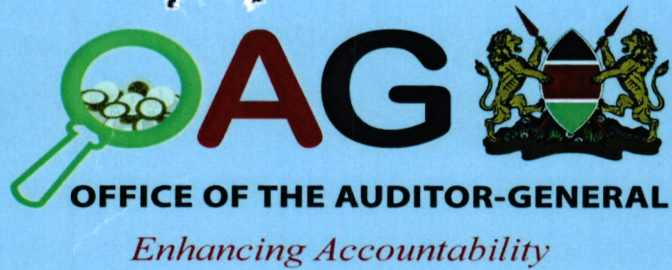


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

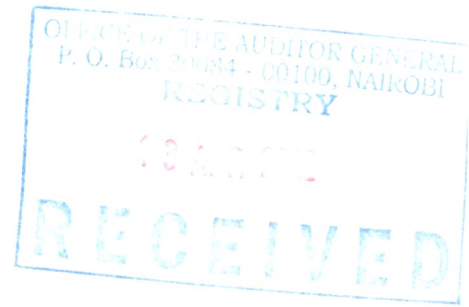
ON

PARLIAMENT
OF KENYA
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**REGISTRATION OF CERTIFIED
PUBLIC SECRETARIES BOARD**

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

THE NATIONAL ASSEMBLY	
DATE: 24 NOV 2022	
DAY: Thurs.	
TABLED BY:	LOM
CLERK-AT THE-TABLE:	E. Njihyo



THE NATIONAL TREASURY AND PLANNING



REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD (RCPSB)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

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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 10 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 RCPSB are under the responsibility of a Chief Executive Officer appointed by the Board.

(b) Principal Activities

The principal activity of the RCPSB 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 RCPSB is a regulatory role which is to de-register members out of their professional misconduct or any other reason as stipulated in the Certified Public Secretaries Act Cap 534, Section 24.

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

Designation	Name
1. Chief Executive Officer	Patrick K. Mulwa
2. Accountant	Patrick K. Tanui

(e) Fiduciary Oversight Arrangements

- **The Board:** Sets policy and is charged with the overall supervision of the RCPSB's activities.
- **Governance and Finance Committee:** in Charge of Finance, Human Resources and Governance Issues and reports to the Board.

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- **Strategy and Development Committee:** in charge of strategy formulation, implementation and reports to the Board
- **Audit and Risk Committee:** review in conjunction with the management the RCPSB's internal and disclosure controls and procedures over financial reporting, including whether there are deficiencies, material weaknesses, potential fraud opportunities, or any other corrective actions to be taken with regard to controls and procedures. The Committee is also in charge of report on legal and regulatory compliance.
- **The Registrar:** An Ex-officio member of the Board appointed by the Cabinet Secretary, The National Treasury.

(f) RCPSB Headquarters

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

(g) RCPSB Contacts

Telephone: 0706 376 624
E-mail: regcpsb@gmail.com
Website: 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.

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(i) Independent Auditors


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

(j) Principal Legal Adviser

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

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BOARD OF DIRECTORS

DIRECTORS	PROFESSIONAL EXPERIENCE
 <p>FCS. Lewis Kamau (Chairman) D.O.B 15/01/1951 Master of Law (McGill University, LLB (UON), Postgraduate Diploma in Law (KSL) Diploma in Financial Management – KCA University, Certified Public Secretaries (kasneb) Fellow Institute of Certified Secretaries (FCS)</p>	<p>Lewis Kamau is a Consultant in Corporate Governance at LEWIS KAMAU & ASSOCIATES. He has previously worked at Kenya Airways as a company secretary. He is a Fellow, Institute of Certified Public Secretaries of Kenya. He has served on the Board of the Centre for Corporate Governance (CCG) and the Institute of Directors of Kenya (IOD)</p>
 <p>CS. Happi C. Kilongosi (Vice Chairman) D.O.B: 1974 Bachelor of Laws (University of Nairobi) Diploma in Business Management (KIM) Diploma in Secretarial Studies (Kenya Polytechnic) Certified Public Secretary (kasneb) Member Institute of Certified Public Secretaries of Kenya</p>	<p>Relationship Manager- External Business and Trust Fund (CPF Financial Services Limited (Current), Assistant Benefits and Risks Administrator (CPF Financial Services Limited), Personal Assistant to the University Legal Officer) (University of Nairobi)</p>




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 <p>CS. Jeremiah Karanja (Member) D.O.B: 1982 Master of Business Administration (UON) Bachelor of Arts- Public Administration, Political Science and Communication (University of Nairobi) Higher Diploma in Human Resources Development (ICM) Certified Public Secretary (kasneb) Member Institute of Certified Public Secretaries of Kenya (ICPSK) Member Institute of Human Resource Management (IHRM)</p>	<p>Head of Professional Services- ICPSK (Current), Ag. Chief Executive Officer/ Secretary- ICPSK, Manager/Secretary- ICPSK Sacco Society Limited, Company Secretary and Manager- CPS Governance Centre, Company Secretary and Business Consultant – Haki Associates, Human Resource Officer-Training Securex Agencies (K) Limited</p>
 <p>CPA. Robert A. Ng'ong'a (Member) D.O.B: 1969 Master of Business Administration- Strategic Management (Moi University) Bachelor of Arts – Economics (Moi University) Diploma in Private Sector Growth (Swedish International Development Agency) Certified Public Accountant (kasneb) Member Institute of Certified Public Accountants of Kenya</p>	<p>Deputy Director- External Trade (State Department for Trade and Enterprise Development, Ministry of Industrialization, Trade and Enterprise Development (Current), Deputy Director in Charge of Trade, Industry, ICT and Cooperatives (Kitui County Government), Senior Trade Development Officer (Ministry of Trade and Industry</p>

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 <p>CPA. Isaac Wamute Gathirwa (Member) D.O.B -2/02//1972 Masters of Law –LLM (University of Nairobi), Masters of Business Administration (Kenyatta University), Bachelor of Laws (Moi University), Diploma in Law (Kenya School of Law), Certified Public Secretary (kasneb) Member Institute of Certified Public Secretaries of Kenya, Member Law Society of Kenya</p>	<p>Chief Legal Officer (Commission for University Education (Current), Senior State Counsel (Advocates Complaints Commission- State Law Office), Associate Counsel (Gichuki King’ara and Company Advocates)</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) Member Institute of Certified Public Accountants of Kenya</p>	<p>Senior Deputy Accountant General (The National Treasury)</p>
 <p>CS. Joyce M. Afanda (Member) D.O.B 19/07/1985 Master of Business Administration (Kenyatta University), Bachelor of Laws ((University of Nairobi), Certified Public Secretary (kasneb) Certified Public Accountant (kasneb), Member Institute of Certified Public Secretaries of Kenya Member Institute of Certified Public Accountants of Kenya</p>	<p>Senior Legal Officer – kasneb (Current), Senior Research and Development Officer (kasneb), Auditor (RSM Ashvir)</p>

