

REPUBLIC OF KENYA



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CLERK-AT
THE-TABLE:

Halima Ahmed

THE AUDITOR-GENERAL

ON

NURSING COUNCIL OF KENYA

FOR THE YEAR ENDED
30 JUNE, 2024



NURSING COUNCIL OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30th June 2024

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

Table of Content as at 30th June 2024

Page

1.	ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS	iii
2.	KEY ENTITY INFORMATION AND MANAGEMENT.....	iv
3.	THE COUNCIL MEMBERS.....	viii
4.	KEY MANAGEMENT TEAM.....	xiv
5.	CHAIRMAN'S STATEMENT.....	xix
6.	REPORT OF THE CHIEF EXECUTIVE OFFICER	xx
7.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2023/2024 ..	xxi
8.	CORPORATE GOVERNANCE STATEMENT	xxvii
9.	MANAGEMENT DISCUSSION AND ANALYSIS	xxxiii
10.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxxvi
11.	CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS	xxxvii
12.	REPORT OF THE COUNCIL MEMBERS	xliv
13.	STATEMENT OF RESPONSIBILITIES OF THE COUNCIL MEMBERS	xlvi
14.	REPORT OF THE INDEPENDENT AUDITORS FOR THE FINANCIAL STATEMENT OF THE NURSING COUNCIL OF KENYA	xlvi
15.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2024	1
16.	STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2024.....	2
17.	STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 TH JUNE 2024.....	3
18.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 TH JUNE 2024.....	4
19.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2024	5
20.	NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 TH JUNE 2024.....	8

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

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

B: Glossary of Terms

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

Comparative Year- Means the prior period

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended June 30, 2024

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

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

(b) Principal Activities

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

Vision

A Safe and Healthier World

Mission

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

Core Values

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

❖ Integrity

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

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

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

The primary organ responsible for fiduciary oversight arrangements is the Council Members. Other Government bodies and agencies also provide oversight. The Council exercised this

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

oversight through its Committees. These were Finance Strategy and Development Committee; Education, Registration and Examination Committee; Discipline, Standards and Ethics Committee; and Risk and Audit Committee. The key function of the Council is to guide and control the performance and management of the affairs of the Council.

Finance Strategy and Development Committee

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

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

Registration, Education and Examination Committee

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

Discipline, Standards and Ethics Committee

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

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

Risk and Audit Committee

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

(f) Headquarters

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

(g) Contacts

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

Email: info@nckkenya.org

Website: www.nckkenya.com

(h) Bankers

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

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

(i) Independent Auditors

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084 - 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 - 00200

Nairobi, Kenya

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

3. THE COUNCIL MEMBERS

	Prof. Eunice Ndirangu Independent Council Member and Chairperson, Nursing Council of Kenya Prof. Eunice Ndirangu, born on 14th July 1978, was re-appointed to the Council on 13th July 2022 as the Chairperson. She holds a PhD in Nursing Studies and Master in Advanced Nursing Practice both from the University of Nottingham in the United Kingdom, and Bachelor of Science in Nursing (BScN) from the University of East Africa - Baraton. She is currently the Dean, Aga Khan University School of Nursing and Midwifery.
	Dr. Mutisya Albanus Kyalo Independent Council Member Dr. Mutisya Albanus Kyalo, born on 22nd November 1974, is the Chairperson of the Registration Education and Examination Committee and is a representative of Accredited Universities. He was appointed to the Council on 13th July 2022. He holds a PhD in Nursing Services, MSc in Nursing (Critical care) and Bachelor of Science in Nursing (BScN) all from the University of Nairobi. He is currently the Dean/Senior Lecturer at the Jomo Kenyatta University of Agriculture and Technology (JKUAT).

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024



Nyongesa Michael Simiyu

Independent Council Member

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



Catherine Waigwe Mwaura

Independent Council Member

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

	Erick Kemboi Chebet Independent Council Member Mr. Erick Kemboi Chebet, born on 14th February 1974, was appointed to the Council on 13th July 2022. He is a representative of the Public as per the Nurses Act. He holds a Higher National Diploma in Kenya Registered Perioperative, Kenya Registered Community Health Nursing and Kenya Enrolled Community Health Nursing all from KMTC. He is serving as a Nurse at Iten County Referral Hospital
	Teckla J. Kemboi – Ngotie Independent Council Member Dr. Teckla J. Kemboi – Ngotie, born on 15th July 1975, was appointed to the Council on 13th July 2022. She is the Chairperson of the Discipline Standards and Ethics Committee and is representative of Midwives Association of Kenya (MAK). She holds a PHD in Nursing Science and Midwifery from Stellenbosch University, a master's degree in Midwifery/Obstetric nursing from the University of Nairobi, Bachelor's Degree in Nursing from Metropolitan State University – USA, Diploma in Registered Community Health Nursing from KMTC, and certification in Public Health Nursing. She is currently serving as a lecturer at Kenyatta University.

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024



Dr. Gondi Joel Odhiambo

Independent Council Ex-Officio Member

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



Pauline Ngala

Independent Council Member

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024



Dr. Judith Awinja Aluora, OGW

Council Ex-Officio Member

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



Dr. Lister Onsongo

Registrar/CEO

Dr. Lister Onsongo, PhD born on 10th October 1979, is currently the Registrar/Chief Executive Officer. She holds a Doctor of Philosophy (Nursing) University of Iowa - USA, Master of Science (Community Health) Minnesota State University - USA Bachelor of Science (Nursing) Minnesota State University - USA. She previously worked at Kenyatta University, Abbott Northwestern, and New Brighton Health & Rehabilitation Hospitals in the USA.

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

	Eugene Ayub Ag. Corporation Secretary and Director legal services • Bachelor of Law (LLB) • Advocate (Dip. KSL)
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NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

4. KEY MANAGEMENT TEAM



Dr. Lister Onsongo

Registrar/CEO

- Doctor of Philosophy (Nursing)
- Master of Science Community Health
- Bachelor of Science, Nursing



Anne Njeri Mukuna

Director Standards & Compliance

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024



Dr. Gladys Machira-Maripet
Director Education and Examination

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



Gladys Omiah
Ag. Director Registration and Licensing

- Master of Public Health,
- Bachelor of Science, Nursing

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

	CPA George Otieno Achieng Deputy Director Finance and Accounts • Master of Business Administration (Finance) • Bachelor of Commerce (Finance) • CPA-K • Member of ICPAK
	Eva Magothe Deputy Director Information Communication & Technology • Bachelor of Business Information Technology • Certified Information System Auditor
	Augustine Abade Deputy Director Supply Chain • Masters of Science Procurement and logistics • Bachelor of Business Management • Post-graduate diploma in Purchasing and supplies • MCIPS, MKISM, MKIM.

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

	CPA Daniel Muringe Rucha Director, Internal Audit • Master of Business Administration (Finance) • Bachelor of Commerce (Accounting) • Internal Auditor (CIA), Certification in Risk Management and Assurance (CRMA) • Certified Information Systems Auditor (CISA) • Certified Public accountant of Kenya (CPA-K) • Certified Securities and Investment Analyst of East Africa (CSIA) finalist as well as a certified ISO 9001:2015 Internal Quality Auditor.
	Dickson Kimutai Toroitich Director Corporate Services • Masters of Business Administration • Bachelor of Science in Human Resource Management • Member of IHRM • Executive Diploma in Industrial Relations • Higher Diploma in Human Resource Management

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

	Eugene Ayub Ag. Corporation secretary and Director legal services • Bachelor of Law (LLB) • Advocate (Dip. KSL)
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NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

5. CHAIRMAN'S STATEMENT

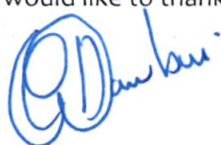
On behalf of the Council, I have the pleasure of presenting the Annual Report and Financial Statements for the financial year ended 30 June 2024. Established under the Nurses and Midwives Act Cap 257 laws of Kenya, the Council is mandated to regulate nursing and midwifery education and practice in Kenya, through making provisions for training, registration, enrolment and licensing of nurses and midwives. The Council also regulates their conduct to ensure maximum participation in health care of the community and connected purposes.

