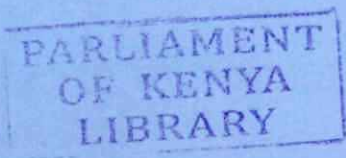


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**KENYA HEALTH PROFESSIONS OVERSIGHT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2024**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	03 MAR 2025 DAY
TABLED BY:	Hon. Naomi Waco MP Deputy Majority Party Whip
CLERK AT THE TABLE:	A. Shibusko

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

18 DEC 2024

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THE KENYA HEALTH PROFESSIONS OVERSIGHT AUTHORITY

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)

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
KHPOA	Kenya Health Professions Oversight Authority
TNA	Training Needs Assessment
PSC	Public Service Commission
KMPDC	Kenya Medical Practitioners and Dentist Council
SCAC	State Corporations Advisory Committee
FY	Financial Year 2023/2024

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.

2. Key Authority Information and Management

(a) Background information

The Kenya Health Professions Oversight Authority (KHPOA) was established under the Health Act No. 21 of 2017, specifically in Part VI, section 45 (1). This Authority is domiciled in Kenya and aims to create a unified health system, coordinate the inter-relationship between the National Government and County Government health systems, provide for regulation of health care service and health care service providers, health products and health technologies.

The Authority was operationalized in May 2019 to address the following; uncoordinated inspection of health facilities, compromised standards of health service delivery and training, registration and licensing of professionals, compromised professional conduct and ethical practices, and conflicting health regulatory laws which are not aligned to the Health Act No.21 of 2017.

(b) Principal Activities

The principal functions of the Authority are fundamentally oversight/regulatory in nature and they serve to ensure provision of ethical and quality health care services. Specifically, to ensure protection of the public from harm and provision of quality care to Kenyans.

Further, section 48 (1) of the Health Act provides for the following functions of the Authority;

- a) Maintain a duplicate register of all health professionals working within the national and county health system,
- b) Promote and regulate inter-professional liaison between statutory regulatory bodies.
- c) Coordinate joint inspections with all regulatory bodies,
- d) Receive and facilitate the resolution of complaints from patients, aggrieved parties and regulatory bodies,
- e) Monitor the execution of respective mandates and functions of regulatory bodies recognized under an Act of Parliament,
- f) Arbitrate disputes between statutory regulatory bodies, including conflict or dispute resolution amongst Boards and Councils, and
- g) Ensure the necessary standards for health professionals are not compromised by the regulatory bodies.

Vision

A trusted and reputable authority in health transformation.

Mission

To provide effective and responsive oversight in the regulation of health services and professionals.

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Core Values and Principles

- a) Customer Centric: The Authority commits to understanding, anticipating and satisfying the needs and preferences of its customers to create a positive and fulfilling experience.
- b) Professionalism the Authority will apply requisite knowledge, skills, competencies, standards and ethical values in operations
- c) Team Spirit: The Authority will embrace unity of purpose, collaborative partnerships to harness synergies in all endeavours
- d) Transparency and Accountability: The Authority will take responsibility for its roles, obligations and results, individually and collectively

(c) Key Management

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

No.	Designation	Name
1.	Chief Executive Officer	Dr. Jackson K. Kioko
2.	Ag. Director Corporate Services	Mr. David N. Wambua
3.	Ag. Director Complaints and Arbitration	Dr. Kemunto Misega
4.	Ag. Director Planning, Monitoring & Quality Assurance	Ms. Sophie M. Ngugi
5.	Ag. Director Inspection, Registration & Compliance	Mr. Henry O. Nyakundi
6.	Ag Head of Finance & Accounts Department	Mr. Stephen M. Mbuvi
7.	Ag. Head Corporate Communications Department	Ms. Sophie W Waihenya
8.	Ag. Head Procurement	Ms. Gladys K Onkangi

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Dr. Jackson K. Kioko
2.	Ag. Director Corporate Services	Mr. David N. Wambua
3.	Ag. Director Complaints and Arbitration	Dr. Kemunto N. Misega
4.	Ag. Director Planning, Monitoring & Quality Assurance	Ms. Sophie M. Ngugi

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No.	Designation	Name
5.	Ag. Director Inspection, Registration & Compliance	Mr. Henry O. Nyakundi
6.	Ag Head of Finance & Accounts Department	Mr. Stephen M. Mbuvi
7.	Ag. Head of Corporate Communications Department	Ms. Sophie W. Waihenya
8.	Ag. Head of Procurement	Ms. Gladys K. Onkangi

(e) Fiduciary Oversight Arrangements

There are several committees charged with oversight of various tasks as documented here below:

- **Audit, Risk and Compliance Committee**

The Audit, Risk and Compliance Committee is mandated to support the Board by monitoring and reviewing the risk, internal control and governance processes that have been established in the Kenya Health Professions Oversight Authority pursuant to Board policies, with the following members:

1. Irine M. Ogamba- Chairperson
2. Manasseh A. Bocha- Member
3. Mariam A. Abubakar- Member
4. Jerop Too-Co-opted member, Internal Auditor

- **Finance, Human Resource and General-Purpose Committee**

The Finance, Human Resource, and General-Purpose Committee is tasked with overseeing financial management, human resource functions, and general administrative matters. The committee ensures effective governance and resource allocation in these areas. Its members include:

1. Elyas Sheikh Abdinoor – Chairperson
2. Meboh Abuor- Member
3. Eunice Tole – Member

- **Ethics, Complaints and Disciplinary Committee**

The Ethics, Complaints and Disciplinary Committee is mandated to support the Board by overseeing the resolution of complaints from patients, aggrieved parties and regulatory bodies and arbitrate disputes between statutory regulatory bodies. The committee consists of the following members:

1. Mariam Adam- Chairperson
2. Meboh Abuor- Member

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3. Irine M. Ogamba- Member
4. Dr. Kigen Bartilol- Member

- **Inspection Registration and Compliance Committee**

The Inspection, Registration, and Compliance Committee is tasked with supporting the Board in overseeing inspections, registration processes, and ensuring compliance with relevant standards and regulations. The committee consists of the following members:

1. Eunice Tole – Chairperson
2. Manasseh Bocha – Member
3. Elias Sheikh Abdinoor – Member
4. Dr. Kigen Bartilol – Member

(f) Authority Headquarters

Kenya Health Professions Oversight Authority
P.O. Box 34422 - 00100
Kenya Medical and Dentist Practitioners Complex
Woodlands, Off Lenana Road
Nairobi, KENYA
The Authority currently does not have branches.