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 <p>Francis M. Mutisya (Member) D.O.B 22/08/1970 Master of Arts- Human Resource Planning and Development (Guru Gobind Singh Indraprastha University) Bachelor of Arts- (Egerton University) Member Institute of Human Resource Management Member African Association for Public Administration and Management</p>	<p>Director , Human Resource Management and Development, State Department of Public Service management (DPSM), Ministry of Public Service , Youth and Gender</p>
 <p>Benjamin Achode (Member) D.O.B 13/04/1957 Executive Masters of Business Administration –EMBA- (JKUAT), BCom (UON), Certified Public Secretary (kasneb), Certified Public Accountant (CPA), Fellow Institute of Certified Public Secretaries of Kenya Member Institute of Certified Public Accountants of Kenya</p>	<p>Partner Wach Consultants, Certified Public Accountants, Member ICPAK and Fellow Institute of Certified Secretaries (FCS)</p>
 <p>CS. Patrick K. Mulwa (Executive Officer & 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 (KIDS), Principal (Legacy College), Principal and Chief Trainer (EASM), Lecturer, (KIM), Programs Manager (TEC Institute of Management), Training and Marketing Manager (Onix Computer Services Limited)</p>

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MANAGEMENT TEAM

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

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 2021. The RCPSB has continued to implement 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 to discharge its responsibility which is to guide the mission, vision and purpose of the RCPSB. In this regard the Board has guided and overseen the implementation 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. In this regard the RCPSB in the second half of the FY 2020/2021 led the Certified Secretaries Institutions namely the Institute of Certified Public Secretaries of Kenya, the examiner for the profession, kasneb and training institutions in developing a Memorandum of Understanding between the institutions to aid in promoting the profession and corporate governance in general

While the core statutory responsibility of the RCPSB is the registration of persons who have qualified as members as well as issuance of practicing certificates, the Board has interpreted its mandate more broadly to include a more substantive role in the development and promotion of the CS profession. The Board's posture derives from its understanding of the critical input that solid governance professionals can play in enhancing ethical leadership and management, sustainability of our businesses and institutions and good corporate citizenship, all crucial to the vitality and future prospects of our Nation and its people.

It is in this connection that the Board welcomes the recognition and elevation of Governance as a key enabler in the implementation matrix for the Big 4 Agenda and Vision 2030. The Agenda is aimed at achieving significant levels of sustainable and shared economic growth, employment and wealth creation. The Certified Secretaries, in light of their unique governance auditing skills, are uniquely qualified to assess the governance risks attendant to the implementation of the Big 4 Agenda and to recommend the necessary remedial measures. The profession is accordingly keen to work with the Government of Kenya towards the smooth implementation of the Big 4 Agenda.

In pursuit of this broader understanding of its mandate, the Board has played an important role in initiating collaboration among other Certified Secretarial institutions, comprising the RCPSB, ICPSK, kasneb and Certified Secretaries Training Colleges to promote and implement a shared vision for the profession. This vision encapsulates global recognition as a profession at the forefront of governance in Kenya.

A substantial increase in the number of Certified Secretaries in Kenya is key to generating a meaningful impact by the CS profession on national goals set out above, inclusive of the Big 4 Agenda and compliance with the

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National values (Article 10 of the Constitution) and the values and principles of Public Service (Article 232 of the Constitution). The growth in numbers over the past decade has been modest, being 2265 in 2009 to 3808 in 2021, averaging between 4% to 5 % annual growth. The Board has accordingly taken a results based approach of a minimum of 10% annual growth and identified key activities to be undertaken in collaboration with the other Certified Secretarial institutions.


The growth in numbers must be complemented with increased efforts at enhancing the competence of Certified Secretarial professionals. The Certified Secretarial institutions are collaborating on initiatives to promote the goal of upscaling the capabilities of the Certified Secretarial professional. The RCPSB is collaborating with the other Certified Secretaries institutions, in particular ICPSK, to engage with a variety of stakeholders to expand opportunities for Certified Secretaries professionals in extending governance and corporate secretarial services to the public and private sector. The legal and regulatory environment remains inhibiting to the realization of the potential impact envisaged for the profession. The RCPSB has worked with ICPSK, which is leading the initiative in lobbying the Government for an improved legal and regulatory environment for the practice of the Certified Secretaries profession.

The first half of financial year 2020/2021 begun with a number of challenges that impacted on the financial performance of the RCPSB. The COVID 19 pandemic saw the imposition of a lockdown in Nairobi Metropolitan Area and restrictions on movement in other areas. As such the RCPSB received very few applications and the Board was not able to carry out some of the activities that were scheduled in the financial year 2020/2021.

Despite this the Board is looking forward to a productive 2021/2022 by working within the protocols that have been introduced by the Government during the pandemic period. Noteworthy is the RCPSB plan to automate its application processes to ensure contactless and online application and provision of related services to the public. The National Treasury and Planning has approved a capital budget towards achieving this objective. The RCPSB has progressed in the procurement process of automating its registration process and a contract has been awarded to the successful bidder.

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 RCPSB in implementing its mandate.

FCS. Lewis G. Kamau

Chairman 
.....
Date: 8/4/2022

REPORT OF THE CEO

It is my pleasure, honour and privilege as the Accounting Officer of the RCPSB to present the annual report and financial statements for the year ended 30 June 2021. The RCPSB has 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. As the Accounting Officer I wish to present the following highlights concerning the key issues impacting on the RCPSB.

The RCPSB is domiciled within the National Treasury and Planning as its parent Ministry. The Ministry has oversight over the Corporate Secretarial and Accounting professions. The Certified Secretary and the Accounting professions have considerable responsibility for driving improvements in the governance of both the public and private sector. While the core statutory responsibility of the RCPSB is the registration of persons who have qualified as members as well as issuance of practicing certificates, the RCPSB has interpreted its mandate more broadly to include a more substantive role in the development and promotion of the CS profession. The RCPSB's posture derives from its understanding of the critical input that solid governance professionals can play in enhancing ethical leadership and management, sustainability of our businesses and institutions and good corporate citizenship, all crucial to the vitality and future prospects of our Nation and its people.

It is in this connection that the RCPSB welcomes the recognition and elevation of Governance as a key enabler in the implementation matrix for the Big 4 Agenda. The Agenda is aimed at achieving significant levels of sustainable and shared economic growth, employment and wealth creation. The Certified Secretaries, in light of their unique governance auditing skills, are uniquely qualified to assess the governance risks attendant to the implementation of the Big 4 Agenda and to recommend the necessary remedial measures. The profession is accordingly keen to work with the Government of Kenya towards the smooth implementation of the Big 4 Agenda.

In pursuit of this broader understanding of its mandate, the RCPSB has played an important role in initiating collaboration among other Certified Secretarial institutions, comprising the RCPSB, ICPSK, kasneb and Certified Secretaries Training Colleges to promote and implement a shared vision for the profession. This vision encapsulates global recognition as a profession at the forefront of governance in Kenya. These institutions have also promoted six key outcomes essential to the realization of this vision:

1. A substantial growth in the number of Certified Secretaries professionals, (baseline 3,200-2016),
2. Enhancing significantly the competence of the CS profession;
3. Increasing the demand for CS services,
4. Improving the legal and regulatory environment for the profession;
5. Concerted stakeholder engagement and

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6. Strengthening the capacity of the CS institutions.

