**Annual Report and Financial Statements for The Financial Year ended 30 June 2018**

**XIII: STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Reserves</b>
	<b>Accumulated surplus</b>
	<b>Kshs</b>
<b>Balance as at 1 July 2016</b>	
Surplus/(deficit) for the period	(585,840)
Transfers to/from accumulated surplus	8,570,835
Grants received during the year	
<b>Balance as at 30 JUNE 2017</b>	<b>7,984,995</b>
<b>Balance as at 1 July 2017</b>	<b>7,984,995</b>
Deficit for the period	(337,016)
Transfers to/from accumulated surplus	7,984,995
Prior year adjustments	<u>285,216</u>
Grants received during the year	
<b>Balance as at 30 JUNE 2018</b>	<b><u>7,933,195</u></b>

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

Annual Report and Financial Statements for The Financial Year ended 30 June 2018

**XIV. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2018**

		<b>2017-2018</b>	<b>2016-2017</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments – gifts and services-in-kind	1	1,271,200	1,271,200
Rendering of services	2	1,910,000	1,840,500
Finance income - external investments	3	623,200	315,392
Other income	4	-	<u>199,750</u>
<b>Total Receipts</b>		<b><u>3,804,400</u></b>	<b><u>3,626,842</u></b>
<b>Payments</b>			
Employee costs	5	2,055,972	2,475,340
Board Expenses	6	1,258,380	702,500
Repairs and maintenance	8	11,600	13,100
General expenses	9	770,295	978,054
Bank Charges		<u>27,529</u>	<u>26,048</u>
<b>Total Payments</b>		<b><u>4,123,776</u></b>	<b><u>4,195,042</u></b>
<b>Net cash flows from operating activities</b>		<b>(319,376)</b>	<b>(568,200)</b>
<b>Increase/Decrease in payables</b>		<b>(100,000)</b>	<b>95,147</b>
<b>Increase/Decrease in receivables</b>		<b>10,918</b>	<b>(10,668)</b>
<b>Prior year adjustments</b>		<b>-</b>	<b><u>285,216</u></b>
		<b><u>(89,082)</u></b>	<b><u>369,695</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	(58,800)
Proceeds from sale of property, plant and Equipment		-	-
Increase/Decrease in non-current receivables		-	-
Increase/Decrease in investments		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>(58,800)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase/ Decrease in deposits		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(408,458)</b>	<b>(257,305)</b>
Cash and cash equivalents at 1 JULY		<u>8,877,536</u>	<u>9,134,841</u>
<b>Cash and cash equivalents at 30 JUNE</b>		<b><u>8,469,078</u></b>	<b><u>8,877,536</u></b>

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

Annual Report and Financial Statements for The Financial Year ended 30 June 2018

**XV: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2018**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>
	<b>2017-2018</b>	<b>2017-2018</b>	<b>2017-2018</b>	<b>2017-2018</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Revenue</b>					
Government grants and subsidies	1,271,200	-	1,271,200	1,271,200	-
Rendering of services	2,505,000	-	2,505,000	1,910,000	(595,000)
Finance Income	616,000	-	616,000	623,200	7,200
Other Income				-	-
<b>Total income</b>	<b><u>4,392,200</u></b>		<b><u>4,392,200</u></b>	<b><u>3,804,400</u></b>	<b><u>(587,800)</u></b>
<b>Expenses</b>					
Compensation of employees	2,393,894	-	2,393,894	2,055,972	337,922
Board Remuneration	1,010,000		1,010,000	1,223,600	(213,600)
Administrative Expenses	936,440	-	936,440	861,844	74,596
Other payments		-		-	-
<b>Total expenditure</b>	<b><u>4,340,334</u></b>		<b><u>4,340,334</u></b>	<b><u>4,141,416</u></b>	<b><u>198,918</u></b>
<b>Surplus for the period</b>	<b><u>51,866</u></b>	<b>=</b>	<b><u>51,866</u></b>	<b><u>(337,016)</u></b>	<b><u>(786,718)</u></b>

**Budget Notes**

1. Rendering of services income declined for the year under reporting due to an adverse effect of the enactment of the Companies Act No. 17 of 2015. It made it not mandatory for companies with share capital of less than Ksh. 5 million to have a company secretary. Therefore, the number of applications for membership to ICPSK declined considerably.
2. Compensation for employees declined due to the fact that the position of Clerical Officer became vacant in November 2017 until June 2018 when a replacement was done by the Board.
3. Finance income from investment in treasury bills increased marginally due to favorable interest rates.
4. Board remuneration increased due to committee meetings that were held by the Governance and Finance Committee in a gross misconduct disciplinary case and subsequent recruitment of the Accountant for the Board.
5. The administrative expenses declined due to prudent cost control.