(g) Authority Contacts

Telephone: (254) 0742157424
E-mail: ceo@khpoa.go.ke
Website: <https://khpoa.go.ke/>

(h) Authority Bankers

1. Kenya Commercial Bank
The Priory Place,
Argwings Kodhek Road
P.O Box 48400
G.P.O 00100
NAIROBI, KENYA
2. National Bank of Kenya
Yaya centre,
P.O Box 72866
City Square 00200
NAIROBI, KENYA

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(i) Independent Auditor




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

(j) Principal Legal Adviser




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

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3. The Board of Directors/Council

Ref	Directors	Details
1.	 Dr. Amit N. Thakker Chairperson	<p>Dr. Amit Thakker, born on July 2, 1967, is an independent member serving as the Chairperson of the Kenya Health Professions Oversight Authority. In addition to this role, he is the Executive Chairman of Africa Health Business and the President of the Africa Healthcare Federation. With more than 30 years of experience, Dr. Thakker is widely recognized as a visionary entrepreneur and a leader in the fields of health service delivery, health financing, and health policy formulation across Africa. He was appointed on 25th March 2022.</p>
2.	 Irine Moraa Ogamba Member	<p>Ms. Irine Ogamba, born on July 16, 1972, is an Advocate of the High Court of Kenya, admitted to the Bar in 1999, and a Certified Public Secretary. With over 21 years of experience in public sector management, including six years as a Corporation Secretary, she has extensive expertise in institutional, legal, and policy development and analysis, human rights, corporate governance, administration, and strategic planning. Ms. Ogamba chairs the Audit, Risk and Compliance Committee and represents the Council of Governors. She was appointed on 4th March 2022.</p>
3.	 Meboh Atieno Abuor Member	<p>Ms. Meboh Abuor, born on March 25, 1987, is a Senior Program Manager at the Council of Governors Secretariat, specializing in intergovernmental relations and governance in devolution. She holds a Master of Arts in Human Rights, Peace, and Conflict from the University of Nairobi, as well as a Bachelor of Laws and a Postgraduate Diploma in Legal Practice from Uganda. An Advocate of the High Court of both Kenya and Uganda, Ms. Abuor brings extensive legal expertise from across the East African region. Ms. Abuor represents the Council of Governors. She was appointed on 4th March 2022.</p>

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4.	 <p>Mariam Adam Abubakar Member</p>	<p>Ms. Mariam Abubakar, born on February 11, 1981, is an accomplished Public Sector Advocate with over 11 years of legal experience. She serves as a Principal State Counsel at the Office of the Attorney General & Department of Justice (OAG & DOJ), where she is deployed to the Advocates Complaints Commission (ACC). Her expertise lies in investigating, researching, and prosecuting cases of professional misconduct against advocates. Ms. Adam chairs the Ethics, Complaints and Disciplinary Committee and represents the Attorney General. She was appointed on 4th January 2022.</p>
5.	 <p>Manaseh Ali Bocha Member</p>	<p>Manaseh Bocha, born on February 15, 1965, is a Clinical Officer by profession and currently serves as the Head of Clinical Services at the Ministry of Health Headquarters in Nairobi. He holds a Diploma in Clinical Medicine and Surgery from the Kenya Medical Training College and a Bachelor's degree in Health Systems Management. Among his key achievements at the Ministry of Health are coordinating the development of the Human Resources for Health Norms & Standards (2014-2018) and the Health Infrastructure Norms & Standards (2017). Mr. Bocha represents the Regulated Health Professionals (Clinical Officers Council). He was appointed on 4th March 2022.</p>
6.	 <p>Eunice Njeri Tole Member</p>	<p>Eunice Tole, born on July 23, 1980, is an influential leader dedicated to improving quality and patient safety within Kenya's health systems. She holds a Master's degree in Health Systems (Thesis Level) and a Bachelor of Science in Nursing (BSN, BScN), along with a valid nursing practice license. Additionally, she is a Certified Lead in ISO 9001:2015 and has certification in Joint Commission Tracer Methodology Survey. Ms. Tole also holds a certificate in Enterprise Risk Management. Ms. Tole an independent member chairs the Inspection Registration and Compliance Committee and represents the Regulated Health Professionals (Nursing Council). She was appointed on 4th March 2022.</p>

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7.	 Elyas Sheikh Abdinoor Member	<p>Mr. Elyas Abdinoor, born on January 31, 1977, has over 11 years of experience in the medical field. He holds a Bachelor's degree in Food Science, Nutrition, and Dietetics, along with diplomas in Community Health and Medical Laboratory. Currently, he is pursuing a Master's degree in Public Health (MPH). Mr. Abdinoor an independent member, chairs the Finance, Human Resource and General-Purpose Committee and represents the Private Sector. He was appointed on 4th March 2022.</p>
8.	 Dr. Kigen Bartilol	<p>Dr. Kigen Bartilol serves as the Alternative to the Principal Secretary for the State Department of Public Health and Professional Standards. In this role, he plays a key part in shaping public health policies and ensuring the highest standards of professionalism within the health sector. His contributions focus on strengthening health systems and improving public health outcomes across the country. He was appointed on 30th January 2024.</p>
9.	 Dr. Jackson K. Kioko, OGW, MBS, EBS Chief Executive Officer	<p>The Kenya Health Professions Oversight Authority Chief Executive Officer, Dr. KIOKO Jackson is a medical doctor by profession, specialist in public health; health systems organization and international health development. He holds a Master's degree in public health and international development; Master's degree in Health systems management and administration. He has over 25 years' experience in public health administration and management, having provided strategic leadership while serving in various capacities in the public service. Dr. Kioko has served as the Director, medical services; Head, Preventive & promotive services; Head, TB, Leprosy & lung disease program and Provincial Medical officer (Nyanza) as well as serving as District Medical Officer in various districts.</p>
10.	Corporation Secretary	<p>The position of Cooperation Secretary at the Authority is currently vacant, and recruitment for this position will be done FY 2024/2025</p>

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4. Key Management Team

	Management	Details
1.	 Dr. Jackson K. Kioko, OGW, MBS, EBS MPH, MD	Chief Executive Officer, Qualified in Medicine and Surgery.
2.	 David N. Wambua. DAN, KRCHN	Ag. Director Corporate Services, Qualified in Nursing Science
3.	 Dr. Kemunto Misega. Msc, Bsc.	Ag. Director Complaints and Arbitration, Qualified in Dental Surgery.
4.	 Sophia M. Ngugi. MPH, BScN	Ag. Director, Planning, Monitoring & Quality Assurance, Qualified in Public Health
5.	 Henry N. Omweri. PCO, Bsc	Ag. Director, Inspections Registration and Compliance, Qualified in Clinical Medicine

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6.	 Sophia W. Waihenya. Bsc.	Ag. Head Corporate Communications
7.	 Gladys K. Onkangi. Bsc.	Ag. Head Supply Chain Management Officer
8.	 CPA Stephen M. Mbuvi	Ag. Head Finance Officer

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5. Chairman's Statement

The Kenya Health Professions Oversight Authority (KHPOA) is a state corporation established under Part VI, Section 45 (1) of the Health Act No. 21 of 2017. The functions of the Authority are fundamentally oversight/regulatory in nature and seek to protect the public from harm and promote delivery of safe quality healthcare to Kenyans.

The Authority is administered by a Board of Eight (8) Directors whose members were appointed through gazette notice no. 2975 of 18th March, 2022. The Board has one representative from the Office of the Principal Secretary, State Department of Public Health and Professional Standards.

Key Achievements

During the financial year 2023/2024, the Board was able to register the following key achievements;

1. Strategic plan FY 2023/2024 -2027/2028

This strategic plan serves as a roadmap for the Authority to guide actions and decisions as it navigates through the complex landscape of healthcare regulation and oversight functions.

2. Performance Contract FY 2023/2024

The Board of Directors signed a Performance Contract FY 2023/2024 with the Cabinet Secretary, Ministry of Health which represents the basis for continuous performance improvement of the Authority.

3. Collaboration and Partnerships

a. The Authority is committed to developing networks for collaborations and partnerships in order to enhance its performance and operations. During the Financial Year 2023/2024 the Authority through the Board was able to visit and make consultations with ten (10) Counties in matters of compliance to standards in service delivery, recognition of health professionals previously unregulated for employment and establishing mechanisms for complaints handling and resolution at the facility and county levels.

b. The Authority was able to host Health Professions Authority Zimbabwe who had official visit for benchmarking.

4. Acquisition of Office Space

During the 4th Quarter of Financial Year 2023/2024, the Authority was able to lease office space at the Kenya Women Finance Trust (KWFT) building in Nairobi.

5. Health Regulations

The Board spearheaded the development of four (4) regulations in collaboration with stakeholders as provided in Section 48 (2) of the Health Act 2017.