I am pleased to report that the Council was able to achieve most of the targets set for the financial year 2023-2024. We have continued to work within our mandate as stipulated in the Nurses and Midwives Act. The Council is currently implementing its strategic plan 2023-2027 and ISO 9001:2015. The Council reviewed the Bachelor of Nursing Internship Logbook, Uniform and Insignia guidelines. Further, the Council reviewed the Education, Examination and Standards Policy guideline, and the Registration and Licensing Policy guideline in line with the reviewed Policies. In addition, through the Council administered three cycles of online licensure exams where 19,358 candidates were examined. During the period under review, the council registered 12,583 and licensed 64,854 nurses and midwives.

In line with presidential directive on digitization and digitalization of government services, the Council digitized most of its services and onboarded the services on the eCitizen platform including payment platform, retention and registration of nurses and midwives. In addition, the Council commits to ensuring its prosperity by collectively directing its affairs, whilst meeting the diverse interests of stakeholders. The Council Charter guides the operations of the Council, as well as defining the roles and responsibilities of the Council members, Registrar/CEO and the Corporation Secretary. We strive to adhere to the highest standards of corporate governance and ethics in providing overall policy and strategic direction.

The Council commits to implement the Strategic Plan 2023-2027 under the four thematic areas namely: Education and Assessment, Standards and Compliance, Registration and Licensing, Institutional Capacity Strengthening. The plan is aligned to the national aspirations as envisioned in the Bottom-Up Economic Transformation Agenda (BETA), Kenya Vision 2030, the Medium-Term Plan IV and the Constitution of Kenya 2010. The Council faces overlapping mandate with other regulatory bodies including Commission for University Education on approval of University programmes and indexing of students.

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



Prof. Eunice Ndirangu
Chairperson



Date
Nairobi

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the annual report and financial statements for the year ended 30th June 2024.

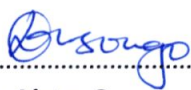
The Nursing Council of Kenya was established in June 1983 through the enactment of the Nursing Act. The mandate of the Council is to regulate the nursing and midwifery education and practice in Kenya. The Strategic Plan of the Council 2023 -2027 is designed to ensure 100% compliance with the requirements under the Nursing and Midwifery Act Cap 257 Laws of Kenya and other relevant laws and regulations.

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

During the year under review, the Council reported a total revenue Kshs.681.3million FY 2023-2024 compared to Kshs.541.9 million FY 2022-2023 comprising of kshs.581 million A in A and Recurrent grants of Kshs.100.2 million. The Council realised a deficit of kshs. 71.1 million FY 2023-2024 compared to a surplus of kshs 13.6 million for FY 2022-2023. The value of total assets increased from Kshs. 248.5 million to Kshs. 260 million the current year. The Council achieved most of its intended plans, programs and activities as set out in the annual work plan and procurement plan.

Further, during the FY 2023-2024, the Council achieved significant progress in various key mandate areas. Notably, it enhanced compliance and regulation within training programs and bolstered its capacity to regulate nursing and midwifery education and practice. The Council also improved its ability to investigate professional misconduct and handle disciplinary matters effectively. In addition, there was a focus on developing the Council's human resource capacity, improving customer service delivery, and ensuring financial sustainability. Furthermore, the Council made strides in strengthening the legislative framework governing the regulation of nursing and midwifery education and practice.

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


.....
Dr. Lister Onsongo
Registrar/CEO


.....
Date
Nairobi

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2023/2024

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

Nursing Council of Kenya has four (4) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023- FY 2027. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Education and Research

Pillar/theme/issue 2: Nursing and Midwifery Practice

Pillar/theme/issue 3: Institutional Capacity Development

Pillar/theme/issue 4: Leadership and Governance

Nursing Council of Kenya develops its annual work plans based on the above four (4) Pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Council achieved its performance targets set for the FY 2023/2024 period for its four (4) strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Education and Research	➤ To enhance compliance and regulation of training	➤ Reviewed Nursing and midwifery Education Policy framework ➤ National licensure Examination undertaken	➤ Review Education policy guideline ➤ Review of curricula ➤ Conduct National Licensure examination	➤ The Council developed a comprehensive education policy accreditation guidelines ➤ The council developed Post graduate training guidelines developed

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

		➤ Nurses and midwifery student indexed ➤ Programmes evaluation enhanced ➤ Research undertaken	➤ Index all eligible nurses and midwife students ➤ Undertake programme evaluation ➤ Conduct Research on Nurses and midwives education and practice	Postgraduate diploma in Critical Care and Masters in Critical Care ➤ The Council evaluated 41 programmes ➤ The Council indexed 17,224 of candidates ➤ The council conducted 3 national licensure examination
Nursing and Midwifery Practice	➤ To enhance capacity to regulate nursing and midwifery practice; and to enhance capacity to investigate professional misconduct.	➤ Registration and licensing, and standard policies and guidelines developed and reviewed; ➤ Nurse and midwifery practice Compliance Audits undertaken ➤ Registration and licensure of	➤ Registration guidelines ➤ Registration of nurses and midwives ➤ Retention of nurses and midwives ➤ Conduct retention compliance Audits ➤ Conduct BScN Internship	➤ The Council Reviewed Registration and Licensing policy guidelines. ➤ The Council registered 12,583 nurses and midwives ➤ The Council retained 64,854 Nurses and midwives

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

		nurses and midwifery	compliance audits ➤ Conduct private practice compliance audits ➤ Develop and review scopes of practice ➤ Undertake health facilities inspection ➤ Participate in joint inspection	➤ The Council developed BscM Internship logbook ➤ The council Undertook 23 retention audits ➤ The Council participated in 12 joint inspections in collaboration with other regulatory bodies ➤ The Council registered 65 private practice clinics ➤ The Council conducted 116 inspections and compliance audits ➤ The Council placed 951 interns ➤ The Council developed and reviewed Scope for Nurse Anaesthetists and Scope for Paediatric Oncology Nurse
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NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

				➤ The Council reviewed Code of Conduct and Ethics for Nurses and midwives ➤ The Council undertook 1172 compliance audits ➤ The Council in collaboration with MOH inspected 12384 health facilities
Institutional Capacity Development	➤ To develop and build NCK human resource capacity	➤ Job Evaluation to be done, job description and specification, grading of employees into job groups, remuneration. Development of an organizational structure and empty posts to be filled	➤ Workshops	➤ The Council has recruited key staff in management to oversee the departments and also for succession management.
Leadership and Governance	➤ Strengthen the legislative	➤ Development of the Nurses	➤ Stakeholder engagement,	➤ The Council successfully

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

	framework for regulation of nursing and midwifery education and practice; ➤ Strengthen the Council and Council committees; and ➤ Enhance the board effectiveness	and Midwives (Fitness to Practice) Regulations ➤ Auditing of the skills, and identification of gaps for Council Members ➤ Council evaluation report	and development of the draft legislation; ➤ Auditing of the skills of board members and identifying training needs ➤ Through SCAC, the board members are evaluated	developed the Nurses and Midwives (Private Practice) Regulations, which are awaiting gazettelement ➤ Individual learning and development needs were identified from all the board members and members underwent training to improve their skills in order to effectively deliver on their mandate; ➤ Timely and effective undertaking of board evaluation; ➤ The Council is currently undertaking a governance audit in order to ensure that it conforms to the highest standards of good governance. ➤ The Council developed a Data Protection Policy to inform the management of personal data in the
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NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