A substantial increase in the number of Certified Secretaries in Kenya is key to generating a meaningful impact by the CS profession on national goals set out above, inclusive of the Big 4 Agenda and compliance with the National values (Article 10 of the Constitution) and the values and principles of public Service (Article 232 of the Constitution). The growth in numbers over the past decade has been modest, being 2265 in 2009 to 3808 in 2021, averaging between 4% to 5 % annual growth. The RCPSB's strategic plan for the period 2018-2022 targets 5 key objectives that include: growth in numbers, stakeholder engagement, lobbying for changes in the legal and regulatory environment, enhanced capabilities of the Certified Secretaries and increased opportunities for the Certified Secretaries professional. The Board has also served as the Coordinator of the CS professions Joint Strategic Plan (2017-2021). The Board has accordingly taken a results based approach of a minimum of 10% annual growth and identified key activities to be undertaken in collaboration with the other Certified Secretarial institutions. These include:

- a) Working with kasneb and the Institute of Certified Secretaries pursuant to s.20 (2) of the CPS Act to review the admission criteria and create opportunities for additional professions (beyond accounting and legal) to be considered for admission once they meet specified conditions. Those being approached in this regard include Institute of Certified Investment and Financial Analysts (ICIFA), Institute of Human Resource Management (IHRM), Kenya Institute of Supplies Management (KISM) and Kenya Institute of Management (KIM)
- b) Engaging lawyers and accountants to persuade them to apply for membership and enroll for prescribed courses,
- c) Widen the net of stakeholders to be engaged in widening awareness of the profession as a career choice for students, including parents, career masters, secondary school heads, and universities and business schools.
- d) Creating additional categories of membership.
- e) Development of a Memorandum of Understanding between Certified Secretaries Institutions in the promotion of the secretarial profession and corporate governance

The growth in numbers must be complemented with increased efforts at enhancing the competence of Certified Secretarial professionals'. In this respect the Certified Secretarial institutions have agreed that the Certified Secretary practice should have three broad areas of competencies, being:

- (1) Corporate compliance,
- (2) Corporate governance, and

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- (3) Corporate advisory services.

The Certified Secretarial institutions are collaborating on initiatives to promote the goal of upscaling the capabilities of the Certified Secretarial professional. These include, inter alia, the following:

- (1) High quality Continuous Professional Development programs,
- (2) Upgrade of the Certified Secretaries syllabus,
- (3) Training of governance auditors,
- (4) To design and promote the corporate advisory services practice area
- (5) Mentorship of new Certified Secretarial professionals.

The RCPSB is collaborating with the other Certified Secretaries institutions, in particular ICPSK, to engage with a variety of stakeholders to expand opportunities for Certified Secretaries professionals in extending governance and corporate secretarial services to the public and private sector. In this connection the following initiatives are noteworthy:

- (1) Supporting efforts towards strategic alliances with key stakeholders including State Corporations Advisory Committee (SCAC), Public Service Commission, Ministry of Public Service Youth and Gender, Capital Markets Authority (CMA), Sacco Societies Regulatory Authority (SASRA), Insurance Regulatory Authority (IRA), Business Registration Service (BRS) and the NGO Coordination Board;
- (2) Engaging the Council of Governors on greater involvement of the Certified Secretarial professional in service delivery in the Counties,
- (3) Collaboration with the Public Service Commission on mainstreaming ethics in the public sector by developing a proposal on schemes of service for ethics officers; (4) Engaging with the Commissioner for Cooperatives on a greater role for Certified Secretarial professional in addressing governance challenges in the sector.

The legal and regulatory environment remains inhibiting to the realization of the potential impact envisaged for the profession. The Board has worked with ICPSK, which is leading the initiative in lobbying GOK for an improved legal and regulatory environment for the practice of the Certified Secretaries profession. These efforts have targeted amendments to a number of statutes including:

- (1) The CPS Act to, inter alia, reflect the evolving role of the profession in the promotion of good governance. In this regard, draft legislation has been submitted to the parent Ministry for its consideration prior to its transmission to the State Law office. Some of the changes are in support of

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rebranding the profession as well as expanding the categories of membership to encourage growth in numbers.

- (2) Changes to the insolvency Act to allow members of the to serve as insolvency practitioners,
- (3) The Companies Act, to widen the number of business to require Certified Secretarial professional services, as well as eliminate quacks from purporting to engage in Certified Secretarial practice.

The second half of the Financial year 2020/2021 begun with a number of challenges that impacted on the financial performance of the RCPSB. The COVID 19 pandemic saw the imposition of a lockdown and restrictions on movement. As such the RCPSB received very few applications and the Board was not able to carry out some of the activities that were scheduled in the first half of the financial year 2020/2021. Due to this the RCPSB did not carry out a number of strategic activities scheduled for the financial year. This has seen the RCPSB report a drop in most expense items and hence report a substantial surplus in the financial year 2021/2021.

Due to the COVID 19 pandemic kasneb, the examiner did not offer examinations in May 2020. This meant that RCPSB did not on board new registrations that would normally arise out of the May 2020 examinations. Although kasneb held examinations in November 2020 it had fewer candidates for the examinations in November 2020. This had an impact on the numbers registered in 2020/2021. However, kasneb had examinations in May 2021 aimed at those who had deferred their examinations and also to mop up those at the final stages of the current syllabus before transition to the new competency based syllabuses. The impact of these numbers would be felt in the financial year 2021/2022.

During the second half of the FY 2020/2021 there was an observed decline in submission of applications due to movement restrictions, work at home arrangements and low business and economic activity. This affected the number of applications and the internally-generated revenue of the RCPSB.

Despite this the RCPSB is looking forward to a productive 2021/2022 by working within the protocols that have been introduced by the Government during the pandemic period. Noteworthy is the RCPSB project which is ongoing to automate its application processes to ensure contactless and online application and provision of related services to the public. The National Treasury and Planning has approved a Capital Budget of Ksh. 500,000 towards this initiative.

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CS. Patrick K Mulwa
Chief Executive Officer

Date:

REVIEW OF THE RCPSB PERFORMANCE FOR THE FINANCIAL YEAR 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.