**XVI: NOTES TO THE FINANCIAL STATEMENTS****1 GENERAL INFORMATION**

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

**2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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

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

**3 ADOPTION OF NEW AND REVISED STANDARDS**

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

**IPSAS 33: First time adoption of Accrual Basis IPSAS** RCPSB adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the Board.

**IPSAS 34: Separate Financial Statements** RCPSB does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply

**IPSAS35: Consolidated Financial Statements** RCPSB does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply

**IPSAS 36: Investments in Associates and Joint Ventures** The RCPSB does not have investments in associates or joint venture

**IPSAS 37: Joint Arrangements** The RCPSB does not have an interest in a joint arrangement and therefore the standard does not apply

**Disclosure of Interests in Other Entities** The Board does not have an interest in other entities and therefore the standard does not apply

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

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

###### 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 Board and can be measured reliably.

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

###### *Rendering of services*

The Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### *Interest income*

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

##### b) Budget information

The original budget for FY 2017-2018 was approved by the National Treasury on March 17, 2017. The Board's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial

performance has been presented under section XV of these financial statements.

**c) Taxes**

***Current income tax***

The RCPSB is exempt from tax.

**d) 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 Board 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 on furniture and office equipment has been provided for on straight line basis at the rate of 12.5%. Depreciation on computers has been provided at 30%.

**e) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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

***Held-to-maturity***

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

***Impairment of financial assets***

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

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

***ii) Financial liabilities***

***Initial recognition and measurement***

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

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

**f) Provisions**

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

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

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

***Contingent liabilities***

The Board 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 Board 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 Board 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.

**g) Nature and purpose of reserves**

The Board creates and maintains reserves in terms of specific requirements. The reserves are held as current reserves for investment in treasury bills.

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

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

**i) Employee benefits**

**Retirement benefit plans**

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

**j) Cash and cash equivalents**

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

**k) Comparative figures**

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

## 5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

### *Provisions*

Provisions were raised and management determined an estimate based on the information available. 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. The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

### **1) 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, 2017

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 Transfers from Ministries, Departments and

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Total grant income during the year KShs	2017-2018 KShs
The National Treasury	1,271,200	1,271,200	1,271,200
<b>Total</b>	<b><u>1,271,200</u></b>	<b><u>1,271,200</u></b>	<b><u>1,271,200</u></b>

2 Rendering of services

Description	2017-2018 KShs	2016-2017 KShs
Registration	1,207,500	1,315,000
Re-registration	90,000	108,000
Practicing Certificates	612,500	387,500
Authority to Practice	-	30,000
<b>Total</b>	<b><u>1,910,000</u></b>	<b><u>1,840,500</u></b>

3 Finance income - external investments

Description	2017-2018 KShs	2016-2017 KShs
Interest income from Treasury Bills	623,200	315,392
<b>Total finance income – external investments</b>	<b><u>623,200</u></b>	<b><u>315,392</u></b>

4 Other income

Description	2017-2018 KShs	2016-2017 KShs
KASNEB	-	197,700
Refund	-	50
Mbwiri	-	2,000
	<b><u>-</u></b>	<b><u>199,750</u></b>

5 Employee costs

	2017-2018 KShs	2016-2017 KShs
Salaries and wages	1,191,491	1,215,870

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Employee related costs - contributions to pensions and medical aids	114,982	105,867
Travel, motor car, accommodation, subsistence and other allowances	175,000	206,000
Housing benefits and allowances	544,500	588,750
Performance and other bonuses	30,000	50,000
Medical expenses	-	308,853
<b>Employee costs</b>	<b><u>2,055,972</u></b>	<b><u>2,475,340</u></b>

**6 Board Expenses**

<b>Description</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>KShs</b>	<b>KShs</b>
Chairman, Vice Chairman and Registrar Honoraria	228,000	218,500
Directors emoluments	995,600	484,000
Other Board Expenses	34,780	
<b>Total director emoluments</b>	<b><u>1,258,380</u></b>	<b><u>702,500</u></b>

**7 Depreciation and amortization expense**

<b>Description</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	17,640	17,640
<b>Total depreciation and amortization</b>	<b><u>17,640</u></b>	<b><u>17,640</u></b>

**8 Repairs and maintenance**

<b>Description</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>KShs</b>	<b>KShs</b>
Website Maintenance	11,600	11,600
Computer Repair		1,500
<b>Total repairs and maintenance</b>	<b><u>11,600</u></b>	<b><u>13,100</u></b>