				Council's information cycle and commitment by the Council to protect all the data collected and stored.
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NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

8. CORPORATE GOVERNANCE STATEMENT

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

Composition of the Council:

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

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

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

Council Committees:

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

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

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

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

Finance, Strategy and Development

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

Registration, Education and Examination Committee

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

Discipline, Standards and Ethics Committee

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

Audit and Risk Committee

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

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

Council Meetings:

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

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

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

Council Member	Committee Meetings	Full Council	Special Meetings	Total Meetings
Prof. Eunice Ndirangu		4	4	8
Dr. Joel Gondi	4	4	6	14
Mrs. Catherine Mwaura	4	4	6	14
Dr. Tecla Ngotie	4	4	6	14
Mrs. Pauline Ngala	4	4	6	14
Dr. Judith Awinja Aluora	4	4	4	12
Mr. Nyongesa Michael Simiyu	4	4	4	12
Dr. Albanus Mutisya	4	4	4	12
Mr. Erick Chebet	4	4	4	12

The Role of the Council

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

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

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

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

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

Council effectiveness

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

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

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

Director's remuneration

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

Statement of Compliance

The Council Member's participation and attendance confirms that Nursing Council of Kenya has throughout the 2023/2024 financial year complied with the entire Statutory and Regulatory requirement and that the Council is committed to the principles of good corporate governance as stipulated by Mwongozo: The Code of Governance for State Corporations.

Internal control and risk management:

Internal Control

The Council Members are responsible for reviewing the effectiveness of the Council's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of the assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

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

Organization Structure

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

Strategic Plan

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

Internal Control Framework

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

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

The Audit Committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the Council. Where weaknesses are identified, the Audit Committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during 2023/2024.

Risk Management

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

Management Team

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

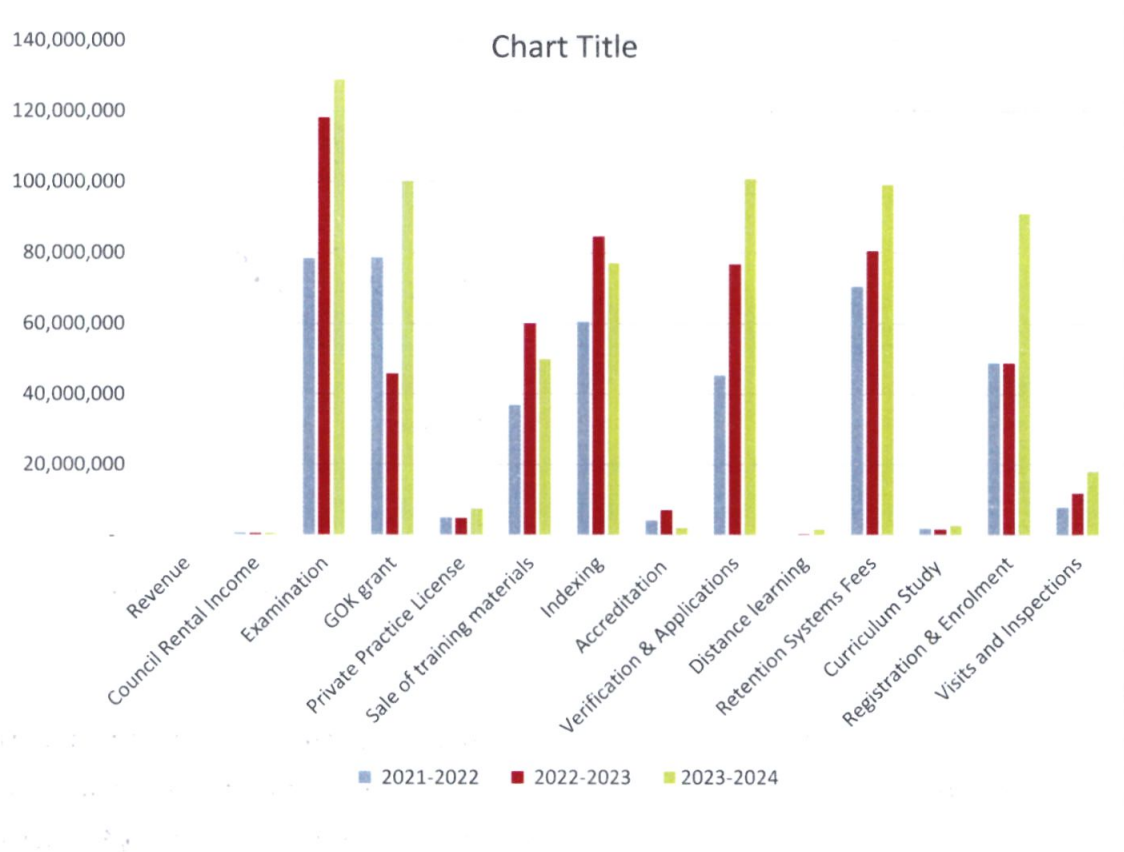
NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

9. MANAGEMENT DISCUSSION AND ANALYSIS

Revenue Performance

The Council in FY 2023-2024, reported a total revenue of kshs.681,305,752 that comprised of AIA of kshs. 581,072,717, the GOK recurrent grant of Kshs.85,000,000 and Donor Grants of kshs.15,233,035 For comparative period FY 2022-2023, the Council reported a total of kshs.541,903,807 out of which kshs. 496,070,472 was AIA and Kshs.45,833,335 received as GOK recurrent. The AIA performance on a standalone basis represented an increment of kshs.85,002,245 or 17% growth level. The good performance in A in A is attributed to the heightened interest in Nursing and Midwifery career through increased student enrolments, higher uptake of the licensure exams and new licensure registrations.

The pie chart below shows revenue received by categorisation;



Bar Chart: Showing Nursing Council of Kenya Revenue Performance per Income Stream for years 2022 to 2024