RCPSB has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2021/2022. These strategic pillars are as follows:

Pillar 1: Registration Growth

Pillar 2: Partnership Development and Publicity

Pillar 3: Financial Sustainability

Pillar 4: Capacity Development and Institutional Strengthening

Pillar 5: Sustainability

RCPSB develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The RCPSB achieved its performance targets set for the FY 2020/2021 period for its 2 strategic pillars, as indicated in the diagram below:

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Registration Growth	Increase in registration by 10%	<ul style="list-style-type: none"> ▪ Automated registration/Online Applications ▪ Open membership to other professions ▪ Gazetted and publicized requirements for practicing as CS ▪ Recognition by employers of CS Qualification 	<ul style="list-style-type: none"> ▪ Improve the registration process by harmonizing requirements and reviewing documentation for registration and issue of practicing certificates ▪ Joint sensitization with key stakeholders. Hold promotional events with stakeholders of the profession as envisaged in the Strategic plan of the CS profession 2017-2021. ▪ Open membership to other professions Advocacy including LSK, ICPAK, IHRM, KIM, ICIFA, KIB, IIA ▪ On-line applications ▪ Lobby employers for recognition of the CS qualification including the Public Service Commission, County Public Service Boards, Federation of Kenya Employers 	<ul style="list-style-type: none"> • RCPSB has engaged with kasneb for a review of the syllabi of four professional bodies for the purpose of awarding exemptions. kasneb is launching a new Syllabus in July 2021 and the exemptions to be offered to members of the following professional bodies would be done after the launch of the syllabus and based on the revised exemption policy: <ol style="list-style-type: none"> a. Kenya Institute of Management (KIM) b. Kenya Institute of Supplies Management (KISM) c. The Institute of Certified Investment and Financial Analysts (ICIFA) d. Institute of Human Resource Management (IHRM) • The Board on its 321st Meeting held in May 2021 approved accelerated membership for the following members subject to the ICS submitting to the RCPSB an approved Certification Course that will be considered sufficient to allow a

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			<ul style="list-style-type: none"> ▪ Engage LSK to ensure their members do not engage in unauthorised Certified Secretarial Practice ▪ Gazette requirements of Practising as a Certified Secretary in relation to the Companies Act and other laws and regulations. ▪ Targeting in-house Legal Counsel for Registration 	<p>person to be registered:</p> <ol style="list-style-type: none"> 1. Honorary Fellows of the Institute, and who are not members. 2. Persons with higher degrees in the areas of social sciences and more than 10 years’ practical experience in governance and compliance matters. 3. Public Servants with more than 10 years’ experience in the areas of governance, compliance and administration e.g. Principal Secretaries, Administrators, Ethics/Integrity Officers, County Secretaries, County Assembly Clerks, University Registrars, School Principals, etc.
Pillar 2: Partnership Development and Publicity	Stakeholder Engagement with at least 6 key stakeholders	<ul style="list-style-type: none"> ▪ Strategic communications with stakeholders. ▪ Joint initiatives between CS Institutions and 	<ul style="list-style-type: none"> ▪ Regular Engagement forums ▪ Strategic Communication ▪ Joint initiatives 	<ul style="list-style-type: none"> ▪ The Chairman and the CEO engaged with Chairs and CEOs of other Certified Secretaries Institutions, namely Institute of Certified

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		<p>Stakeholders (ICS, kasneb, Training Institutions)</p> <ul style="list-style-type: none"> ▪ Relationship management among stakeholders. 	<ul style="list-style-type: none"> ▪ Relationship management ▪ Stakeholder mapping and engagement ▪ Negotiating and Executing MOUs ▪ Advocacy for recognition of the CS profession ▪ Legislation lobbying with key stakeholders e.g. ICS, kasneb, Training Institutions ▪ Association with recognized brands e.g. ICS, kasneb, ICPAK, Institute of Directors, LSK, Training Institutions, 	<p>Secretaries, kasneb and Training Institutions (Star College of Management Studies and Traction School of Governance and Business) Three meetings were held and a Taskforce formed which culminated in the development of a Memorandum of Understanding (MOU) developed. The MOU will soon be operational after being approved by the respective organizations.</p> <ul style="list-style-type: none"> ▪ The Board in its 321st meeting approved the representation of the RCPSB by the Executive Officer in the governance organ of the ICS Governance Academy and financial support to the Academy through the Certified Secretaries development budget. ▪ The Board has also approved the representation of the RCPSB in the Research and Publication Committee of the Institute which is mandated to coordinate research and publication with other partners on the profession
Pillar 3: Financial Sustainability	Increase Sources of revenue by one	Additional sources of revenue	<ul style="list-style-type: none"> ▪ Lobbying the parent ministry for enhanced budget support 	<ul style="list-style-type: none"> ▪ The RCPSB was able to lobby the parent Ministry for enhanced budget support and this

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	(1) fundraising initiative		<ul style="list-style-type: none"> ▪ Increase in registrations and issues of practicing certificates ▪ Fundraising from key stakeholder groups ▪ Amendment of the CPS Act to allow for additional qualifications ▪ Work with the Examinations Board to broaden qualifications for registration ▪ Work with the Institute to create an Associate Membership Category and develop the criteria 	<p>was effected in the Financial year 2019/2020 from Ksh. 1,271,200 to Ksh. 15,000,000 and again in 2020/2021 to Ksh. 24,800,000. This has enabled the RCPSB to engage in capacity building programmes for both the Board and Staff and upgrade the staff and enhance their remuneration.</p> <ul style="list-style-type: none"> ▪ The RCPSB in working with the kasneb, Law Society of Kenya, the Institute of Certified Secretaries was able to agree on additional exemptions for lawyers and advocates. Advocates have taken advantage on the enhanced exemptions and the first group has graduated and registrations have been achieved hence in increase in numbers through that stream. ▪ The Board has approved additional membership routes subject to the ICS submitting to the RCPSB an approved Certification Course that will be considered sufficient to allow a person to be registered. This is expected to increase the number of registrations once it is implemented. ▪ The RCPSB is represented in the ICS Taskforce on the review of the CPS Act, Cap 534. The
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				proposed amendments aim at creating additional membership classes namely Associate and Affiliate Members. This will increase the number of prospects seeking registration
Pillar 4: Capacity Development and Institutional Strengthening	<ul style="list-style-type: none"> • Increase operational efficiency by revamping the RCPSB website • Develop Leadership and Manage Talent 		<ul style="list-style-type: none"> ▪ Increase automation ▪ Productivity management of Board staff ▪ Develop and integrated ICT system to enhance business processes and productivity management ▪ Develop a progressive HR policy and procedures Manual ▪ Develop a Board Manual and Charter ▪ Develop an internal Audit Function ▪ Quality Assurance Guide for the CS profession ▪ Benchmarking 	<ul style="list-style-type: none"> ▪ The RCPSB Initiated the process of procurement of a website developer ▪ The RCPSB contracted the State Department of Public Service to develop Human Resource Instruments. This was Completed in 2019 and adopted by the Board to guide in management of the HR resources of the Board. The Board also approved a Performance Management Framework for the CEO and staff
Pillar 5: Sustainability	Business Continuity		<ul style="list-style-type: none"> ▪ Strengthen the governance and management structure of the Board by establishing an Audit and Risk Committee. ▪ Develop a risk management and business 	<ul style="list-style-type: none"> ▪ The Board established an Audit and Risk Committee of the Board which has been able to engage with the External Auditor on audit matters. ▪ The Board's Governance and Finance Committee had initiated the

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			continuity strategy <ul style="list-style-type: none"> ▪ Benchmarking 	development of a Succession Planning and Management Policy for the RCPSB. This will ensure management of business continuity in case of staff attrition and other contingencies
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CORPORATE GOVERNANCE STATEMENT

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

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

In the Financial year ended 30 June 2021, Board held the following number of meetings.

