REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NURSING COUNCIL OF KENYA

FOR THE YEAR ENDED 30 JUNE, 2022

NURSING COUNCIL OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

Table of Content as at 30th June 2022 **Page**

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

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

(b) Principal Activities

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

Vision

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

Mission

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

Core Values

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

- Integrity
- Social Responsibility
- Innovation
- Excellence

- Nurture
- Professionalism
- Responsiveness

(c) **Key Management**

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

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

Finance Strategy and Development Committee

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

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

Registration, Education and Examination Committee

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

Discipline, Standards and Ethics Committee

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

Risk and Audit Committee

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

(f) Headquarters

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

(g) **Contacts**

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

Email: info@nckenya.org

Website: www.nckenya.com

(h) **Bankers**

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

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

(i) **Independent Auditors**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084 - 00100

Nairobi, Kenya

(j) **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 - 00200

Nairobi, Kenya

II. THE COUNCIL MEMBERS

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

	**Nyongesa Michael Simiyu** **Independent Council Member** Mr. Nyongesa Michael Simiyu, born on 12th January 1972, was re-appointed to the Council on 13th July 2022. He is the Chairperson of Risk and Audit Committee and a representative of Kenya Professional Nurses Association. He holds a Bachelor of Science in Health Systems Management from Kenya Methodist University and a Diploma in Kenya Registered Community Health Nurse from the Kenya Medical Training College. He is also the Chair, Kenya Progressive Nurses Association (KPNA) and the Depot Manager, Division of Vaccine and Immunization.
	**Catherine Waigwe Mwaura** **Independent Council Member** Mrs. Catherine Waigwe Mwaura, born on 12th December 1967, was appointed to the Council on 13th July 2022 and is representative of the Middle level colleges. She holds a Masters in community health and development from the Great Lakes University of Kisumu, Bachelor of Science in Palliative Care from Makerere University and Higher Diplomas in Medical Education, Ophthalmic Nursing and Intensive Care Nursing from KMTC Kenya Medical Training College. She is currently serving as lecturer at KMTC.

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

Dr. Gondi Joel Odhiambo

Independent Council Ex-Officio Member

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

Pauline Ngala

Independent Council Member

Mrs. Pauline Ngala, born on 10th July 1971 was appointed to the Council on 13th July 2022. She is a representative of the National Nurses Association of Kenya (NNAK) as the 1st Vice Chairperson. She holds a Higher Diploma in Nursing in Critical Care Nursing (CCN), a Diploma in Kenya Registered Community Health Nursing (KRCHN) and a Diploma Health Care Management from the Kenya Institute of Management. She is currently working in ICU Kilifi County Medical Complex and serves as the co-ordinator for Referral and Ambulatory Service in Kilifi County.

Dr. Judith Awinja Aluora, OGW

Council Ex-Officio Member

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

Dr. Edna Tallam – Kimaiyo

Registrar / Chief Executive Officer

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

Caroline Wanjiku Muchina

Corporation Secretary and Director Legal Services

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

III. MANAGEMENT TEAM

	**Dr. Edna C. Tallam - Kimaiyo** **Registrar / Chief Executive Officer** Overall leadership and direction of the Council operation on a day to day basis • PhD in Nursing Education • Masters of Public Health • Bachelor of Science in Nursing, • A Fellow of Global Health Leadership
	**Dr. Gladys Machira-Maripet** **Ag. Director Education and Examination** • PhD in Nursing • Master of Science in Palliative Care • Bachelor of Science, Nursing

	**Leonard Kipkurui Langat** **Ag. Director Registration and Licensing** • Master of Public Health, • Bachelor of Science, Nursing
	**CPA George Otieno Achieng** **Deputy Director Finance and Accounts** • Master of Business Administration (Finance) • Bachelor of Commerce (Finance) • CPA-K • Member of ICPAK
	**Eva Magothe** **Deputy Director Information Communication & Technology** • Bachelor of Business Information Technology • Certified Information System Auditor

	**Augustine Abade** **Deputy Director Supply Chain** • Masters of Science Procurement and logistics • Bachelor of Business Management • Post-graduate diploma in Purchasing and supplies • MCIPS, MKISM, MKIM.
	**CPA Michael Kahuthu Mwenda** **Ag. Director Internal Audit, Risk and Compliance** • Bachelor of Business Management, • CPA-K • Member of ICPAK • Member of IIA Kenyan Chapter
	**Ann Njeri Mukuna** **Ag. Director Standards and Compliance** • Master in Health Systems Management • Bachelor of Science, Nursing • KRCHN