NURSING COUNCIL OF KENYA

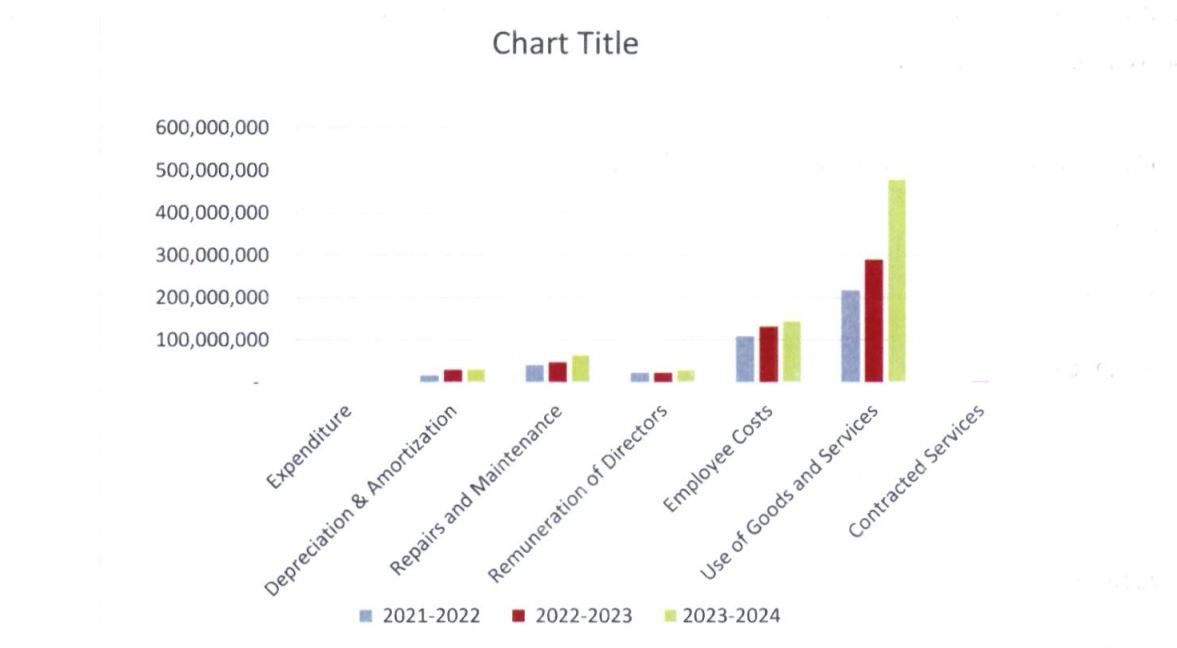
Annual Report and Financial Statements

For the year ended 30th June 2024

Expenditure Performance

Total expenditure for the FY 2023-2024 stood at kshs.752,422,241 as compared to kshs 528,275,387 incurred in FY 2022-2023. The growth in expenditure was kshs.224,146,854 (42%) owing to the institutional growth in budget.

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



Bar Chart: Showing Nursing Council of Kenya Expenditure Performance per Expenditure Line Item FY 2022 to 2024

Total Assets

The Council's overall total assets position increased to kshs.259,927,309 F/Y 2023-2024 from kshs 248,450,266 F/Y 2022-2023 representing a 5% increase level. The addition to assets within the year amounted to kshs 43,139,950 This comprised of purchases of Computers (kshs 4,763,000), Software-servers (kshs.12,544,250), Furniture (kshs.540,000), Building renovations (19,850,000), Office Equipment (kshs.813,000) and the drilling of water borehole (kshs.4,629,700). There were no disposals in the year under review.

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

Current Assets

The Current assets stood at kshs 73,320,997 in the FY 2023-2024 down from kshs. 73,614,362 recorded in FY 2022-2023. This represented a decrease of 0.4%. The Council held more inventory of training materials as at the close of the year in readiness for distribution to schools. The Council carried out a massive indexing of students the previous and current the financial year. The receivables increased by kshs.5,400,032 (27%), inventories increased by kshs.7,141,727 (34%) and cash and cash equivalent decreased by kshs.12,835,124 (39%).

Liabilities

The Council's balance of liabilities FY 2023- 2024 stood at kshs.85,919,022



NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Employee Welfare

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

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

ii) Responsible Supply chain and supplier relations

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

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

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

b) Carries out Market Surveys for Goods and Services

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

c) Contract administration and Management

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

d) Suppliers' Evaluations and Appraisals

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

11. CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS

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

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

I. West Pokot National Tree planting 2023

The Nursing Council of Kenya in partnership with various governmental and non-governmental organizations participated in the 7th annual Tree planting at West Pokot County Forest Block. NCK is committed to support the GOK's noble initiative in the achievement of growing # 15 billion trees by 2030.



NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS (Continued)



National Tree Planting 2023 Held in West Pokot County

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS (Continued)



National Tree Growing day 2024 Held in Chepkalit Secondary School, West Pokot County

II. Events Support of Nurses and Midwives Association.

The Nurses and midwives' fraternity has vibrant associations which have been established to champion their various needs and initiatives. On yearly basis the associations do organize events with particular thematic areas for sensitization of their members. The Council is invited as one of the corporate sponsors and participates in such events as well. For the year under review, the Council supported Midwives Association of Kenya (MAK) 8th Annual Scientific Conference, the International Nurses Week held in Meru County, Universal Health coverage Conference Held in Kericho County, Medical Camp held in Kirinyaga County and ASK Show held in Eldoret, Uasin Gishu County.

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS (Continued)



Universal Health coverage Conference 2023 Held in Kericho County



International Week of Nurses 2024 Held in Meru County

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS(Continued)



8th Midwives Association of Kenya Conference 2024 Held in Mombasa County

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024



Free Medical Camp 2024 held in Kirinyaga County

III. Participation in ASK show held in Eldoret

The Nursing Council of Kenya honored with the Branch Chairman's Commendation Trophy and secured 2nd place in the Best Display and Service in the Health Sector and Pharmaceuticals category at the 2024 National Show in Eldoret.

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS(Continued)



ASK Show 2024 held in Eldoret, Uasin Gishu County

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

12. REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the financial statements for the year ended 30th June 2024 which show the state of affairs of the Council.

(i) Principal activities

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

(ii) Results

The results of the Council for the year ended 30th June 2024 are set out on page 1 of this report.

(iii) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity made a surplus of kshs. 13,628,420 as per audited financial statements FY 2022-2023 and did not remit surplus as the bulk of the funds were in respect of a revolving fund advanced to the Council to operationalize the Kenya-UK bilateral Agreement for recruitment of Health workers. The Council realised a deficit of kshs. (71,116,489) in subsequent FY 2023-2024.

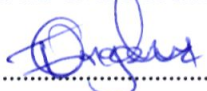
(iv) Council Members

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

(v) Auditors

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

By Order of the Council



Eugene Ayub

**Ag. Corporation Secretary and Head of
Legal Services**



Date

Nairobi

NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

13. STATEMENT OF RESPONSIBILITIES OF THE COUNCIL MEMBERS

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

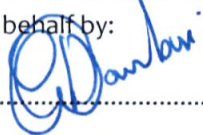
The Council Members are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year ended 30th June 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012, the State Corporations Act and the Nurses and Midwives Act. The Council Members are of the opinion that the Council's financial statements give a true and fair view of the state of Council's transactions during the financial year ended 30th June 2024, and of the Council's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Council's financial statements were approved by the Council on 25th Sept. 2024 and signed on its behalf by:

.....

Prof. Eunice Ndirangu

Chairperson

18/12/2024
xlv | Page

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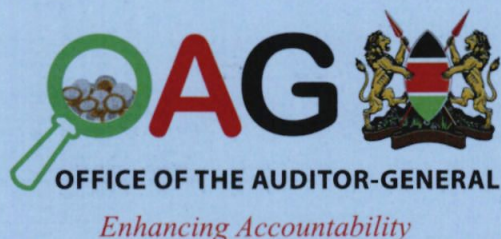
Dr. Lister Onsongo

Registrar/CEO

18/12/2024

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NURSING COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 the Nursing Council of Kenya set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Nursing Council of Kenya for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters 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 Nursing Council of Kenya as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Nurses and Midwives Act Cap 257 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Offsetting Revenues and Expenses

The statement of financial performance reflects income from operation of Kshs.530,253,783 as reflected in Note 7 to the financial statements. However, the amount includes refunds made to customers of Kshs.2,078,927 which were offset against revenues. This was contrary to paragraph 48 of International Public Sector Accounting Standards (IPSAS) 1 which states that Assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an IPSAS.

In the circumstances, the accuracy and completeness of income from operation of Kshs.530,253,783 could not be confirmed.

2. Inaccurate Recognition of Transactions

The statement of financial performance reflects income from operations of Kshs.530,253,783 as reflected in Note 7 to the financial statements. Included in the amount was Kshs.99,221,408 in respect of annual retention fee charged at Kshs.1,500 for each registered nurse and Kshs.10,000 for private practice license. The Council's registers revealed a list of 117,464 registered nurses and 1,985 registered clinics translating to annual retention fees of Kshs.196,046,000. However, registered members and clinics were not invoiced instead revenue was recognized when cash had been received resulting to understatement of revenue and receivables.