S/N	TYPE OF MEETING	NUMBER OF MEETINGS
1	Board Meeting	7
2	Governance and Finance Committee Meeting	5
3	Strategy and Development Committee Meeting	2
4	Audit and Risk Committee Meeting	2
	Total Number of Meetings	16

The Board carries an executive role of approving applications for registration and issue of practicing certificates as per the requirements of the CPS Act Cap 534 of the laws of Kenya. This necessitates a higher frequency of meetings. However, the Board had resolved to reduce the number of Board meetings and to have a meeting after every two months effective from 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	ATTENDANCE OUT OF 5 SITTINGS
1	Lewis Kamau	Chairman	7
2	Happi C. Kilongosi	Vice Chairman	7
3	Benjamin Achode	Member	7
4	Jeremiah N. Karanja	Member	6
5	Francis M. Mutisya	Member	7
6	Joyce M. Afanda	Member	7

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7	Isaac W. Gathirwa	Member	5
8	Robert Ng'ong'a	Member	4
9	Jonah Wala	Member/ Registrar	7
10	Patrick Mulwa	CEO/ Secretary	7

Governance and Finance Committee

S/N	COMMITTEE MEMBER	DESIGNATION	ATTENDANCE OUT OF 4 SITTINGS
1	Benjamin Achode	Chairman	5
2	Francis M. Mutisya	Member	5
3	Joyce Afanda	Member	4
4	Jonah Wala	Member	5
5	Patrick Mulwa	CEO/ Secretary	5

Strategy and Development Committee

S/N	NAME OF BOARD MEMBER	DESIGNATION	ATTENDANCE OUT OF 2 SITTINGS
1	Happi C. Kilongosi	Chairman	2
2	Jeremiah N. Karanja	Member	2
3	Isaac W. Gathirwa	Member	2
4	Robert Ng'ong'a	Member	1
5	Patrick Mulwa	CEO/ Secretary	2

Audit and Risk Committee

S/N	NAME OF BOARD MEMBER	DESIGNATION	ATTENDANCE OUT OF 2 SITTINGS
1	Robert Ng'onga	Chairman	2
4	Isaac W. Gathirwa	Member	2
5	Joyce Afanda	Member	1
6	Patrick Mulwa	CEO/ Secretary	2

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Board and CEO Remuneration

The table below shows the Board members remuneration

	2021	2020
	Kshs	Kshs
Directors Remuneration	5,464,000	3,315,000
Key management compensation	<u>2,471,136</u>	<u>1,581,904</u>
	<u>7,935,136</u>	<u>4,896,904</u>

During the year under review, the Board whose was fully reconstituted and held meetings as scheduled hence the increase in remuneration.

The key management compensation increased due to re-designation of the staff of the Board as recommended by the State Department of Public Service

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) 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. 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;

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- (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 22nd May 2020 and an internal induction of the Board held on 5th June 2020. The board undertakes a Board evaluation at the end of each financial year. The most recent Board Evaluation was done in August 2021. The Board has also participated in training organized by the State Corporations Advisory Committee (SCAC) in October 2020. 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.

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MANAGEMENT DISCUSSION AND ANALYSIS

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. The following is a summary of comparative applications for registrations and issues of practicing certificates as at June 2021.

	2019/2020		Q1- 2020/21		Q2- 2020/21		Q3- 2019/22		Q4- 2020/21		BUDGET	FOR THE YEAR
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	TOTAL	TOTAL
Registration	345	152	87	43	87	25	87	45	87	34	348	147
Practicing	44	48	12	12	12	12	12	10	12	10	48	45

CATEGORY OF MEMBERSHIP	2019/20 20 (30 TH JUNE 2020)	2020/2021 CUMMULATIVE UP TO (30 TH JUNE 2021)- APPROVED BY THE BOARD	INCREASE IN REGISTRARIO NS AND ISSUED PRACTICING CERTIFICATE S AS AT 30 TH JUNE 2021	RECEIVED APPLICATION S PENDING APPROVAL AS AT 30 TH JUNE 2021
Registration	3,672	3808	136	11
Practicing	1,409	1449	40	5

It should be noted that due to the COVID 19 pandemic kasneb, the examiner did not offer examinations in May 2020. This meant that RCPSB did not on board new registrations that would normally arise out of the may examinations. Although kasneb held examinations in November 2020 it had had fewer numbers for the examinations in November 2020. This had an impact on the numbers registered in 2020/2021. However, kasneb had examinations in May 2021 aimed at those who had deferred their examinations and also to mop up those at

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the final stages of the current syllabus before transition to the new competency based syllabuses. The impact of these numbers would be felt in the financial year 2021/2022.

During the second half of the FY 2020/2021 there was an observed decline in submission of applications due to movement restrictions, work at home arrangements and low business and economic activity. This affected the number of applications and the internally-generated revenue of the RCPSB.

The RCPSB has formulated a number of initiatives aimed at increasing the number of registered Certified Secretaries namely:

1. Approving alternative membership routes as envisaged by Section 20 (2) of the CPS Act, Cap 534
2. Promoting the establishment of a Governance Academy through the Institute of Certified Secretaries
3. Review of the Certified Public Secretaries Act to broaden the profession to include governance practitioners
4. Revamping of the RCPSB website to automate registration processes.
5. Stakeholder engagement and development of a Memorandum between Certified Secretaries institutions

The year generated a substantial surplus due to low absorption as a result of the COVID pandemic restrictions and delay in disbursement of budget support from the parent Ministry whose Quarter 4 disbursement was received in the Financial Year 2021/2022.

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 foregoing saw the RCPSB report a surplus in the financial year ending 30 June 2021.

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

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CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

RCPSB exists to register qualified Certified Secretaries and issue practicing certificates to those who meet the practicing criteria. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 pillars: putting the customer/Citizen first, delivering the relevant services, and improving operational excellence.

1. Sustainability strategy and profile

The legal and regulatory environment remains inhibiting to the realization of the potential impact envisaged for the profession. The Board has worked with ICPSK, which is leading the initiative in lobbying GOK for an improved legal and regulatory environment for the practice of the Certified Secretaries profession. These efforts have targeted amendments to a number of statutes including:

- (1) The CPS Act to, inter alia, reflect the evolving role of the profession in the promotion of good governance. In this regard, draft legislation has been submitted to the parent Ministry for its consideration prior to its transmission to the State Law office. Some of the changes are in support of rebranding the profession as well as expanding the categories of membership to encourage growth in numbers.
- (2) Changes to the insolvency Act to allow members of the Certified Secretaries profession to serve as insolvency practitioners,
- (3) The Companies Act, to widen the number of business to require Certified Secretarial professional services, as well as eliminate quacks from purporting to engage in Certified Secretarial practice.