	**Dickson Kimutai Toroitich** **Ag. Corporate Services** • Masters of Business Administration • Bachelor of Science in Human Resource Management • Member of IHRM • Executive Diploma in Industrial Relations • Higher Diploma in Human Resource Management
	**Caroline Wanjiku Muchina** **Corporation Secretary and Director Legal Services** • Bachelor of Law (LLB) • Advocate (Dip. KSL) • ICPS(K) • Associate of Kenya Institute of Bankers (AKIB)

IV. CHAIRPERSON'S STATEMENT

On behalf of the Council, I have the pleasure of presenting the Annual Report and Financial Statements for the financial year ended 30 June 2022. Established under the Nurses and Midwives Act Cap 257, the Council is mandated to regulate nursing and midwifery education and practice in Kenya, through making provisions for training, registration, enrolment and licensing of nurses and midwives. The Council also regulates their conduct to ensure maximum participation in health care of the community and connected purposes.

I am pleased to report that the Council was able to achieve most of the targets set for the financial year 2021-2022. We have continued to work within our mandate as stipulated in the Nurses and Midwives Act. The Council, during the year in review, launched 11 Specialty Cadres Scopes of Practice; Advanced Practice Nursing (APN) and Advanced Practice Midwifery (APM) Training Guidelines and; CPD Guidelines. The Council was also able to review 14 new curriculums and revised 3 curriculums during the 2021/2022 financial year. The Council, through the adaptation of online licensure exams, has been able to examine, register and license around 8,248 nurses and midwives during the year under review.

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

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

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

..... 02/03/23 .....

Prof. Eunice Ndirangu **Date**

Chairperson **Nairobi**

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the annual report and financial statements for the year ended 30th June 2022.

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

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

During the year under review, the Council reported a total revenue Kshs.438.6 million FY 2021-2022 compared to Kshs.305.2 million FY 2020-2021 comprising of kshs.360.1 million A in A and Gok Recurrent grant of Kshs.78.5million. The Council realised a surplus of kshs. 24.7 million FY 2021-2022 compared to a deficit of kshs 11.2 million for FY 2020-2021. The surplus realised is attributed to the revolving funds advanced to the Council to operationalize the Kenya-UK bilateral Agreement for recruitment of Health workers that is still ongoing. The value of total assets increased from Kshs. 212.4 million to Kshs. 241.5 million the current year. The Council achieved most of its intended plans, programs and activities as set out in the annual work plan and procurement plan.

During the year under review, the council has made great strides in mandate areas such enhancement of compliance and regulation in training, enhancing capacity to regulate nursing and midwifery education and practice, enhancing capacity on investigation of professional misconduct and disciplinary matters, development Council's human resource Capacity, improvement of customer service delivery, enhancement of financial sustainability, and strengthening of the legislative framework for regulation of nursing and midwifery education and practice.

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

.....	02/3/23 .....
Dr. Edna C. Tallam	**Date**
Registrar/CEO	**Nairobi**

VI. STATEMENT OF NURSING COUNCIL OF KENYA PERFOMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

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

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

Pillar /theme/issue 1: Education and Research

Pillar/theme/issue 2: Nursing and Midwifery Practice

Pillar/theme/issue 3: Institutional Capacity Development

Pillar/theme/issue 4: Leadership and Governance

Nursing Council of Kenya develops its annual work plans based on the above four (4) Pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Council achieved its performance targets set for the FY 2021/2022 period for its four (4) strategic pillars, as indicated in the diagram below:

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

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

	and Council committees; and ➢ Enhance the board effectiveness	gaps for Council Members ➢ Council evaluation report	identifying training needs ➢ Through SCAC, the board members are evaluated	underwent training to improve their skills so that they can effectively deliver on their mandate; and ➢ Timely and effective undertaking of board evaluation.