**9 General expenses**

<b>Description</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>KShs</b>	<b>KShs</b>

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Miscellaneous Expenses	3,930	11,110
Goods and services	3,990	-
Audit fees	92,800	92,800
Conferences and delegations	274,110	138,200
Consulting fees	40,000	370,000
Consumables	100,863	74,853
News paper	14,760	14,820
Transport	25,810	18,640
Postage	1,650	910
Printing and stationery	166,722	122,926
Box Rental	10,960	6,960
Telecommunication	24,700	23,110
Staff training and development	10,000	-
Other board Expenses	-	103,725
<b>Total general expenses</b>	<b><u>770,295</u></b>	<b><u>978,054</u></b>

**10 Bank Charges**

	2017-2018	2016-2017
Bank Charges	27,529	26,048
<b>Total</b>	<b><u>27,529</u></b>	<b><u>26,048</u></b>

**11 Cash and cash equivalents**

Description	2017-2018 KShs	2016-2017 KShs
Current account	469,078	877,536
Treasury Bills Investment	8,000,000	8,000,000
<b>Total cash and cash equivalents</b>	<b><u>8,469,078</u></b>	<b><u>8,877,536</u></b>

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

Financial institution	Account number	2017-2018 KShs	2016-2017 KShs
<b>a) Current account</b>			
National Bank of Kenya	01021002846501	469,078	877,536
<b>Sub- total</b>		<b><u>469,078</u></b>	<b><u>877,536</u></b>
<b>b) Treasury Bills Investment</b>			
Central Bank of Kenya	103798-1	8,000,000	8,000,000
<b>Sub- total</b>		<b><u>8,000,000</u></b>	<b><u>8,000,000</u></b>
<b>Grand total</b>		<b><u>8,449,828</u></b>	<b><u>8,877,536</u></b>

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**12 Receivables from non-exchange contracts**

<b>Description</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>KShs</b>	<b>KSh</b>
<b>Current receivables</b>		
Salary Advance to Florence Mwikali	1,750	
Salary Advance to Patrick. O. Odhiambo	-	12,668
<b>Total current receivables</b>	<b><u>1,750</u></b>	<b><u>12,668</u></b>

**13 Property, plant and equipment**

	<b>Computers</b>	<b>Office Equipment</b>	<b>Total</b>
<b>Cost</b>			
At 1 July 2016			-
Additions	58,800	-	58,800
Disposals	-	-	-
Transfers/adjustments	-	-	-
<b>At 30<sup>th</sup> June 2017</b>	<b>58,800</b>	<b>-</b>	<b>58,800</b>
Additions			
Disposals	-	-	-
Transfer/adjustments	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	<b>58,800</b>	<b>-</b>	<b>58,800</b>
<b>Depreciation and impairment</b>			
At 1 July 2016	-	27,049	27,049
Depreciation	17,640	4,508	22,148
Impairment	-	-	-
<b>At 30 June 2017</b>	<b>17,640</b>	<b>31,557</b>	<b>49,197</b>
Depreciation	17,640	-	17,640
Disposals	-	-	-
Impairment	-	-	-
Transfer/adjustment	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	<b>35,280</b>	<b>-</b>	<b>35,280</b>
<b>Net book values</b>			
<b>At 30<sup>th</sup> June 2017</b>	<b><u>41,160</u></b>	<b>=</b>	<b><u>41,160</u></b>
<b>At 30<sup>th</sup> June 2018</b>	<b><u>23,520</u></b>	<b>=</b>	<b><u>23,520</u></b>

**14 Trade and other payables from exchange transactions**

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<b>Description</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>KShs</b>	<b>KShs</b>
ICPSK (Membership for Mr. Mwai)	-	100,000
Medical In-patient -ICPSK	305,953	305,953
PPD Consultants	-	-
Unearned Interest (Treasury Bills)	162,400	162,400
<b>Total trade and other payables</b>	<b><u>468,353</u></b>	<b><u>568,353</u></b>

**15 Current Provisions**

<b>Description</b>	<b>Other provision</b>	<b>Total</b>
	<b>KShs</b>	<b>KShs</b>
Audit Fees	92,800	92,800
<b>Total provisions</b>	<b><u>92,800</u></b>	<b><u>92,800</u></b>

**16 Reserves**

Balance as at 1 July 2017	8,270,211
	-
Surplus/deficit for the period	(337,016)
Prior year adjustments	-
Transfer of excess depreciation on revaluation	-
Grants received during the year	-
<b>Balance as at 30 JUNE 2018</b>	<b><u>7,933,195</u></b>