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6. Promoting Quality of Care towards Achieving Universal Health Coverage

- a. The Authority mapped out thirty (30) health professional cadres previously unregulated of which sixteen (16) have been recognized for regulation by the Authority.
- b. Inspection of health facilities and training institutions for compliance to norms and standards.

7. Promoting Right to Health

During the FY 2023/2024, the Authority processed 19 complaints from patients, aggrieved parties and regulatory bodies. Further, the Authority onboarded complaints lodging form to e-citizen platform.

8. Human Resource Instruments

The Board spearheaded development of HR instruments for the Authority which have been approved by State Corporation Advisory Committee (SCAC) and Public Service Commission (PSC)

Challenges and Way Forward

1. Human Resource – The Authority has been managed by sixteen (16) in post staff (11 deployed from Ministry of Health while 5 employed on short-term local contract by the Board). This is against a staff establishment of 89 as per the HR instruments. The Authority is seeking for approval for recruitment of staff with the approved budget provided in FY 2024/2025 to enable the achievement of its broad mandate.
2. Limited Office Space – The Authority is currently hosted in a two roomed office space at the Kenya Medical Practitioners and Dentists Council (KMPDC) but has acquired a new office space in the 4th quarter of Financial Year 2023/2024 to be occupied in the 2nd Quarter Financial Year 2024/2025.
3. Inadequate Budget – During the FY 2023/2024 the Authority had an approved budget of Khs 65,562,468, which included KS 15,000,000 as Appropriation in Aid (AIA) and KS 50,562,468 as a grant. This was not adequate compared to the proposed budget estimates of KS 85,099,683. The Authority plans to expand the revenue streams to generate more resources and to seek additional grant from The National Treasury (TNT) to recruit staff and support its operations.
4. Conflicting Functions with Regulatory Bodies – Existing health regulatory laws have conflicting sections posing overlap and duplication of functions with the Authority. The Authority is coordinating review of existing conflicting regulatory laws to align with the provisions of the Health Act 2017, in addition to coordinating the process of modernization of health regulation in the country.


Dr. Amit N. Thakker

Chairperson, Board of Directors
Kenya Health Professions Oversight Authority

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6. Report of the Chief Executive Officer

The Kenya Health Professions Oversight Authority (KHPOA) is a state corporation established under Part VI, Section 45 (1) of the Health Act No. 21 of 2017. The Authority was operationalized in May 2019 with deployment of staff from the Ministry of Health. The functions of the Authority are fundamentally oversight/regulatory in nature and seek to protect the public from harm and promote delivery of safe quality healthcare to Kenyans.

Specifically, the mandate of the Authority is to provide oversight in the regulation of health services; training, registration and practice of health professionals; coordination of joint inspection of health facilities; facilitating resolution of complaints and disputes from patients, aggrieved parties and regulatory bodies; ensuring compliance to professional standards and monitoring execution of functions and mandate of health regulatory boards and councils.

The Authority is managed by a team of sixteen (16) in post staff (7 technical and 9 support) against approved staff establishment of 89. This is a lean staffing structure to support the implementation of the broad functions and mandate of the Authority.

Key Achievements

During the financial year 2023/2024, the Board was able to register the following key achievements;

1. Strategic plan FY 2023/2024 -2027/2028

This strategic plan serves as a roadmap for the Authority to guide actions and decisions as it navigates through the complex landscape of healthcare regulation and oversight functions. The strategic plan focuses on five (5) Key Result Areas, namely; – Health Professional Regulation, Health Safety & Quality, Health Service Delivery, Strategic Information, Research and Innovation, and Institutional Capacity Development.

2. Performance Contract FY 2023/2024

The Board of Directors signed a Performance Contract FY 2023/2024 with the Cabinet Secretary, Ministry of Health which represents the basis for continuous performance improvement of the Authority. This was cascaded down to the management with the signing of the Performance Contract between the Chief Executive Officer and the Board and was successfully executed. In addition, the management initiated the performance appraisal system with the staff.

3. Institutional Capacity Development

- a. The Authority is committed to strengthen effectiveness of its corporate communication and advocacy through development of networks for collaborations and partnerships to promote visibility and enhance its performance and operations. During the FY 2023/2024 the Authority through the Board was able to visit ten (10) Counties to sensitize on its mandate and in matters of compliance to standards health service delivery, recognition of health professionals previously unregulated for employment and establishing mechanisms for complaints handling and resolution at the facility and county levels.

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Further, the Authority was able to train fifteen (15) on public relation, and built the capacity of all 47 counties in inspection of health facilities for continuous quality improvement by training 3-4 health inspectors in each county.

- b. The Authority was able to map out countries with related oversight functions and had the pleasure of hosting the Health Professions Authority Zimbabwe and held a virtual meeting with British Columbia Ministry of Health for benchmarking.

4. Acquisition of Office Space

Since 2019, the Authority has not had an office space to carry out its operations. In the 4th Quarter FY 2023/2024, the Authority was able to lease office space at the Kenya Women Finance Trust (KWFT) building in Nairobi. It is anticipated that the office space will be completed and ready for occupation in the 2nd Quarter FY 2024/25.

5. Strengthening Regulatory processes for effective Oversight

- (a) During this period, the Authority spearheaded the development of four (4) regulations with the support of legal experts from the Office of the Attorney General, Kenya Law Reforms and legal officers from the Ministry of Health as provided in Section 48 (2) of the Health Act 2017. The following regulations were developed;

- a. Monitoring the Execution of Mandates and Functions of Health Regulatory Bodies and Standards of Health Professionals - Regulations, 2023
- b. Establishment of a Health professional Regulatory Body - Regulations, 2023
- c. Coordination of Joint Health Inspections – Regulation, 2023
- d. Complaint Handling – Regulation, 2023

- (b) In order to strengthen regulation and compliance to norms and standards towards Achieving Universal Health Coverage

- i. The Authority mapped out thirty (30) health professional cadres previously unregulated of which sixteen (16), have been recognized for regulation by the Authority and are currently practicing in service delivery. In addition, the Authority was able to register and license 2,098 health professionals whose details are contained in respective registers.
- ii. Coordinated Inspection of 3,152 health facilities for compliance to norms and standards in service delivery in the country. This was far above set annual target of 1,800.
- iii. A total of 76 (target of 80) institutions for training health professionals were inspected for compliance to norms and standards.

6. Health Safety and Quality

During the FY 2023/2024, the Authority processed 19 complaints from patients, aggrieved parties and regulatory bodies. Further, the Authority onboarded complaints lodging form to e-Citizen platform, and was able to upload on the website two (2) procedures on complain handling.

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(c) Human Resource Instruments

The Board spearheaded development of HR instruments for the Authority which have been approved by State Corporation Advisory Committee (SCAC) and Public Service Commission (PSC). These include the following;

- i. Organization, Grading and Staffing Structure
- ii. Career Progression Guideline
- iii. Human Resource Policies and Procedures Manual

(d) Contractual Staff

The Authority through the Board recruited five (5) critical staff on short term local contract (1 year) to compliment eleven (11) deployed staff from the Ministry of Health. This has contributed significantly to improved performance of the Authority.