In the circumstances, the accuracy and completeness of income from operations of Kshs.530,253,783 could not be confirmed.

3. Unaccounted Revenue on Sale of Training Materials

The statement of financial performance reflects income from other sources of Kshs.50,818,934 as disclosed under Note 8 to the financial statements out of which Kshs.50,098,934 relates to sale of training materials. However, analysis of inventory

ledgers revealed 208,811 units of training materials valued at Kshs.106,414,016 which were issued from the store for sale. This resulted to an unexplained variance of Kshs.56,315,082 which was not disclosed and was not traced in the bank statements.

In the circumstances, the accuracy and completeness of income from other sources amount of Kshs.50,818,934 could not be confirmed.

4. Inaccuracies in Inventories

The statement of financial position reflects inventories balance of Kshs.28,355,759 as disclosed in Note 17 to the financial statements. The balance includes Kshs.24,491,280 in respect of training materials which was arrived at after adjustments for training materials valued at Kshs.7,043,274 but which were not traced in the store as per the physical stock count report. Further, the adjustments included training materials whose physical stock count was more than the stock ledger balance by Kshs.13,513,131 which may indicate that the materials were delivered in the store without being recorded in the stock ledger. In addition, these materials were procured from suppliers at various prices but the closing inventory was valued at average cost prices. This was contrary to Paragraph 15 and 16 of IPSAS 12 which requires inventories to be measured at the lower of cost and net realizable. In addition, the selling prices of these items were not indicated in the inventory ledgers.

In the circumstances, the accuracy and completeness of inventory balance of Kshs.28,355,759 could not be confirmed

5. Lack of Land Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.173,867,771 as disclosed in Note 18 to the financial statements out of which Kshs.54,000,000 relates to land balance. This balance includes a parcel of land located in Nairobi which was charged by a bank on 13 July 2011 against a principal amount secured of Kshs.1,600,000. The Council paid the principal amount and a discharge was issued on 05 November 2018 but as at the time of audit in the month of November, 2024 approximately six (6) years after the discharge, the title had not reverted to the Council.

In the circumstances, the accuracy, completeness and ownership of land valued at Kshs.54,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nursing Council of Kenya Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget of Kshs.738,709,035 and actual on comparable basis of Kshs.681,305,752 resulting to under collection of Kshs.57,403,283 or 8% of the approved budget. Similarly, the Council spent Kshs.752,422,241 against actual income of Kshs.681,305,752 resulting to over expenditure of Kshs.71,116,489 or 10% of the actual income.

The underfunding and over-expenditure may have affected the Council's mission of provision for training, registration, enrolment and licensing of nurses

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Conclusion

The Management is responsible for the other information set out on page iv to xlv which comprise of Key Entity Information and Management, the Council Members, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council Members and Statement of Council Members Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Council's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Utilization of Funds

The statement of financial performance reflects recurrent grants of Kshs.100,233,035. It was noted that on 15 March, 2022 the Council received Kshs.28,544,354 from the Ministry of Health to facilitate recruitment of Kenyan nurses to the United Kingdom by paying travel cost which was to be refunded to create a revolving fund. Subsequently, Kshs.26,285,920 was incurred under the programme and review of bank statements revealed Kshs.10,649,305 was refunded resulting to a balance of Kshs.12,907,739. However, only a balance of Kshs.6,093,366 was in the programme's bank account as at 30 June 2024 resulting to a variance of Kshs.6,818,373. This indicates that the funds may have been used for other purposes. This was contrary to Regulation 54(1) of the Public Finance Management (National Government) Regulations, 2015 which states that, except as provided for in the Act and these Regulations, an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.

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

2. Budget Imbalance

The statement of comparison of budget and actual amounts reflects final budgeted receipts of Kshs.738,709,035 and final budgeted payments of Kshs.732,299,816 resulting to budget imbalance of Kshs.6,409,219. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget of national government entities shall be balanced.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Deficiencies in the Regulation of Private Practice

Review of the Councils register revealed a list of one thousand nine hundred and eighty five (1,985) registered private clinics. However, the clinics' operational status, compliance to annual subscriptions and the last inspection date were not indicated in the register. In addition, review of the private practice application form indicated that the Council only prescribed the required medical equipment for private clinics. However, the required condition of the premises to be used for the private practice such as the reception area, patients waiting room, consultation room, treatment room and other public health and safety standards was not prescribed.

In the circumstances, the private clinics may be operating without valid practicing licenses and on premises that are not to the required standards which may compromise the quality of healthcare services.

2. Failure to Inspect Clinics

Review of inspection documents revealed a list of one thousand nine hundred and thirty-one (1,931) clinics which had not been inspected to confirm compliance to the set standards. Therefore, there was no evidence to indicate that these clinics were operating as per the set standards.

In the circumstances, the effectiveness of monitoring operations of various clinics could not be confirmed and some may be operating without meeting the set standards.

3. Unconfirmed Register of Nurses

Review of the register of nurses indicated a list of 117,464 registered nurses but it did not indicate their status such as retired, deceased, diaspora members or their compliance to annual subscription. In addition, the register included a list of two thousand six hundred and ninety-six (2,696) members assigned index numbers but their names and national identity card numbers were not indicated.

In the circumstances, the effectiveness of internal controls on the maintenance of register of nurses 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 controls, 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 the Management and Council Members

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Council's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Council Members is responsible for overseeing the Council's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 December, 2024

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended June 30, 2024

15. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024

	Note s	2024 Kshs	2023 Kshs
Revenue from non- exchange transactions			
Recurrent grants	6	100,233,035	45,833,335
Revenue from exchange transactions			
Income from operations	7	530,253,783	435,294,879
Income from other sources	8	50,818,934	60,775,593
Total revenue		681,305,752	541,903,807
Expenditure			
Use of Goods and Services	9	479,097,070	290,142,172
Employee Costs	10	144,949,821	133,059,312
Remuneration of Directors	11	28,706,596	23,563,705
Depreciation and Amortization Expense	12	31,369,541	30,551,372
Repairs and Maintenance	13	64,593,102	47,876,076
Contracted Services	14	3,706,111	3,082,751
Total Expenditure		752,422,241	528,275,387
Surplus (Deficit) for the period		(71,116,489)	13,628,420

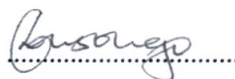
The notes set out on pages 8 to 29 form an integral part of these Financial Statements.