VII. CORPORATE GOVERNANCE STATEMENT

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

Composition of the Council:

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

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

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

Council Committees:

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

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

The Cabinet Secretary Ministry of Health appointed a new Council on 13th July 2022 vide gazette Notice 8266 for a term of 3 years, after expiry of the term of the last Council which ended on 4th July 2022. The new members will serve in their respective committees as follows;

Finance, Strategy and Development

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

Registration, Education and Examination Committee

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

Discipline, Standards and Ethics Committee

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

Audit and Risk Committee

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

In the financial year under review, the members who served in their respective committees and whose term ended on 4th July 2022 were as follows;

Finance, Strategy and Development

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

Registration, Education and Examination Committee

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

Discipline, Standards and Ethics Committee

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

Audit and Risk Committee

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

Council Meetings:

The Council meets quarterly or more often, in accordance with the requirements of the business. The Council work plan and calendar are prepared at the beginning of the year and adequate notice is given for all meetings. The agenda and Council papers are circulated within the stipulated timelines.

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

Council Member	Committee Meetings	Full Council	Special Meetings	Total Meetings
Prof. Eunice Ndirangu		4	2	6
Mr. Mathew Kiptoigat Kipturgo	3	4	2	9
Dr. Judith Awinja Aluora	4	4	2	10
Prof. Elijah Nyabuti Nyangena	4	4	2	10
Mr. Nyongesa Michael Simiyu	4	4	2	10
Mr. Boniface Mutisya Kimangau	4	4	2	10
Mrs. Margaret Wangari Muiyuro	4	4	2	10
Mr. Alfred Obuya Obengo	4	4	2	10
Dr. Gondi Joel Odhiambo	4	4	2	10

The Role of the Council

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

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

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

Council effectiveness

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

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

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

Director's remuneration

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

Statement of Compliance

The Council Member's participation and attendance confirms that Nursing Council of Kenya has throughout the 2021/2022 financial year complied with the entire Statutory and Regulatory requirement and that the Council is committed to the principles of good corporate governance as stipulated by Mwongozo: The Code of Governance for State Corporations.

Internal control and risk management:

Internal Control

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

Standing Instructions

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

Organization Structure

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

Strategic Plan

The business of the Council is determined by the Strategic Plan. It sets out the objectives of the Council, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives. The Council on an annual basis, approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis. The Council is also in the process of developing a new strategic plan for the years 2023-2028. The Strategic Plan seeks to align the objectives of the Council with the national development objectives as set out in the Kenya Vision 2030.

Internal Control Framework

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

The Audit Committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the Council. Where weaknesses are identified, the Audit

Committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during 2021/2022.

Risk Management

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

Management Team

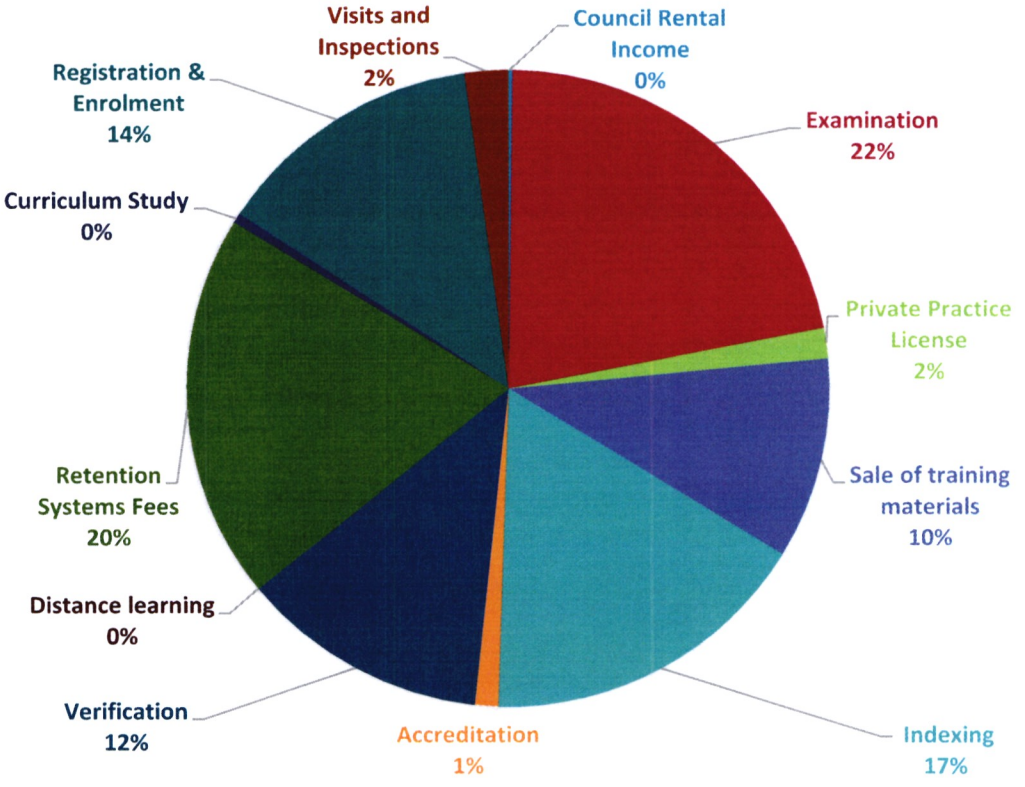
The management team headed by the Registrar / CEO implements the Council decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Council's objectives are achieved effectively and efficiently. Such policies developed include the financial management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