DR. KIOKO Jackson K. OGW, MBS, EBS
CHIEF EXECUTIVE OFFICER/DG
KENYA HEALTH PROFESSIONS OVERSIGHT AUTHORITY

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7. Statement of Performance against Predetermined Objectives for FY 2023/2024

The Kenya Health Professions Oversight Authority has five (5) strategic goals and objectives within the current Strategic Plan (2023-2027). These strategic goals are as follows:

1. Health Professional Regulation
2. Health Safety and Quality
3. Health service delivery
4. Strategic Information, Research and Innovation
5. Institutional Capacity Development

The Kenya Health Professions Oversight Authority is expected to develop its Annual Work Plans (AWPs) based on the above 5 goals, while assessment of the Board's annual plan performance is done on a quarterly basis. The Authority achieved its performance targets set for the *FY 2023/ 2024* period for its 5 strategic goals, as indicated in the table below:

Strategic Goals	Objective	Key Performance Indicators	Activities	Achievements
1. Health professional regulation	To strengthen and streamline regulatory processes and procedures for effective oversight of professional standards.	Number of consultative fora held	Coordinate 4 No. consultative forums of health regulatory bodies	2 out of 4 consultative forums coordinated
		Number of training institutions inspected on adherence to norms and standards	Inspect 80 No. training institutions for compliance to norms and standards	76 out of 80 training institutions inspected
		Number of internship hospitals inspected	Inspect 40 No. internship hospitals on adherence to norms and standards	34 out of 40 internship hospitals inspected
		Number of Scopes of practice developed	Coordinate development of 3 No. of Scopes of Practice for health professionals	3 scopes of practice developed for health professionals
		Number of Regulations developed	Develop KHPOA regulations	4 regulations developed
	To streamline the health professional regulation	Number of health professional cadres mapped	Mapping of unregulated health professional cadres	30 unregulated health professionals' cadres mapped out

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2. Health Safety and Quality.	To establish an effective complaint resolution mechanism	Complaint lodging form onboarded on e- Citizen	Develop and Onboard complaint lodging form	Complaint lodging form onboarded on e- Citizen
		Proportion of Complaints and Disputes processed	Process Complaints and Disputes lodged to the Authority	100% complaints and Disputes processed
		Developed Guide	Develop complaint handling Guide	One (1) Complaint Handling Guide Developed
	To promote patient safety and public protection	Number of professional and ethical practice code developed	Develop integrated code of professional conduct and ethical practice	One (1) Integrated Code Developed
		Number of stakeholders consultative fora held	Coordinate stakeholders' consultative fora on health professional standards	1 out of 2 stakeholders' consultative fora held
		Developed of health facility code	Develop health facility code of standards	1 facility code of standards developed
	3. Health service delivery	To promote adherence to set norms and standards in health service delivery	Annual inspection calendar developed	Develop joint inspection calendar
Proportion of health facilities inspected			Coordinate joint inspection of 1,500 No. of health facilities for compliance to norms and standards in service delivery	3,152 health facilities inspected
Percentage of counties with at least 3 No. trained inspectors			Train at 3 No. health inspectors in all 47 counties	100% counties with at least 3 inspectors
Number of reviews held on inspection of health facilities by counties			Coordinate 1 No. health facilities reviews by counties	One (1) annual review coordinated

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4. Strategic Information, Research and Innovation	To strengthen the effectiveness of corporate communication and advocacy	Number of structured media engagement sessions	Carry out structured media engagements	4 structured media engagements carried out
		Number of CSR done	Carry out Corporate Social Responsibility (CSR)	3 Corporate Social Responsibility carried out
		Number of counties sensitized on the Authority's mandate	Create awareness of the Authority's mandate in counties	10 counties sensitized on the Authority's mandate
5. Institutional Capacity Development	To build human resource capacity of the Authority	Number of staffs recruited	Recruit priority KHPOA staff	5No. KHPOA staffs recruited
		Proportion of staff participating in performance appraisal	Undertake staff performance appraisal	79% of staff participating in performance appraisal
	To develop effective planning, monitoring and evaluation system	Number of Annual Workplans review reports prepared	Review and prepare Annual Work Plan	1 No. Annual Report prepared for the Authority
	To develop and secure essential corporate capital resources	Percentage level of completion of office space	Partition office space	100% completion of office space

The above activities in the statement of performance are tied with the core mandate of the Authority. These achievements demonstrated in this statement are also contained in Performance Contract of FY 2023/2024 evaluation report.

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8. Corporate Governance Statement

The Kenya Health Professions Authority is administered by a Board as provided under section 46 of the health Act 2017. The Board of Directors has been bestowed powers necessary for the proper performance of its functions under the Health Act 2017 and in particular, powers to;

1. Control, supervise and administer the assets of the Authority in such manner and for such purpose as best promotes the purposes for which the Authority is established;
2. Determine the provisions to be made for capital and recurrent expenditure and for the reserve of the Authority;
3. Receive any grants, gifts, donations, or endowments and make legitimate disbursements therefrom;
4. Enter into association with other bodies or organizations within and outside Kenya as the Authority may consider desirable or appropriate and in furtherance of the purpose for which the Authority is established. open a banking account or banking accounts for the funds of the Authority; and
5. Invest any funds of the Authority not immediately required for its purposes as provided under section 58 of the Act.

The Board of Directors meet at least four times a year. Comprehensive Board papers are prepared and circulated to all Directors for all substantive agenda items prior to the meeting. This allows time for the Directors to undertake an appropriate review of the Board papers to facilitate full and effective discussions at the meetings. The submissions and notification period may be waived should any urgent and /critical matters arise within the two-week period to the date of the meeting.

During the period under review the Board held Four **(4) Full Board meetings** and two **(2) Special Board meetings** which included Board evaluation by SCAC, sensitization of KHPOA Strategic Plan. Attendance to meetings is either physical or virtual.

The statutory duty to avoid situations in which the Directors have or may have interests that conflict with those of the Authority has been observed and recorded in the conflict of interest register by the Board in the financial year under review. Declaration of a conflict of interest is also a standard agenda item which is addressed at the onset of each Board and committee meeting. Where a director(s) declares conflict, the Director are excluded from the quorum and vote in respect of any matters in which they have an interest. No material conflicts were reported by Directors in the year under review. Five (5) of the Directors underwent Board induction which provided an overview of the Authority, the Authority's operating environment and new developments in accounting and financial reporting procedures, as well as other regulatory changes. Further as part of training and development five (5) Board members underwent Corporate Governance training to enable them to fulfil their responsibilities.

Board evaluation was conducted by the State Corporations Advisory Committee (**SCAC**) on the 2th August 2023 in line with the provisions of the Mwongozo Code of Corporate Governance. The board attained a mean score of 87.6 percent.

The Board has four standing committees namely:

1. Audit, Risk and Compliance Committee (ARCC)

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2. Finance, HR & General-Purpose Committee (FHR-GPC)
3. Ethics, Complaints & Disciplinary Committee (ECDC)
4. Inspection, Registration & Compliance Committee (IRCC)

Each committee has formal and approved terms of reference. The Board periodically reviews the terms of reference for each of these committees to ensure they are in line with current legislation and best practice. The Board retains oversight authority over the committees.

A Charter, which is critical for the Authority's governance framework, guides the Board and it offers guidance on matters including but not limited to the following:

The separation of the roles, functions, responsibilities and powers of the Board and its individual members;

Powers delegated to the Board committees; Matters reserved for final decision-making and approval by the Board;

Policies and practices of the Board on matters of corporate governance,

Directors' declarations and conflict of interest, conduct of Board and Board committee meetings;

Nomination, appointment, induction, ongoing training and performance evaluation of the Board and its committees.

It also includes a Code of Ethics and Conduct to pursue ethical decision making and leadership to promote corporate social responsibility. The Board has implemented the Code of Ethics and Conduct which binds Directors.

The Authority developed guidelines and criteria that set out for the compensation of the Board of Directors. The remuneration to be paid to the Board of Directors is guided by Government Circulars and Guidelines issued from time to time.