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



Prof. Eunice Ndirangu
Chairperson

15/12/2024



Dr. Lister Onsongo
Registrar/CEO

15/12/2024



CPA George Otieno
Head of Finance

ICPAK No. 10430

15/12/2024

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended June 30, 2024

16. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

	Notes	2024 Kshs	2023 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	15	19,857,483	32,692,607
Receivable from exchange transactions	16	25,107,755	19,707,723
Inventories	17	28,355,759	21,214,032
Total Current Assets		73,320,997	73,614,362
Non-current assets			
Property, plant and equipment	18	173,867,771	170,294,865
Intangible Assets	19	12,738,542	4,541,038
Total Non-Current Assets		186,606,313	174,835,903
Total assets		259,927,309	248,450,266
LIABILITIES			
Current liabilities			
Payables from exchange transactions	20	84,919,022	2,025,489
Provisions	21	1,000,000	1,300,000
Total liabilities		85,919,022	3,325,489
Net assets		174,008,287	245,124,776
Represented by:			
Accumulated surplus	22	125,160,624	196,277,113
Revaluation Reserve	23	48,847,663	48,847,663
Net Assets		174,008,287	245,124,776

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



Prof. Eunice Ndirangu
Chairperson

18/12/2024



Dr. Lister Onsongo
Registrar/CEO

18/12/2024



CPA George Otieno
Head of Finance

ICPAK No. 10430

18/12/2024

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

17. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2024

	Revaluation Reserve Kshs	Accumulated Surplus Kshs	Total Kshs
At 1st July 2022	48,847,663	182,648,694	231,496,357
Surplus for the year		13,628,420	13,628,420
At 30th June 2023	<u>48,847,663</u>	<u>196,277,114</u>	<u>245,124,777</u>
At 1st July 2023	48,847,663	196,277,114	245,124,777
Surplus for the year		(71,116,489)	(71,116,489)
At 30th June 2024	<u>48,847,663</u>	<u>125,160,625</u>	<u>174,008,288</u>

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

18. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2024

	Notes	2024 Kshs	2023 Kshs
Cash flows from operating activities:			
Receipts			
Examination & Indexing		206,288,720	202,919,018
Registration & Enrolment		91,106,761	48,841,579
Private Practice License		7,669,346	4,987,600
Curriculum Study		2,799,768	1,700,000
License Application & Verification		100,808,458	76,739,029
Retention Systems Fees		99,221,408	80,473,248
Accreditation & Inspections		20,631,722	19,243,305
Distance learning		1,727,600	391,100
Council Rental Income		720,000	660,000
Sale of training materials		50,098,934	60,115,593
Miscellaneous income		-	-
Grant received		100,233,035	45,833,335
Total Receipts		681,305,752	541,903,807
Payments			
Use of Goods and Services		396,203,537	290,142,172
Employee Costs		144,949,821	133,059,312
Remuneration of Directors		28,706,596	23,563,705
Repairs and Maintenance		64,593,102	47,876,076
Contracted Services		3,706,111	3,082,751
Prepayments of Insurance		5,400,032	5,319,122
Net Disbursement to suppliers		-	6,007,840
Purchase of training materials		7,141,727	7,570,416
Audit fees		300,000	696,000
Total Payments		651,000,927	517,317,393
Net cash from operating activities	24	30,304,825	24,586,414
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	18 & 19	(43,139,950)	(21,793,906)
Sale proceeds on disposal		-	-
Net cash used in investing activities		(43,139,950)	(21,793,906)
Net cash used in financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(12,835,125)	2,792,508
Cash and cash equivalents at 1st July 2023	15	32,692,607	29,900,100
Cash and cash equivalents at 30 June 2024	15	19,857,482	32,692,607

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

19. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
	Kshs		Kshs	Kshs	Kshs	%
Examination	50,000,000	30,000,000	80,000,000	129,146,050	49,146,050	161
Indexing	80,000,000	40,000,000	120,000,000	78,870,270	(41,129,730)	66
Registration & Enrolment	73,000,000	-	73,000,000	91,106,761	18,106,761	125
Private Practice License	6,600,000	-	6,600,000	7,669,346	1,069,346	116
Accreditation	1,500,000	5,000,000	6,500,000	2,227,074	(4,272,926)	34
Verification	51,000,000	33,000,000	84,000,000	100,808,458	16,808,458	120
Retention Systems Fees	92,856,000	-	92,856,000	99,221,408	6,365,408	107
Curriculum Study	3,000,000	-	3,000,000	2,799,768	(200,233)	93
Visits and Inspections	7,500,000	5,000,000	12,500,000	18,404,648	5,904,648	147
Council Rental Income	720,000	-	720,000	720,000	-	0
Sale of training materials	52,300,000	7,000,000	59,300,000	50,098,934	(9,201,066)	84
Gok Recurrent Grants	85,000,000	100,000,000	185,000,000	85,000,000	(100,000,000)	-54
Donor Grants	-	15,233,035	15,233,035	15,233,035	-	100
Total income	503,476,000	235,233,035	738,709,035	681,305,752	(57,403,283)	
Expenditure						
Use of Goods and Services	265,333,000	207,508,816	472,841,816	479,097,070	(6,255,253)	101
Employee Costs	154,327,000	(6,600,000)	147,727,000	144,949,821	2,777,180	98
Remuneration of Directors	27,303,000	100,000	27,403,000	28,706,596	(1,303,596)	105
Depreciation and Amortization	-	-	-	31,369,541	(31,369,541)	-
Repairs and Maintenance	52,433,000	27,815,000	80,248,000	64,593,102	15,654,898	80
Contracted Services	4,080,000	-	4,080,000	3,706,111	373,889	91
Total expenditure	503,476,000	228,823,816	732,299,816	752,422,241	(20,122,425)	
Surplus(deficit) for the period	-	6,409,218.88	6,409,218.88	(71,116,489)	(77,525,708)	

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (Continued)

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

Revenue

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

Explanatory details of the specific revenue items as indicated below;

- a. **Examination:** The target achieved following successful execution of the three (3) planned exams with excess collection resulting from moneys received in advance for the August 2024 licensure examinations.
- b. **Indexing:** Failure to meet target on indexing was attributed to the halt on indexing exercise to allow the Council review admissions of students as presented by schools for indexing.
- c. **Registration & Enrolment:** Heightened interest and demand of nurses and midwives motivated unregistered nurses to come forth and register hence impressive performance.
- d. **Accreditation:** Fewer schools than anticipated expressed interest in accreditation hence lower target achievement.
- e. **Verification:** There was an increment in the number of nurses that expressed interest to emigrate to foreign countries in search of employment opportunities.

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

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

- f. **Curriculum Study:** Fewer than anticipated curriculums for study were submitted by Schools.
- g. **Visits and Inspections:** The target was achieved successfully and planned compliance visits done as envisioned.
- h. **Sale of training materials:** The Council halted indexing of students towards the end of the year to allow for a review in the admission process.



NURSING COUNCIL OF KENYA

Annual Report and Financial Statements

For the year ended 30th June 2024

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 43: Financial Instruments	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The Council is not affected by the application of the Standard.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The Council is not affected by the application of the Standard.
Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

Standard	Effective date and impact:
	assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The Council is not affected by the application of the Standard.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: - Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. - Clarifying transaction costs guidance to enhance consistency across IPSAS; - Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. The Council is not affected by the application of the Standard.
IPSAS 47 Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. The Council is not affected by the application of the Standard.
IPSAS 48	Applicable 1st January 2026

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

Standard	Effective date and impact:
Transfer Expenses	The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The Council is not affected by the application of the Standard.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

ii. Early adoption of standards

The Council did not early – adopt any new or amended standards in year 2023/2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

i) Revenue from non-exchange transactions

Fees and licenses

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rental income

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

Donor funds

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

b) Budget information

The Council's original budget as approved by the Council was Kshs.503,476,000. Subsequent revisions were made to the approved budget on 27th March 2024 by Council through budget re-allocation to optimize the underutilized budget votes in accordance with the PFM Act.

The Council received an additional allocation kshs.120,000,000 financed through enhanced collection of A in A for internal operations and kshs.100,000,000 by the National Treasury's supplementary II towards financing of Council operations.

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

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

c) Property, plant and equipment

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

Depreciation

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

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

d) Leases

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

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

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

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

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

e) Intangible assets

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

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

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

f) Inventories

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. The Council uses First in First Out (FIFO) in issuance of its stores items.