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### 17. CASH FLOWS FROM OPERATING ACTIVITIES

		<b>2017-2018</b>	<b>2016-2017</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments – gifts and services-in-kind	1	1,271,200	1,271,200
Rendering of services	2	1,910,000	1,840,500
Finance income - external investments	3	623,200	315,392
Other income	4	-	<u>199,750</u>
<b>Total Receipts</b>		<b><u>3,804,400</u></b>	<b><u>3,626,842</u></b>
<b>Payments</b>			
Employee costs	5	2,055,972	2,475,340
Remuneration of directors	6	1,223,600	702,500
Repairs and maintenance	8	11,600	13,100
General expenses	9	805,075	978,054
Bank Charges		<u>27,529</u>	<u>26,048</u>
<b>Total Payments</b>		<b>4,123,776</b>	<b>4,195,042</b>
<b>Net cash flows from operating activities</b>		<b><u>(319,376)</u></b>	<b><u>(568,200)</u></b>

### 18. Financial Risk Management

The RCPSB activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board'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 Board does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The RCPSB financial risk management objectives and policies are detailed below:

**(i) Credit risk**

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

Management assesses the credit quality of each customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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 Board's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2018</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	1,750	1,750		
Bank balances	8,469,078	8,469,078		
<b>Total</b>	<b>8,470,828</b>	<b>8,470,828</b>		
<b>At 30 June 2017</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	12,668	12,668		
Bank balances	8,877,536	8,877,536		
<b>Total</b>	<b>8,890,204</b>	<b>8,890,204</b>		

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

RCPSB has significant concentration of credit risk on amounts due from banks.

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

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board's directors, who have built an appropriate liquidity risk management framework for the management of the Board's short.

## REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD

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medium and long-term funding and liquidity management requirements. The Board manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2018</b>				
Trade payables	-	-	305,953	305,953
Current portion of borrowings	-	-	-	-
Provisions	-	-	92,800	92,800
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	<b>398,753</b>	<b>398,753</b>
<b>At 30 June 2017</b>				
Trade payables	-	-	568,353	568,353
Current portion of borrowings	-	-	-	-
Provisions	-	-	92,800	92,800
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	<b>661,153</b>	<b>661,153</b>

### (iii) Market risk

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 Board'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 Governance and Finance Committee.

The Board's management is responsible for the development of detailed risk management policies (subject to review and approval by Governance and Finance Committee) and for the day to day implementation of those policies.

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

	Ksh	Other currencies	Total
<b>At 30 June 2018</b>	Kshs	Kshs	Kshs
Financial assets (investments, cash, debtors)	8,000,000		8,000,000
Liabilities	-		-
Trade and other payables	305,953	-	305,953
Borrowings	-	-	
Net foreign currency asset/(liability)	-	-	-

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### iv) Capital Risk Management

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

	2017-2018		2016-2017
	Kshs		Kshs
Revaluation reserve			
Retained earnings	8,469,078		8,270,211
Capital reserve			
<b>Total funds</b>	<b>8,469,078</b>		<b>8,270,211</b>
Total borrowings	-		-
Less: cash and bank balances			
Net debt (excess cash and cash equivalents)			
<b>Gearing</b>	<b>0%</b>		<b>0%</b>

### 19. Related Party Balances

#### a) Nature of related party relationships

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

The Board is related to

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

#### b) Related party transactions

	2018	2017
	Kshs	Kshs
Transfers from related parties'	1,271,200	1,271,200
Transfers to related parties	-	-
	=====	=====

#### c) Key management remuneration

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	2018	2017
	Kshs	Kshs
Directors'	1,223,600	702,500
Key management compensation	1,313,400	<u>1,222,080</u>
	<u><b>2,537,000</b></u>	<u><b>1,924,580</b></u>

**Events after the reporting period**

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

**20. Ultimate and Holding Board**

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

**21. Currencies**

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

**REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	The Auditor raised the Issue of an internal Audit function and audit Committee.	The Board is has appointed an audit committee resolved and has requested the parent ministry to provide internal audit services until the board is able to recruit an internal auditor.	The Executive Officer	Being resolved	2 <sup>nd</sup> Quarter 2018

**CHIEF EXECUTIVE OFFICER**


PATRICK K. MULWA

SIGNATURE: 

DATE: 

**CHAIRMAN OF THE BOARD**

LEWIS G. KAMAU

SIGNATURE: 

DATE: 