Whistle blowing policy for the Authority is in the development process to provide for anonymous reports on unethical/fraudulent behavior. The Authority Acknowledges that Corporate Communication strategy is an integral part of the Authority as it plays a key role in shaping its image, identity, and reputation. However, the Authority is in the process of developing a communication strategy and the activity has been prioritized in the FY 2024/2025.

The board has identified the critical positions within the Authority and has developed action plans for individuals who are to assume those positions. In view of the current and future strategic goals. the board has put in place Job descriptions with key competencies and skills necessary for business continuity; further the Authority supported the training of two (2) staff in senior management course and three staff (3) in Strategic Leadership & Development Program in preparation to take management responsibilities within the Authority.

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9. Management Discussion and Analysis

However, The Kenya Health Professions Oversight Authority was operationalized in May 2019, it has been receiving itemised budget administered and accounted for in the ministry of health up to the financial year 2022/2023. The authority was able to receive its first grant of Kenya shillings 50,562,468 from the exchequer during the financial year 2023/2024. In addition, the Authority declared to collect Kshs. 15,000,000 as AIA, being revenue generated from two revenue streams namely registration and licencing of health professionals which are onboarded in the Citizen platform. A total of Kshs. 65,562,468 was the approved budget for the authority during the financial year 2023/2024. In this regard, the authority is able to give a report on operational and financial performance during the financial year 2023/2024.

BUDGET ALLOCATION	FY 2023/2024	FY 2022/2023
GRANTS	50,562,468	-
AIA	15,000,000	-
TOTAL	65,562,468	-

RISKS AND CHALLENGES

The KHPOA has complied with both the Finance Act and the Disposal Act.

However, KHPOA faces several challenges among them, lack of office space which thus risking proper storage and custody of its assets. However, KHPOA is addressing this problem by renting office space in Kenya Women Finance Trust building. The organisation also lacks a Corporate Secretary, Human Resource officer, Head Administration and Finance besides limited human resource personnel.

The financial performance is a function of exchequer releases. The quarterly exchequer releases never come on time thus delaying the overall implementation of the organization's targets.

The slow legal process affected the timely collection of revenue by way of Registration and Licensing. During the financial year, the government issued a directive that revenue collection to be done through the e-Citizen platform. This equally posed a challenge to the officers who weren't conversant with the system and needed to be trained, thus affecting performance of the organization.

KEY PROJECTS

Currently, the only project in the organization is acquisition of office space at the Kenya Women Finance Trust building.

10. Environmental and Sustainability Reporting

i) *Sustainability strategy and profile*

The Kenya Health Professions Oversight Authority (KHPOA) recognizes the importance of sustainability in its operations and governance. Key achievements include the integration of Bottom-Up Economic Transformation Agenda (BETA) that guides promotion of Universal Health Coverage (UHC) which the Authority remains committed to its achievement through oversight in regulation of health services, registration and licensing of health professionals.

Further health being a devolved function, the Authority promotes right to health and improves quality of care through inspection of health facilities and establishment of complaint handling mechanisms in health facilities. However, the Authority acknowledges challenges facing it such as limited resources, which have hindered full implementation of some initiatives. Moving forward, the Authority is committed to improving its sustainability outcomes by increasing stakeholder engagement, resource mobilization and increase capacity to implement broad mandate of the Authority and invest on corporate landscape to enhance the visibility of the Authority.

ii) *Environmental performance*

The Authority is guided by the Climate Change Act 2023 that focuses on minimizing its environmental footprint through responsible management of resources. The policy is aligned with national environmental regulations and international standards.

Successes by the Authority include the implementation of presidential directive on tree growing where the Authority planted 400 trees in West Pokot as part of Corporate Social Responsibility (CSR), and promoting biodiversity. The Authority has made strides in reducing its carbon footprint by digitizing three of its services and therefore reducing paper usage.

The Authority is also guided by the National Guidelines for Safe Management of Healthcare Waste and ensures compliance to waste management through segregation and disposal of waste in health facilities.

iii) *Employee welfare*

The Human Resource Policy and Procedures Manual provides procedures and processes for recruiting, training, retaining and promotion of staff. This policy is used as a reference and guide to employees in Human Resource as well as providing principles of how they should be implemented and enforced. The policy also provides rationale on recruitment and selection process which does not discriminate on the basis of race, gender, religion or ethnicity. HR policy provides for review of stakeholder engagement every three years or as is necessary.

Further, the Authority, undertook a Training Needs Assessment (TNA) and a skills gap analysis that identified gaps staff has in relation to the job they perform or are expected to perform. The staff are also engaged in performance appraisal systems that is designed to motivate and recognize staff for performance excellence.

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Additionally, the Authority commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, the Authority maintains healthy and safe working conditions to ensure there is no personal injury caused by accidents this is in compliance to the Occupational Safety and Health Act of 2007 (OSHA)

iv) *Market place practices-*

a) *Responsible competition practice.*

The Authority ensures responsible competitive practices by implementing a series of strategies, policies, and measures aimed at fostering ethical business conduct. A case in point is the establishment of the Public Finance Management Standing Committee (PFMSC) of the Authority with the mandate to support the Board by monitoring and reviewing the risk, internal control and governance processes that have been established.

Further, before entering into agreements with third-party vendors, suppliers, or partners, the Authority conducts due diligence to ensure they also follow responsible and ethical business practices.

b) *Responsible Supply chain and supplier relations*

The Authority maintains good business practices, treats its own suppliers responsibly by fostering transparent, ethical, and fair relationships. They include: -

Establishing Clear and Fair Contracts;
Fair payment terms and timely payments;
Building Long-Term Relationships with Suppliers by maintaining open and
Transparent communication, among others.

c) *Responsible marketing and advertisement*

The Authority has made efforts to uphold ethical marketing practices when advertising procurement tenders by ensuring tender advertisements are clear and detailed, providing all necessary information such as tender specifications, submission requirements, timelines, and evaluation criteria. Further, it ensures that the tendering process is open to all qualified bidders without bias or discrimination based on factors like location, size of business, or personal connections. All tender advertisements comply with the Public Procurement and Asset Disposal Act and other relevant regulations in Kenya, in order to ensure that the procurement process is legal, ethical, and free from corruption

d) *Product stewardship*

The Authority ensures all materials and products procured are sourced responsibly, from suppliers that uphold ethical practices, including respect for human rights, fair labour conditions, and sustainable resource use. It requires suppliers to demonstrate compliance with recognized environmental certifications (e.g., ISO 14001) or ethical standards such as fair labor practices and responsible sourcing. In addition, the Authority focuses on procuring high-quality, durable products that provide long-term value and reduce the need for frequent replacements, which can lead to increased waste and costs.

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v) Corporate Social Responsibility / Community Engagements

In response to the Presidential directive on the national tree restoration campaign, the Authority participated in three tree growing initiatives during the 2023/2024 financial year, planting over 400 trees in Kapenguria, West Pokot. Beyond contributing to environmental protection, this initiative also improves the aesthetic and environmental quality of local communities, promoting public health and well-being.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Authority's affairs.

i) Principal activities

The principal activities of the Authority are: -

- a. Coordinate joint inspection of health facilities with all regulatory bodies;
- b. Ensure the necessary standards for health professionals are not compromised by the regulatory bodies.
- c. Receive and facilitate the resolution of complaints from patients, aggrieved parties and regulatory bodies;
- d. Arbitrate disputes between statutory regulatory bodies, including conflict or dispute resolution amongst Boards and Councils; and

ii) Results

The results of the Authority for the year ended June 30, 2024, are as set out on page 1 to 6

iii) Directors

The members of the Board of Directors who served during the year are shown on page x, to xii. During the year none of the directors retired/ resigned.

iv) 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 Kenya health professions oversight authority had No surplus during the financial year 2023/2024.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Kenya Health Professions Oversight Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....