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

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

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

g) Provisions

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

Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

i) Changes in accounting policies and estimates

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

j) Foreign currency transactions

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

k) Related parties

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

l) Cash and cash equivalents

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

m) Comparative figures

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

n) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2024.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

Provisions

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

Comparative information

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

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

	2024	2023
	Kshs	Kshs
6		
GOK recurrent grants from MOH	85,000,000	45,833,335
Donor Grants (Florence Nightingale & IntraHealth)	15,233,035	
	<u>100,233,035</u>	<u>45,833,335</u>
7		
Income from operations		
Examination and Indexing	206,288,720	202,919,018
Registration and Enrolment	91,106,761	48,841,579
Private Practice License	7,669,346	4,987,600
Curriculum Study	2,799,768	1,700,000
License Application and Verification	100,808,458	76,739,029
Retention Systems Fees	99,221,408	80,473,248
Accreditation and Inspections	20,631,722	19,243,305
Distance learning	1,727,600	391,100
	<u>530,253,783</u>	<u>435,294,879</u>
8		
Income from other sources		
Council Rental Income	720,000	660,000
Sale of training materials	50,098,934	60,115,593
	<u>50,818,934</u>	<u>60,775,593</u>

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

	2024	2023
	Kshs	Kshs
9 Use of goods and Services		
Seminars and workshops	40,697,993	31,594,813
Printing and signing of certificates	105,423,443	61,936,670
Donations and subscription	3,845,335	1,876,567
Retention system	-	2,097,500
Standards and Compliance visits	22,778,460	17,179,045
Travelling cost	572,300	697,589
Examinations	130,747,973	84,905,316
Nurses CPD Expenses	333,500	250,000
Office running cost	6,423,655	3,861,040
Motor vehicle running cost	15,480,137	9,673,039
Motor vehicle insurance	1,556,144	1,383,543
Advertising and newspaper	8,601,186	6,449,606
Stationery	12,532,071	7,684,903
Audit fees	300,000	600,000
Building insurance	646,639	139,657
Land rates	110,000	114,010
Legal fees	3,687,919	579,265
Consultancy fees	11,945,376	5,108,771
Bank charges	5,469,740	2,764,577
Grant expenses	8,823,816	-
Postage and telephone	43,229,952	23,459,824
Electricity and water	2,543,840	2,144,485
Internet charges	2,949,372	1,383,772
Development /Review of Training materials	40,600,087	20,729,031
KE-UK Bilateral Agreement-Recruitment of H.workers	9,117,531	3,529,149
Regional offices Running expenses	680,600	-
	479,097,070	290,142,172
	2024	2023
	Kshs	Kshs
10 Employee costs		
Basic Salary	60,007,573	56,835,847
House Allowance	19,796,833	18,851,220
Commuter Allowance	5,449,067	5,069,933
Responsibility and Duty Allowance	4,433,163	4,910,110
Leave Allowance	4,247,635	3,538,077
Wages	211,716	55,155
Gratuity	7,296,497	8,116,620
Staff development	15,129,630	10,774,398
Medical cover	19,225,308	15,979,832
Employer statutory contributions	631,878	466,450
Other staff costs	1,631,837	3,446,825
Pension contribution	5,867,097	5,014,845
Housing levy contribution	941,309	-
Acting allowance	80,277	-
	144,949,821	133,059,312

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

	2024	2023
	Kshs	Kshs
11 Remuneration of Directors		
Sitting allowance	11,704,000	8,088,000
Accommodation allowance	9,749,086	6,841,175
Lunch allowance	272,000	153,000
Honoraria	960,000	960,000
Transport reimbursement	3,993,623	3,039,185
Board Training	527,887	2,982,345
Board Medical Insurance	1,500,000	1,500,000
	<u>28,706,596</u>	<u>23,563,705</u>
12 Depreciation and Amortization		
Building	1,301,115	1,277,119
Furniture and fittings	2,771,854	2,642,274
Computer and accessories	9,590,903	7,927,682
Motor Vehicles	10,687,186	12,468,354
Office Equipment	2,671,737	2,431,466
Intangible Assets	4,346,746	3,804,477
	<u>31,369,541</u>	<u>30,551,372</u>
13 Repairs & maintenance		
Machinery and office equipment repairs	950,310	14,012
ICT Equipment repairs	8,368,428	10,770,336
Building repairs	4,857,420	20,944,598
Software maintenance	17,825,169	4,519,763
Computer consumables and accessories	29,529,484	11,627,366
IT Equipment & systems -Contract management	3,062,292	
	<u>64,593,102</u>	<u>47,876,076</u>
14 Contracted services		
Contracted services	3,706,111	3,082,751
	<u>3,706,111</u>	<u>3,082,751</u>
15 Cash and cash equivalent		
Absa Bank Kenya Ltd [Ac No.0948023954]	472,650	10,520,643
Cooperative Bank of Kenya [Ac No.01136098613400]	5,620,716	20,727,481
Pesaflo Account [Paybill No.222222]	13,762,450	1,444,420
Cash in Hand	1,667	63
	<u>19,857,483</u>	<u>32,692,607</u>
16 Receivable from non-exchange transactions		
Prepayments	17,887,220	19,570,522
Salary advance	137,201	137,201
Trade	7,083,334	
	<u>25,107,755</u>	<u>19,707,723</u>
17 Inventory		
Consumable	3,864,479	5,486,392
Stocks of training materials	24,491,280	15,727,641
	<u>28,355,759</u>	<u>21,214,032</u>

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

	F&F	Office Equip	Computer	Vehicle	Building	Land	Totals
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	12.50%	12.50%	33%	25%	2.50%	0%	
COST							
1st July 2022	19,592,670	16,952,720	30,159,300	65,354,108	50,000,000	54,000,000	236,058,798
Additions	2,140,000	3,901,146	9,297,000	-	2,555,760	-	17,893,906
Disposal	-	-	-	-	-	-	-
30th June 2023	21,732,670	20,853,866	39,456,300	65,354,108	52,555,760	54,000,000	253,952,704
1st July 2023	21,732,670	20,853,866	39,456,300	65,354,108	52,555,760	54,000,000	253,952,704
Additions	540,000	5,442,700	4,763,000	-	19,850,000	-	30,595,700
Disposal	-	-	-	-	-	-	-
30th June 2024	22,272,670	26,296,566	44,219,300	65,354,108	72,405,760	54,000,000	284,548,404
DEPRECIATION							
1st July 2022	7,245,122	4,912,739	13,464,910	24,708,192	5,625,000	-	55,955,963
Depreciation	2,642,274	2,431,466	8,882,663	12,468,354	1,277,119	-	27,701,876
Disposal	-	-	-	-	-	-	-
30th June 2023	9,887,396	7,344,205	22,347,573	37,176,546	6,902,119	-	83,657,839
1st July 2023	9,887,396	7,344,205	22,347,573	37,176,546	6,902,119	-	83,657,839
Depreciation	2,771,854	2,671,737	9,590,903	10,687,186	1,301,115	-	27,022,795
Disposal	-	-	-	-	-	-	-
30th June 2024	12,659,250	10,015,942	31,938,476	47,863,732	8,203,234	-	110,680,634
NET BOOK VALUES							
30th June 2023	11,845,274.23	13,509,661	17,108,727	28,177,562	45,653,641	54,000,000	170,294,865
30th June 2024	9,613,420	16,280,624	12,280,824	17,490,376	64,202,526	54,000,000	173,867,771