2. Employee welfare

The RCPSB wrote to the Ministry of Public Service and Gender, State Department of Public Service in January 20, 2019 to be assisted in developing Human Resource Management instruments. The Principal Administrative Secretary appointed a Team from the Management Consultancy Division of the Ministry to develop the RCPSB Human Resource Management Instruments. The team working with the Secretariat finalized the report which was received on 23rd May 2019 and the Board approved and adopted the report and Instruments on 29th May 2019. The Instruments were delivered to the RCPSB on 4th July 2019. The Board adopted the following RCPSB Human Resource Management developed by the Management Consultancy Services Department, State Department of Public Service, Ministry of Public Service, and Gender:

- Organization Structure and Staffing of the Registration of Certified Public Secretaries Board (Incorporating RCPSB Organization Structure and RCPSB Staff Establishment)
- Career Progression Guidelines for the Staff of the Registration of Certified Public Secretaries Board
- RCPSB Human Resources Policies and Procedures Manual.

These instruments will enable the RCPSB to manage its human resources equitably and according to best practices and the laws and regulations governing the employment contract.

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The RCPSB started implementing the Instruments in December 2020 with the re-designation of the staff of the RCPSB.

To protect the staff from COVID 19 the RCPSB implemented requirements of guidelines of the Ministry of Health and Government Circulars. It also ensured the provision of protective items such as masks and sanitizers. Due to limited space work from home arrangements were applied and duty rotation for continuity of service provision implemented.

3. Market place practices-

The RCPSB is a regulator that is established under the Certified Public Secretaries Act (CPS Act), Cap 534 and does not have a competitor profile. In discharging its mandate, the RCPSB endeavors to follow the requirements of the Act and any other related laws and regulations. In carrying its role, the RCPSB complements the work of the Institute of Certified Public Secretaries of Kenya (ICPSK), also established through the CPS Act

4. Community Engagements:

Due to the COVID 19 pandemic restrictions and enforcement of protocols that prohibited physical interactions, the RCPSB did not have any community engagements.

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REPORT OF DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 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, 2021 are set out on pages 1 to 6.

Directors

The members of the Board of Directors who served during the year financial year 2020/2021 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

Chief Executive Officer and Secretary to the Board

Date: 8/04/2022
.....

STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 34 of the Certified Public Secretaries Act (CAP 534), 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, 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 entity; (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 judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Certified Public Secretaries Act (CAP 534). The Directors are of the opinion that the 's financial statements give a true and fair view of the state of RCPSB's transactions during the financial year ended June 30, 2021, and of the RCPSB's financial position as at that date. The Directors further confirms 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.

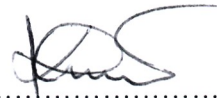
Nothing has come to the attention of the Directors to indicate that the RCPSB will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The RCPSB's financial statements were approved by the Board on 28rd September 2021 and signed on its behalf by:

.....

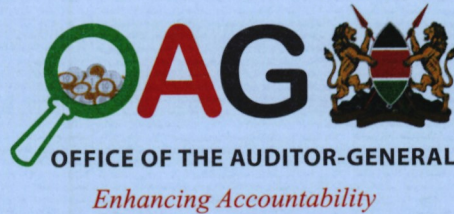

Chairperson of the Board

.....


Chief Executive Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD 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

Qualified Opinion

I have audited the accompanying financial statements of Registration of Certified Public Secretaries Board set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2021, the statement of financial performance, statement of

changes in net assets, statement of cash flows, the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Registration of Certified Public Secretaries Board as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Certified Public Secretaries Act, 1988 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracy of Cash and Cash Equivalents Balance

The statement of financial position reflects a balance of Kshs.18,021,386 under cash and cash equivalents which, as disclosed in Note 11 to the financial statements, includes a current account balance of Kshs.8,282,466 which is at variance with the balance of Kshs.8,215,954 reflected in the cashbook. The resultant variance of Kshs.66,512 was not reconciled. Further, the bank reconciliation statement for the month of June, 2021 reflects balance as per bank statement of Kshs.8,266,759 while the bank statement and the certificate of bank balance reflects a balance of Kshs.8,249,966 resulting in unreconciled variance of Kshs.16,793.

In addition, review of the cashbook reflects an opening balance on 01 July, 2020 of Kshs.13,674,746 while the audited financial statements for the year ended 30 June, 2020 reflected a closing cash balance of Kshs.13,743,731 resulting to a variance of Kshs.68,985 which has not been reconciled.

Under the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.18,021,386 as at 30 June, 2021 could not be confirmed.

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

Key Audit Matter

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.27,845,000 and Kshs.26,459,279 respectively, resulting to an under-funding of Kshs.1,385,721 or 5% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.24,529,598 and Kshs.16,945,590 respectively, resulting to an under-expenditure of Kshs.7,584,008 or 31% of the budget. Management has attributed the under-funding to decline in the number of applications for registration and practicing certificates while under-expenditure was caused by lack of recruitment of anticipated additional staff coupled with prudent expenditure controls. The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

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, except for the matter discussed in the Basis for Conclusion of Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Internal Audit Function

During the year under review, the Board did not have an appropriate arrangement to have an Internal Audit Function. Management indicated that it had sought for internal audit

services from The National Treasury which however responded that it had an acute shortage of auditors. Further, the Accounts Department lacked segregation of duties as an internal check system as the Department has only one staff who performs all accounting functions.

Under the circumstances, the effectiveness of the Board's internal control system and risk management processes could not be confirmed.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Board's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board 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 Board of Directors is responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 June, 2022

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	1	23,800,000	14,800,000
Revenue from exchange transactions:			
Rendering of services	2	2,088,500	1,883,500
Finance income - external investments	3	570,779	570,560
Total revenue		26,459,279	17,254,060
Expenses			
Employee costs	4	4,788,171	3,184,653
Board Expenses	5	6,214,006	3,996,278
Depreciation and amortization expense	6	138,395	144,275
Repairs and maintenance	7	11,400	11,600
Contracted Services- Medical Insurance & Internet	8	1,302,250	797,099
Use of goods and Services	9	4,455,228	3,883,852
Bank Charges	10	36,140	30,500
Total expenses		16,945,590	12,048,257
Surplus/(deficit) for the period		9,513,690	5,205,803

The notes set out on pages 7 to 27 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 2021

XII: STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	NOTES	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	11	18,021,386	13,743,731
Receivables from non-exchange transactions	12	5,354,419	-
Prepayments	13	655,586	635,576
Total Current Assets		24,031,392	14,379,307
Non-current assets			
Property, plant and equipment	14	46,131	184,526
Total Non-current Assets		46,131	184,526
Total assets		24,077,523	14,563,833
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	100,000	100,000
Provisions	16	100,000	100,000
Total Current Liabilities		200,000	200,000
Total liabilities		200,000	200,000
Net assets			
Reserves	17	14,363,833	9,008,030
Prior Year Adjustments		-	150,000
Accumulated surplus (Deficit) for the year		9,513,690	5,205,803
Total net assets		23,877,523	4,363,833
Total net assets and liabilities		24,077,523	14,563,833

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

CEO

Patrick Mulwa

Sign: 

Date: 8/04/2022

Head of Finance

Patrick K Tanui

Sign: 

ICPAK Member Number: 26598

Date: 08/04/2022

Chairman:

Lewis Kamar

Sign: 