Name

Ag. Corporation Secretary/Secretary to the Board

THE KENYA HEALTH PROFESSIONS OVERSIGHT AUTHORITY
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12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - and Health Act No.21 of 2017, part vi, section 45 (1) requires the Directors to prepare financial statements in respect of that of the Kenya Health Professions Oversight Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 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 Entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Authority;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Health Act, 2017.


The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority transactions during the financial year ended June 30, 2024 and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Authority's ability to continue and nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

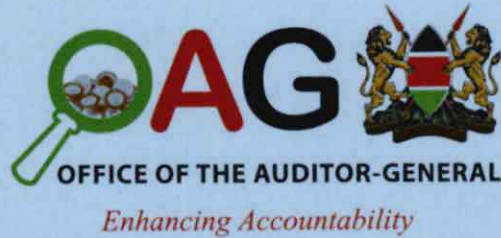
The Authority's financial statements were approved by the Board on 28th September, 2024 and signed on its behalf by:


.....
Name
Chairperson of the Board/Council


.....
Name **DR. KIOKO JACKSON**
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA HEALTH PROFESSIONS OVERSIGHT AUTHORITY 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Health Professions Oversight Authority set out on pages 1 to 26, which comprise of the statement of financial

Report of the Auditor-General on Kenya Health Professions Oversight Authority for the year ended 30 June, 2024

position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Health Professions Oversight Authority 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 Part VI, Section 45(1) of the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Health Professions Oversight Authority 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of budget and actual amounts reflects actual on a comparable basis income of Kshs.67,635,292 against actual expenditure of Kshs.52,293,481 resulting to under expenditure of Kshs.15,341,811 or 23% of budget.

The under expenditure may have affected the planned activities which would impact negatively on service delivery to the public.

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. There were no key audit matters to report in the year under review.

Other Information

The Management is responsible for the other information set out on page iv to xxviii which comprise of Key Authority Information and Management, The Board of Directors, 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 Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority'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 on this regard.

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. Non-Submission of Financial Statements

During the year under review, it was noted that the Authority was operationalized in May 2019. However, Management did not prepare and submit for audit financial statements for financial years 2020/2021, 2021/2022 and 2022/2023. This was contrary to Section 81 of the Public Finance Management Act, 2012 which requires the Director of the Authority to prepare financial statements for each financial year in a form prescribed by the Accounting Standards Board.

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

2. Employees in Acting Capacity Beyond Stipulated Period

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects employee costs of Kshs.2,575,700. Review of the human resources records revealed that seven (7) of the personnel in the management have been in acting capacity for more than two (2) years. This was contrary to Section 34(1) of Public Service Commission Act, 2017 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

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. Inadequate Staffing Levels

During the year under review, the Authority had an approved staff establishment of eighty-nine (89) staff. However, only sixteen (16) were in post resulting to an understaffing of seventy-three (73) positions.

In the circumstances, the effectiveness of service delivery of the Authority could not be confirmed.

2. Weaknesses in Preparing Schedules and Reconciliations

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects licenses and permits of Kshs.17,072,824. However, the schedules provided for audit did not reflect the dates of paying, the period, payment reference number, invoice number or receipt number. Further, the statement of financial position and as disclosed in Note 13 to the financial statements reflects cash and bank balances of Kshs.10,949,656. However, review of the bank reconciliations revealed that the names of preparers, dates and signatures of the authorizing staff were not indicated. In addition, monthly bank reconciliation statements were not submitted to the National Treasury and there was no evidence of carrying out board of survey.

In the circumstances, the internal controls on maintenance of licenses and permits schedules and preparing bank reconciliations 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 Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Authority's ability to continue to sustain services disclosing, as applicable, matters related to sustainability of services and using the application 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 Board of Directors is responsible for overseeing the Authority'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

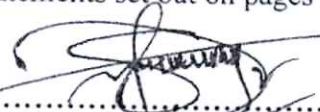
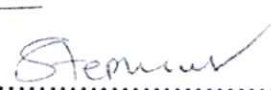
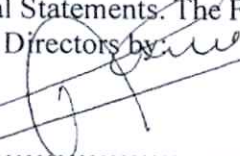
24 December, 2024

The Kenya Health Professions Oversight Authority
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14. Statement of Financial Performance for the year ended 30 June 2024

	Notes	FY 2023 - 2024	FY 2022/2023
		Kshs..	Kshs..
Revenue from non-exchange transactions			
Transfers from other governments entities	7	50,562,468	0
Licenses and permits	8	17,072,824	-
Total revenue		67,635,292	-
Expenses			
Use of goods and services	9	42,959,087	-
Employee costs	10	2,575,700	-
Board Expenses	11	6,218,134	-
Repairs and maintenance	12	540,560	-
Total expenses		52,293,481	-
Surplus/deficit for the year/ period		15,341,811	-

The notes set out on pages 5 to 32 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by

		
Name: Dr. Richard Jackson	Name: Stephen M. Mbuvi	Name: Dr. Arit N. Thullen
Accounting Officer	Head of Finance	Chairman of the Board
Date 17-12-2024	Date 17-12-2024	Date 17-12-2024

The Kenya Health Professions Oversight Authority
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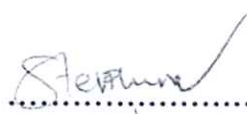
15 Statement of Financial Position as at 30 June 2024

	Notes	FY 2023 - 2024	FY 2022-2023
		Kshs..	Kshs..
Assets			
Current Assets			
Cash and Cash equivalents	13	10,949,656	-
Receivables from non-exchange.	14	2,669,548	-
Total Current Assets		13,619,204	-
Non-Current Assets			
Property, Plant and Equipment	15	3,127,000	-
Total Non- Current Assets		3,127,000	-
Total Assets (A)		16,746,204	-
Liabilities			
Current Liabilities			
Trade and Other Payables	16	1,404,393	-
Total Current Liabilities		1,404,393	-
Non-Current Liabilities		-	
Total Liabilities (B)		1,404,393	
Net Assets (A-B)		15,341,811	
Represented by:			
Accumulated Surplus		15,341,811	-
Capital Fund		-	
Net Assets		15,341,811	-

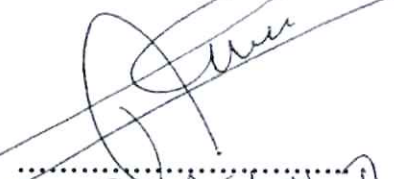
The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


 Name **J. Kioko Jackson**
 Accounting Officer

Date. 17-12-2024


 Name **Stephen M. Mbuvi**
 Head of Finance
 ICPAK No. 30488

Date. 17-12-2024


 Name **Dr. Amit N. Thakker**
 Chairman of the Board

Date. 17-12-2024

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16. Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Retained earnings	Capital/ Development Grants/Fund	Total
	Kshs..	Kshs.	Kshs.
As at July 1, 2024	-	-	15,341,811
Surplus/ (deficit) for the year	15,341,811	-	-
Capital/development grants received during the year	-	-	-
As at June 30, 2024	15,341,811	-	15,341,811