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

19 Intangible Assets - 30th June 2024

	Software Kshs 33%	Totals Kshs
COST		
1st July 2022	14,459,314	14,459,314
Additions	3,900,000	3,900,000
30th June 2023	18,359,314	18,359,314
1st July 2023	18,359,314	18,359,314
Additions	12,544,250	12,544,250
30th June 2024	30,903,564	30,903,564
AMORTIZATION		
1st July 2022	10,968,780	10,968,780
Amortization	2,849,496	2,849,496
30th June 2023	13,818,276	13,818,276
1st July 2023	13,818,276	13,818,276
Amortization	4,346,746	4,346,746
30th June 2024	18,165,022	18,165,022
NET BOOK VALUE		
30th June 2023	4,541,038	4,541,038
30th June 2024	12,738,542	12,738,542

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

		2024	2023
		Kshs	Kshs
20	Payables from exchange transactions		
	Trade payables	84,598,666	1,845,489
	Deposit payable	180,000	180,000
	Staff	74,356	-
	Board members Tax	66,000	-
		<u>84,919,022</u>	<u>2,025,489</u>
21	Provisions		
	Audit fees	1,000,000	1,300,000
		<u>1,000,000</u>	<u>1,300,000</u>
22	Accumulated fund		
	Balance brought forward	196,277,114	182,648,694
	Surplus (Deficit) for the period	(71,116,489)	13,628,420
	Balance carried forward	<u>125,160,625</u>	<u>196,277,114</u>
23	Reserves		
	Revaluation Reserve	<u>48,847,663</u>	<u>48,847,663</u>
24	CASH GENERATED FROM OPERATIONS		
		2024	2023
	Notes	Kshs	Kshs
	Cash flows from operating activities:		
	Surplus for the period	(71,116,489)	13,628,420
	Adjustments for:		
	Depreciation	18 27,022,795	27,701,876
	Amortization	19 4,346,746	2,849,496
	Loss (Gain) on disposal	-	-
	Operating profit before working capital changes	(39,746,949)	44,179,792
	Changes in operating assets and liabilities:		
	Decrease / (increase) in inventory	(7,141,727)	(7,570,416)
	Decrease / (increase) in receivable	(5,400,032)	(5,319,122)
	Increase / (decrease) in payable	82,893,533	(6,007,840)
	Increase / (decrease) in provisions	(300,000)	(696,000)
	Net cash from operating activities	<u>30,304,825</u>	<u>24,586,414</u>

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

25 Financial Risk Management

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

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

(i) Credit risk

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

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

	Total Amount Kshs	Fully Performing	Past Due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from non-exchange transactions	25,107,755	25,107,755	-	-
Bank Balances	19,857,483	19,857,483	-	-
Total	44,965,238	44,965,238	-	-
At 30th June 2023				
Receivables from non-exchange transactions	19,707,723	19,707,723	-	-
Bank Balances	32,692,607	32,692,607	-	-
Total	52,400,330	52,400,330	-	-

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

The credit risk associated with these receivables is minimal as the amounts represented here mainly comprise of prepayments for medical insurances for staff due for the following financial year 2023/2024.

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

(ii) Liquidity risk management

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

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

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

	Less than 1Month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	-	84,919,022	-	84,919,022
Provisions	-	1,000,000	-	1,000,000
Total	-	85,919,022		85,919,022
At 30th June 2023				
Trade payables	-	2,025,489	-	2,025,489
Provisions	-	1,300,000	-	1,300,000
Total	-	3,325,489	-	3,325,489

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

(iii) Market risk

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

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

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

iii. Currency Risk

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

iv. Capital Risk Management

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

	2024	2023
	Kshs	Kshs
Revaluation reserve	48,847,663	48,847,663
Accumulated Fund	125,160,624	196,277,113
Total funds	174,008,287	245,124,776
Total borrowings	-	-
Cash and bank balances	19,857,483	32,692,607
Gearing	0%	0%

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

26. Related Party Disclosure

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

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

Key Management compensation	2023/2024 Kshs	2022/2023 Kshs.
Council Members' Emoluments	28,706,596	23,563,705
Compensation to the Registrar/CEO	7,242,747	7,932,524
Compensation to the key management	25,878,255	32,312,304
Total	61,827,598	63,808,533

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

27. Progress on Follow Up of Auditor Recommendations

The Council received unqualified audit opinion for FY 2022-2023.

29. Events after the reporting period

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

30.Ultimate and Holding Entity

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

31. Currency

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

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024 (Continued)

32. Transfers from Other Governments Entities

Name of the MDA/Don or Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others must be specific	
MOH	09-08-23	Recurrent	21,250,000.0	21,250,000.0	-	-	-	-	21,250,000
MOH	17-11-23	Recurrent	7,083,333.30	7,083,333.30	-	-	-	-	7,083,333.30
MOH	13-12-23	Recurrent	7,083,333.30	7,083,333.30					7,083,333.30
MOH	08-01-24	Recurrent	7,083,333.30	7,083,333.30					7,083,333.30
MOH	15-02-24	Recurrent	7,083,333.30	7,083,333.30					7,083,333.30
MOH	12-03-24	Recurrent	7,083,333.30	7,083,333.30					7,083,333.30
MOH	15-04-24	Recurrent	7,083,333.30	7,083,333.30					7,083,333.30
MOH	03-05-24	Recurrent	7,083,333.30	7,083,333.30					7,083,333.30
MOH	03-05-24	Recurrent	7,083,333.30	7,083,333.30					7,083,333.30
MOH	04-07-24	Recurrent	7,083,333.30	7,083,333.30					7,083,333.30
Total			85,000,000	85,000,000	-	-	-	-	85,000,000

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

33. Implementation status of auditor-general's Recommendations

The following is the summary of issues raised by the external auditor and management comments provided to the auditor.

Reference No. on the external audit report	Issue/Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe:
	Failure to adhere to two-thirds on wages. The statement of financial performance and Note 10 to the financial statements reflects expenditure in respect of employee costs totaling Kshs. 133,059,312. Review of the payroll revealed that five (5) members of staff earned net salaries which were less than a third of their basic pay during various months contrary to section 19(3) of Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee	The Council renegotiated with the Sacco and the bank for loan duration extension. The affected staff also received annual credits of their respective Salary scale.	Resolved	N/A

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

	at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.			
	Staff on Secondment and Acting Capacity The statement of financial performance and Note 10 to the financial statements reflects expenditure on employee costs totaling to Kshs.133,059,312 out of which expenditure totaling to Kshs.4,394,663 was paid to staff members on secondment. Review of the payroll revealed that eight (8) members of the staff on secondment have served for at least six (6) years. In addition, five members of staff served in acting capacity during the financial year and were paid a total of Kshs.2,088,566 as acting allowance.	The four (4) of the Eight (8) staff deployed to the Council have since been recalled by the Ministry of Health. Out of the four (4) remaining two (2) of them are about to exit via retirement. Most of the acting positions were competitively recruited. The Council sought further approval from the Ministry of Health for recruitment of the existing vacant positions.	Not resolved	1 year

NURSING COUNCIL OF KENYA
Annual Report and Financial Statements
For the year ended 30th June 2024

	In the circumstances, the effectiveness of governance and decision-making process could not be confirmed			
	Understaffing Review of the staff establishment for the Council revealed that ninety-two (92) positions of various cadre were provided out of which sixty-one (61) posts were substantively filled resulting to understaffing of thirty-one (31) positions. In the circumstances, the effectiveness of governance and service delivery could not be confirmed	Awaiting approval from the parent ministry	Not Resolved	1 year
	Lack of a Risk Management Policy Review of records revealed that the Council's risk management policy lapsed in 2021 and a new one has not been developed. In the circumstances, the effectiveness of governance and service delivery could not be confirmed	The Risk Management policy was developed and Approved by the Council and now it is operational.	Resolved	N/A



Dr. Lister Onsongo
Registrar/CEO



Date
Nairobi