Date: 8/4/2022

XIII: STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Reserves	Capital /Development Fund	Total
	Kshs	Kshs	Kshs
Balance as at 1 July 2019	9,008,030	-	9,008,030
Surplus/(deficit) for the period	5,205,803	-	5,205,803
prior year adjustments	150,000	-	150,000
Grants received during the year	-	-	-
Balance as at 30 June 2020	14,363,833	-	14,363,833
Balance as at 1 July 2020	14,363,833	-	14,363,833
Surplus for the period	9,513,690	-	9,513,690
	-	-	-
Balance as at 30 June 2021	23,877,523		23,877,523

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD
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XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments – gifts and services-in-kind	1	23,800,000	14,950,000
Rendering of services	2	2,088,500	1,883,500
Finance income - external investments	3	570,779	570,560
Total Receipts		26,459,279	17,404,060
Payments			
Employee costs	4	4,788,171	3,184,653
Board Expenses	5	6,214,006	3,996,278
Repairs and maintenance	7	11,400	11,600
Contracted Services	8	1,302,250	797,099
Use of goods and services	9	4,455,228	3,883,852
Bank Charges	10	36,140	30,500
Total Payments		16,807,195	11,903,982
		9,652,085	5,500,078
Working Capital Changes			
Increase/Decrease in payables		-	(63,180)
Increase/Decrease in receivables		(5,354,419)	32,550
Increase/ Decrease in prepayments		(20,010)	-
Prior year adjustments		-	-
Net cash flows from operating activities		(5,374,429)	(30,630)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets			-
Proceeds from sale of property, plant and Equipment		-	-
Decrease /Decrease in non-current receivables		-	-
Increase /Decrease in investments		(9,738,920)	-
Net cash flows used in investing activities		(9,738,920)	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-

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Increase in deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(5,461,265)	5,469,448
Cash balance as at 1 July 2020		13,743,730	8,274,282
Cash balance as at 30 June 2021		8,282,465	13,743,730

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD
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XV: 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
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants and subsidies	24,800,000	1,000,000	23,800,000	23,800,000	-
Rendering of services	2,955,000	-	2,955,000	2,088,500	(866,500)
Finance Income	800,000	-	800,000	570,779	(229,221)
Other Income	290,000	-	290,000	-	(290,000)
Total income	28,845,000	1,000,000	27,845,000	26,459,279	(1,385,721)
Expenses					
Compensation of Employees	7,329,848		7,329,848	4,788,171	2,541,677
Board Expenses	6,940,000		6,940,000	6,214,006	725,994
Depreciation and Amortisation	330,000		330,000	138,395	191,605
Repairs and maintenance	80,000		80,000	11,400	68,600
Use of goods and services	8,311,250		8,311,250	4,455,228	3,856,022
Bank Charges	38,500		38,500	36,140	2,360
Contracted services	1,500,000		1,500,000	1,302,250	197,750
Total expenditure	24,529,598		24,529,598	16,945,590	7,584,008
Surplus for the period	4,315,402		3,315,402	9,513,690	6,198,288

Budget Notes

1. Income from Rendering of services declined due to the decline in the number of applications for registration and practicing certificates.
2. Finance Income decreased because investment in Treasury bills did not cover the whole year since the purchase took place in August 2020.
3. Other Incomes were not earned because car loans were not issued in the current Financial Year.
4. Compensation of employees declined due to the fact that the intended recruitment of additional staff was not successfully implemented in the current financial year.
5. Depreciation expense decline due to the fact that the acquisition of the website was not made by the end of the financial year hence the amortization could not be charged.
6. Repairs and maintenance decline due the efficient use of office equipment.
7. General expenses declined due to the 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 accrual basis of accounting of the International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented.

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

3 ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Impact
Other Improvements to IPSAS	Applicable: 1st January 2021: <ul style="list-style-type: none"> 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. 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. 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. 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.

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:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an RCPSB’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</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 RCPSB’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting RCPSB provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the RCPSB; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the RCPSB’s financial performance, financial position and cash flows.

iii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Treasury on 26 September 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the RCPSB upon receiving the respective approvals in order to conclude the final budget. Accordingly, the RCPSB recorded additional appropriations of on the 2020-2021 budget following the governing body's approval.

The RCPSB's budget is prepared the accrual basis of accounting which is similar to the basis used on the actual income and expenditure disclosed in the financial statements. 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.

c) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

Sales tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

f) Leases

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

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

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

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

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

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

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

j) Depreciation

The Assets are depreciated as and when they are available for use by the Authority. Depreciation charge is calculated on a straight-line basis for the various categories of assets as follows:

Equipment and computers	33.3%
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k) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

l) Nature and purpose of reserves

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

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

o) 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.

p) Borrowing costs

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

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

q) Related parties

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

r) Service concession arrangements

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

s) Cash and cash equivalents

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

t) Comparative figures

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

u) 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 30 June, 2021.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 Transfers Other Government entities

Name of the RCPSB sending the grant	Amount recognized to Statement of Comprehensive Income	Total grant income during the year	2020-2021
	Kshs	Kshs	Kshs
The National Treasury	23,800,000	23,800,000	23,800,000
Total	<u>23,800,000</u>	<u>23,800,000</u>	<u>23,800,000</u>

2. Rendering of services

Description	2020-2021 Kshs	2019-2020 Kshs
Registration	1,470,000	1,320,000
Re-registration	30,000	-
Practicing Certificates	562,500	537,500
Authority to Practice	20,000	20,000
Certificate Replacement	6,000	6,000

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	-	-
Total	<u>2,088,500</u>	<u>1,883,500</u>
3. Finance income - external investments		
Description	2020-2021	2019-2020
	KShs	KShs
Interest income from Treasury Bills	354,920	408,160
Earned Discount on T.Bills	61,440	162,400
Accrued Discount on T.Bills	154,419	
Total finance income – external investments	<u>570,779</u>	<u>570,560</u>
4. Employee costs		
	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	2,811,360	2,020,430
Employee related costs - contributions to pensions and medical aids	228,811	177,223
Travel, motor car, accommodation, subsistence and other allowances	426,000	204,000
Housing benefits and allowances	1,262,000	713,000
Performance and other bonuses	60,000	70,000
Employee costs	<u>4,788,171</u>	<u>3,184,653</u>
5. Board Expenses		
Description	2020-2021	2019-2020
	KShs	KShs
Chairman’s Honoraria	960,000	960,000
Airtime- Board Members	130,000	35,000
Directors emoluments	4,374,000	2,320,000
Fare refund	19,806	151,878
Board Expenses(Luncheon)	-	52,000
Board Capacity building	730,200	477,400
Board retreat	-	-
Total director emoluments	<u>6,214,006</u>	<u>3,996,278</u>
6. Depreciation and amortization expense		
Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	138,395	144,275