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17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	FY	FY 2022/2023
		2023 – 2024	
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		50,562,468	-
Licenses and permits		17,072,824	-
Total receipts		67,635,292	-
Payments			
Use of goods and services		42,959,087	-
Employee costs		2,575,700	-
Board Expenses		6,218,134	-
Repairs and maintenance		540,560	-
Total payments		52,293,481	-
Changes in working capital			
Changes in receivables		(2,669,548)	
Decrease/Increase in payables		1,404,393	
Net cash flows from/(used in) operating activities		14,076,656	-
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(3,127,000)	-
Net cash flows from/(used in) investing activities		(3,127,000)	-
Net increase/(decrease) in cash & Cash equivalents		10,949,656	-
Cash and cash equivalents at 1 July		-	-
Cash and cash equivalents at 30 June		10,949,656	-

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	50,562,468	-	50,562,468	50,562,468	-	-
Licenses and permits	17,072,824	-	17,072,824	17,072,824	-	-
Total Income	67,635,292	-	67,635,292	67,635,292	-	-
Expenses						
Use of Goods and Services	52,046,898	-	52,046,898	42,959,087	9,087,811	83%
Employee costs	2,575,700	-	2,575,700	2,575,700	-	100%
Repairs and Maintenance	540,560	-	540,560	540,560	-	100%
Board Expenses	6,218,134	-	6,218,134	6,218,134	-	
Total Expenditure	61,381,292	-	61,381,292	52,293,481	-	0%
Capital Expenditure	3,127,000	-	3,127,000	3,127,000	-	-

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19. Notes to the Financial Statements

1. General Information

The Kenya Health Professions Oversight Authority is established by and derives its authority and accountability from the Health Act No. 21 of 2017. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to provide oversight in regulation of health care services; training, registration and licensing of health professionals; coordinate joint health inspections; receive and facilitate resolution of complaints and arbitrate disputes and conflicts; ensure compliance of health professional standards and monitor execution of respective mandates and functions of health regulatory bodies.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of equipment, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. 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 Kenya Health Professions Oversight Authority'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 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kenya Health Professions Oversight Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.
 There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> 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 Authority. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and	<i>Applicable 1st January 2025</i> The Standard requires,

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Standard	Effective date and impact:
Discontinued Operations	<p>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:</p> <p>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.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>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 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.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>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 Authority 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.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>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.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>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.</p>

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iii. Early adoption of standards

The Kenya Health Professions Oversight Authority did not early – adopt any new or amended standards in the financial year or *the Authority adopted the following standards early (state the standards, reason for early adoption and impact on Authority 's financial statements.)*

3. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

The Kenya Health Professions Oversight Authority relies on transfers from the Central Government through the Ministry of Health as grant plus collection of A-in-A generated in sale of Registration and Licence to practice.

ii) Revenue from exchange transactions

Rendering of services

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

Summary of Significant Accounting Policies

Sale of goods

The Kenya Health Professions Oversight Authority has no revenue that accrue from sale of goods, other services from registration and practice license.

Interest income

There is no interest income that accrue to the Kenya Health Professions Oversight Authority activities.

Dividends

The Kenya Health Professions Oversight Authority has no trading concerns that occasion generation of profits distributable by way of dividends.

Rental income

The organization has no income arising from operating leases on investment properties.

b) Budget information

The original budget for the Current Financial Year 2023/2024 was approved by the National Assembly on 17th July, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, The Kenya Health Professions Oversight Authority recorded additional appropriations of Kshs.. 65,562,468 including Kshs.. 15,000,000 from the collection of A-I-A on the 2023/2024 budget, following the governing body's approval.

Summary of Significant Accounting Policies

The Kenya Health Professions Oversight Authority's budget is prepared on a cash basis of accounting. However, because of the current change from cash to accrual basis of accounting, the Authority is set to adjust accordingly in the financial year 2024/2025. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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c) **Taxes**

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Kenya Health Professions Oversight Authority operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Kenya Health Professions Oversight Authority and the same taxation authority.

Summary of Significant Accounting Policies

Sales tax

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

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

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

d) Investment property

The Kenya Health Professions Oversight Authority has no investment property, though such undertakings may be of consideration in future as the organization continue to grow.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Kenya Health Professions Oversight Authority 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 is not done in the year of purchase but full depreciation is done in the year of disposal.

f) Leases

The Kenya Health Professions Oversight Authority is in the process of leasing office space at the Kenya Women Finance Trust building, and hopes to occupy it once partition which is ongoing is done. The lease shall be held for a term of five years and rent is payable per annum. The cost of the lease agreement include rent, packing lot and service charge.

Summary of Significant Accounting Policies

g) Intangible assets

The Kenya Health Professions Oversight Authority doesn't have acquired intangible assets.

h) Research and development costs

The Kenya Health Professions Oversight Authority as of now, does not undertake research and development activities.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Kenya Health Professions Oversight Authority *does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate)*. A financial instrument is any contract that gives rise to a financial asset of one Authority and a financial liability or equity instrument of another Authority. At initial recognition, the Authority measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The Kenya Health Professions Oversight Authority does not hold financial assets that qualify for amortization.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Authority classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

The Kenya Health Professions Oversight Authority is a new agency and has no financial assets held in its books of accounts, that are for repayment as principal and interest.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Authority manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The Kenya Health Professions Oversight Authority assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Authority recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

b) Financial liabilities

Classification

The Kenya Health Professions Oversight Authority classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Kenya Health Professions Oversight Authority.

Summary of Significant Accounting Policies

k) Provisions

Provisions are recognized when the Kenya Health Professions Oversight Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Kenya Health Professions Oversight Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Authority recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Authority will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

The Authority 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.

n) Contingent assets

The Authority 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 Kenya Health Professions Oversight Authority 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.

Summary of Significant Accounting Policies

o) Nature and purpose of reserves

The Kenya Health Professions Oversight Authority creates and maintains reserves in terms of specific requirements. Authority to state the reserves maintained and appropriate policies adopted.

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The Kenya Health Professions Oversight Authority doesn't provide a retirement benefit scheme for its employees and directors. The defined contribution plans are post-employment benefit plans under which Kenya Health Professions Oversight Authority pays fixed contributions as deductions from the salary.

r) 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.

s) Borrowing costs

The Kenya Health Professions Oversight Authority currently is not undertaking any construction and has no accrued borrowing costs for capitalization.

t) Related parties

The Kenya Health Professions Oversight Authority related parties are the person(s) or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Kenya Health Professions Oversight Authority, or vice versa. These members of key management comprise of the directors, the CEO and senior managers.

u) Service concession arrangements

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

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Summary of Significant Accounting Policies

v) Cash and cash equivalents

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

w) Comparative figures

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

x) Subsequent events

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

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4. Significant Judgments and Sources of Estimation Uncertainty

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

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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Authority.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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.

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7. Transfers from Other Government entities

Description	FY 2023 - 2024	FY 2022/2023
	Kshs.	Kshs.
Unconditional Grants		
Operational Grant	50,562,468	-
Total Unconditional Grants	50,562,468	-
Conditional Grants amortised/ transferred to revenue		
Total Government Grants and Subsidies	50,562,468	-

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Authority Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Ministry of Health / State Department of Public Health and Professional Standards.	50,562,468	-	-	50,562,468	-
Total	50,562,468	-	-	50,562,468	-

8. Licenses, Fees and Permits

Description	FY 2023 – 2024	FY 2022/2023
	Kshs.	Kshs.
Licenses	17,072,824	-
Fees	-	-
Permits	-	-
Total	17,072,824	-

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9. Use of Goods and Services

Description	FY 2023 - 2024	FY 2022/2023
	Kshs.	Kshs.
Professional Services	1,798,276	-
Subscriptions	685,567	-
Conferences and Delegations	3,884,342	-
Fuel and Oil	2,777,794	-
Printing and Stationery	2,545,622	-
Rent expenses	266,890	-
Telecommunication	500,000	-
Training	1,843,676	-
Travel, Subsistence & Other Allowances*	27,754,261	-
Corporate Social Responsibility	740,900	-
Bank charges	161,759	-
Total	42,959,087	

10. Employee Costs

Description	FY 2023 - 2024	FY 2022/2024
	Kshs.	Kshs.
Salaries and wages	2,547,620	-
Employer contribution to health insurance schemes	-	-
Employer contribution to pension schemes	28,080	-
Gratuity	-	-
Employee costs	2,575,700	

11. Board Expenses

Description	FY 2023 - 2024	FY 2022/2023
	Kshs.	Kshs.
Sitting Allowances	4,050,600	-
Induction and Training	576,800	-
Travel and Accommodation	1,590,734	-
Total	6,218,134	

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12. Repairs and Maintenance

Description	FY 2023 - 2024	FY 2022/2023
	Kshs.	Kshs.
Vehicles	540,560	-
Others (specify)	-	-
Total Repairs and Maintenance	540,560	-

13. Cash and Cash Equivalents

Description	FY 2023 - 2024	FY 2022/2023
	Kshs.	Kshs.
Current Account	10,949,656	-
Others(Specify)	-	-
Total Cash And Cash Equivalents	10,949,656	-

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	FY 2023 – 2024	FY 2022/2023
		Kshs.	Kshs.
a) Current Account			
Kenya Commercial Bank	1286539765	5,252,706	-
National Bank Of Kenya.	01071236943600	5,696,950	-
Grand Total		10,949,656	-

14. Receivables from Non-Exchange Transactions

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Other debtors (non-exchange transactions)-prepaid rent	2,669,547	00
Total receivables from non- exchange transactions	2,669,547	00

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15. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	Computers	Other Assets (Office Equipment)	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
As At 1 July 2023	00	00	00	00	00
Additions	00	1,650,000	585,000	892,000	3,127,000
Disposals	00	00	00	00	00
As at 30th June 2024	00	1,650,000	585,000	892,000	3,127,000
Depreciation And Impairment	00	00	00	00	00
At 1 July 2022	-	-	-	-	-
Depreciation	00	00	00	00	00
Disposals	-	-	-	-	-
As at 30th June 2024	00	1,650,000	585,000	892,000	3,127,000
Net Book Values					
As at 30th June 2024	00	1,650,000	585,000	892,000	3,127,000

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Valuation

The Kenya Health Professions Oversight Authority has No Land and Buildings/ Equipments.

15.(b) Property, Plant and Equipment at Cost

The Kenya Health Professions Oversight Authority has No freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs.	Kshs.	Kshs.
Computers And Related Equipment	365,000	00	365,000
Office Equipment, Furniture, And Fittings	220,000	00	220,000
Total	585,000	00	585,000

Description	Cost or valuation	Normal annual depreciation charge
Computers and Related Equipment	365,000	-
Office Equipment, Furniture and Fittings	220,000	-
Total	585,000	-

16. Trade and Other Payables

Description	FY 2023 - 2024	FY 2022/2023
	Kshs.	Kshs.
Trade payables	1,404,393	-
Total trade and other payables	1,404,393	-

Ageing analysis: (Trade and other payables)

Ageing analysis: (Trade and other payables)	FY 2023 - 2024	% of the Total	FY22/23	% of the Total
Under one year	1,404,393	100%	-	%
Total (tie to above total)	1,404,393		-	

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Social Benefit Liabilities

The Kenya health professions oversight authority has No social benefit liabilities.

5. Surplus Remission (for category 3 entities)

In accordance with Section 219 (2) of the Public Financial Management Act 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 Kenya health professions oversight authority has No surplus remission.

6. Taxation

The Kenya health professions oversight authority has No taxation liabilities.

7. Deferred Tax Liability

The Kenya health professions oversight authority has No deferred tax liabilities.

8. Cash Generated from Operations

The Kenya health professions oversight authority has No cash generated from operations.

9. Financial Risk Management

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

i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The Kenya health professions oversight authority has No carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Authority'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 Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority however does not have any liquidity risks.

Financial Risk Management

iii) Market risk

The **Authority** has put in place an internal audit function to assist it in assessing the risk faced by the Authority 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 Authority'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 Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Authority's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Authority does not have transactional currency exposures, because it has no foreign purchases of goods and services that necessitate currencies other than the local currency.

Financial Risk Management

The Kenya health professions oversight authority has No foreign currency denominated monetary assets and monetary liabilities.

iv) Capital Risk Management

The Kenya health professions oversight authority has No capital risk.

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10. Related Party Disclosures

Nature of related party relationships

The Kenya health professions oversight authority has No other parties related to the Authority who have ability to exercise control or exercise significant influence over its operating and financial decisions.

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Authority, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Key management.
- iv) Board of directors.

11. Segment Information

The Kenya health professions oversight authority doesn't operate in different geographical regions or in departments.

12. Contingent Assets and Contingent Liabilities

Contingent Assets

The Kenya health professions oversight authority has No contingent assets or liabilities

13. Capital Commitments

The Kenya health professions oversight authority has No Capital commitments

14. Program for Results (PforR) Disclosure

The Kenya health professions oversight authority is not implementing Programs for Results (PforR).

15. Events after the Reporting Period

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

16. Ultimate And Holding Authority

The Authority is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Health, State Department of Public Health and Professional Standards. Its ultimate parent is the Government of Kenya.

17. Currency

The financial statements are presented in Kenya Shillings (Kshs.) rounded to the nearest Kshs..

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Appendix 1: Implementation Status of Auditor-General’s Recommendations

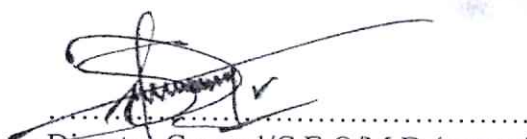
The Kenya Health Professions Oversight Authority has been receiving itemised budget from the Ministry of Health until FY 2023/2024 when it became independent and received its first grant allocation from the exchequer. All requisition and management of expenditures were done at the Ministry of health. Therefore, during this period the was not audited by external auditor and no management comments were provided to the auditor.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for the implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.



 Director General/C.E.O/M.D (enter title of head of Entity)
 Date: 17-12-2024

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Appendix II: Projects implemented by KHPOA

The Kenya Health Professions Oversight Authority has no Projects implemented.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)

Appendix III Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/D evelopment/ 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	
Ministry of Health	15/9/2023	Recurrent	12,640,617	-	-	-	-	-	-
Ministry of Health	17/11/2023	Recurrent	12,640,617	-	-	-	-	-	-
Ministry of Health	15/2/2024	Recurrent	12,640,617	-	-	-	-	-	-
Ministry of Health	03/5/2024	Recurrent	12,640,617	-	-	-	-	-	-
Total			50,562,468	-	-	-	-	-	-

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Appendix V- Inter-Entity Confirmation Letter


Name of Transferring entity Public Health

Name of Beneficiary entity KHPOA

Confirmation of amounts received by KHPOA as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
1	15-09-2023	12,640,617	-	12,640,617	GRANT FOR Q1
2	16-11-2023	12,640,617	-	12,640,617	GRANT FOR Q2
3	15-01-2024	12,640,617	-	12,640,617	GRANT FOR Q3
4	12-04-2024	12,640,617	-	12,640,617	GRANT FOR Q4
Total		50,562,468		50,562,468	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
 Name Florence W. Kirumba Sign  Date 18/12/2024

Head of Accounts Department - Beneficiary Entity:
 Name Dr. KIOKO JACKSON Sign  Date 17-12-2024

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs..)	Comments

During the year under review, the Authority did not allocate budget for disaster programme(s) and does not have any reporting on Disaster Management Expenditure.