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	Total depreciation and amortization	<u>138,395</u>	<u>144,275</u>
7.	Repairs and maintenance		
	Description	2020-2021	2019-2020
		KShs	KShs
	Website Maintenance	11,400	11,600
	Computer & Printer repair	-	-
	Total repairs and maintenance	<u>11,400</u>	<u>11,600</u>
8.	Contracted services		
	Description:	2020-2021	2019-2020
		Kshs	Kshs
	Internet	255,050	201,381
	Medical Insurance	1,047,200	595,718
	Total	<u>1,302,250</u>	<u>797,099</u>
9.	Use of Goods and Services		
	Description	2020-2021	2019-2020
		KShs	KShs
	Miscellaneous Expenses	43,100	28,400
	Office Rent & Relocation	3,136,345	3,133,863
	Audit fees	100,000	100,000
	Conferences and delegations	-	-
	Consulting fees	-	-
	CPS Development	453,200	120,000
	Other expenses-consumables	113,159	94,454
	News paper	14,940	11,280
	Transport	35,246	31,050
	Postage	2,520	1,050
	Printing and stationery	108,458	322,835
	Box Rental	9,450	9,450
	Telecommunication	7,850	16,470
	Staff training and development	401,760	-
	Development of HR Policy		
	ICPSK Subscription	-	-
		29,200	15,000
	Total general expenses	<u>4,455,228</u>	<u>3,883,852</u>
10.	Bank Charges		
		2020-2021	2019-2020
	Bank Charges	36,140	30,500
	Total	<u>36,140</u>	<u>30,500</u>

11. Cash and cash equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Cash balance in Current account	8,282,466	13,743,731
Treasury Bills Investment		-
91 day	3,930,080	
182 day	5,808,840	
Total cash and cash equivalents	18,021,386	13,743,731

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2020-2021 KShs	2019-2020 KShs
a) Current account			
National Bank of Kenya	01021002846501	8,282,466	13,743,731
Sub- total		<u>8,282,466</u>	<u>13,743,731</u>
b) Treasury Bills Investment			
Central Bank of Kenya	103798-1	9,738,920	-
Grand total		<u>18,021,386</u>	<u>13,743,731</u>

12. Receivables from non-exchange contracts

Description	2020-2021	2019-2020
	Kshs	Kshs
Current receivables		
Salary Advance to staff	-	-
Grant receivable	5,200,000	-
Accrued Interest from Treasury Bills	154,419	
Total current receivables	5,354,419	-

13. Prepayment:

Description:	2020-2021 Kshs	2019-2020 Kshs
Office rent deposit	462,378	462,378
Parking pay deposit	54,000	54,000
Quarterly Service Charge deposit.	119,198	119,198
Internet	20,010	-
Total	<u>655,586</u>	<u>635,576</u>

14. Property plant and equipment

	Computers	Office Equipment	Total
Cost	Kshs	Kshs	
At 1 July 2019	353,300	166,816	520,116
Additions	-	-	-
Disposals	(58,800)	-	(58,800)
Transfers/adjustments	-	-	-
At 30th June 2020	294,500	166,816	461,316
Additions during the year	-	-	-
Disposals (Scrap)	-	-	-
Transfer/adjustments	-	-	-
At 30th June 2021	294,500	166,816	461,316
Depreciation			
At 1 July 2019	141,270	50,045	191,315
Depreciation	94,230	50,045	144,275
Impairment	(58,800)	-	(58,800)
At 30 June 2020	176,700	100,090	276,790
Depreciation	88,350	50,045	138,395
Disposals (Scrap)	-	-	-
At 30th June 2021	265,050	150,135	415,185
Net book values			
At 30 th June 2021	29,450	16,681	46,131
At 30 th June 2020	117,800	66,726	184,526

15. Trade and other payables from exchange transactions

Description:	2020-2021 Kshs	2019-2020 Kshs
Audit Fees bal b/f 01/07/2020		
Total	100,000	100,000

16. Current provisions

Audit Fee:	2020-2021 Kshs	2019-2020 Kshs
Audit Fees (FY 2020/2021)	100,000	100,000
Additional provision	-	-
Total	100,000	100,000

17 Reserves

	2020-2021	2019-2020
Balance as at 1 July	14,363,833	9,008,030

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Prior year adjustments	-	150,000
Surplus / Deficit for the period	9,513,690	5,205,803
Transfer of excess depreciation on revaluation		-
Balance as at 30 June	23,877,523	14,363,833

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 RCPSB's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The RCPSB does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the RCPSB's management based on prior experience and their assessment of the current economic environment.

19. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

The carrying amount of financial assets recorded in the financial statements representing the RCPSB's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	5,354,419	5,344,431	-	-
Bank balances	8,282,466	8,282,466	-	-
Total	13,636,885	13,626,897	-	-
At 30 June 2020				

Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	13,743,731	13,743,731	-	-
Total	13,743,731	13,743,731	-	-

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-	-	100,000	100,000
Current portion of borrowings	-	-	-	-
Provisions	-	-	100,000	100,000
Employee benefit obligation	-	-	-	-
Total	-	-	200,000	200,000
At 30 June 2020				
Trade payables	-	-	100,000	100,000
Current portion of borrowings	-	-	-	-
Provisions	-	-	100,000	100,000
Employee benefit obligation	-	-	-	-
Total	-	-	200,000	200,000

(iii) Market risk

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

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

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

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

		Other currencies	Total
At 30 June 2021	Kshs	Kshs	Kshs
Financial assets:			
Investments	10,000,000		10,000,000
Cash	8,282,466	-	8,282,466
Debtors	5,354,419	-	5,344,431
Total Financial Assets	23,636,885	-	23,626,897
Financial Liabilities:			
Trade and other payables	100,000	-	100,000
Borrowings	-	-	-
Total Financial Liabilities	100,000		100,000
Net foreign currency asset/(liability)	-	-	-
At 30 June 2020			
Financial assets:			
Investments	-	-	-
Cash	13,743,731		13,743,731
Debtors	-		-
Total Financial Assets	13,743,731		13,743,731
Financial Liabilities:			
Trade and other payables	100,000		100,000
Borrowings	-		-
Total Financial Liabilities	100,000		100,000
Net foreign currency asset/(liability)	-		-

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs

Revaluation reserve	-	-
Retained earnings	23,877,523	14,363,833
Capital reserve	-	-
Total funds	23,877,523	14,363,833
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

21. 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

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	23,800,000	14,950,000
Grants from County Government	-	-
Donations in kind	-	-
Total	23,800,000	14,950,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for RCPSB employees	2,317,035	1,602,749
Payments for goods and services	-	-

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Total	2,317,035	1,602,749
d) Key management compensation		
Directors' emoluments	4,374,000	2,320,000
Compensation to the CEO	2,471,136	1,581,904
Compensation to key management	-	-
Total	6,845,136	3,901,904

22. Events after the reporting period

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

23. Ultimate and Holding Board

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

24. Currencies

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

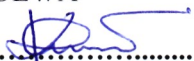
XVII: PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS

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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	The Board received an unmodified audit opinion of FY 2019/2020	N/A	N/A	N/A	N/A

CHIEF EXECUTIVE OFFICER

PATRICK K. MULWA

SIGNATURE: 

DATE: 8/04/2022

CHAIRMAN OF THE BOARD

LEWIS G. KAMAU

SIGNATURE: 

DATE: 8/4/2022