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Revenue Performance

The Council in FY 2021-2022, reported a total revenue of kshs.438,662,968 that comprised of AIA of kshs.360,123,531 and the GOK recurrent grant of Kshs.78,544,384. For comparative period FY 2020-2021, the Council reported a total of kshs.305,266,444 out of which kshs. 284,436,476 was AIA and Kshs.20,829,968 GOK Grant in kind for seconded staff salaries. The AIA performance on a standalone basis represented an increment of kshs.75,687,055 or 27% growth level.

The pie chart below shows revenue received by categorisation;

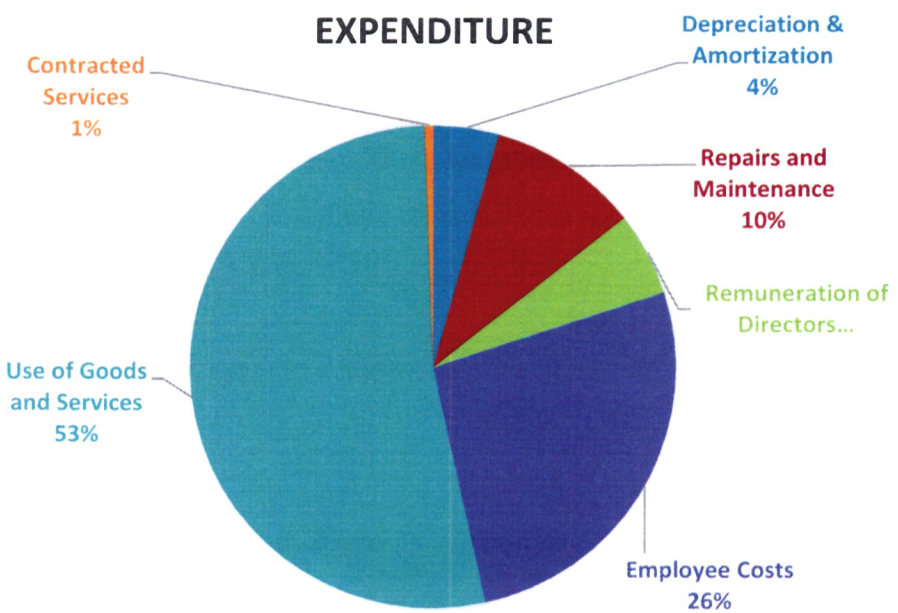


Pie Chart: Showing Nursing Council of Kenya Revenue Performance per Income Stream FY 2021-2022

Expenditure Performance

Total expenditure for the FY 2021-2022 stood at kshs.413,941,016 as compared to kshs 316,463,579 incurred in FY 2020-2021. The growth in expenditure was kshs.97,477,438 (30.8%). The Council received additional funding to support the recruitment of health workers under Kenya-UK Bilateral agreement and towards setting up of the regional offices to enable Universal Health Coverage (UHC). The Council did undertake three (3) licensure exams as opposed to two (2) done previous financial year.

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



Pie Chart: Showing Nursing Council of Kenya Expenditure Performance per Expenditure Line Item FY 2021-2022

Total Assets

The Council's overall total assets position increased to kshs.241,525,685 F/Y 2021-2022 from kshs 212,400,554 F/Y 2020-2021 representing a 13.7% growth level. The addition to assets within the year amounted to kshs 58,055,838. This comprised of purchases of Motor vehicles (kshs.36,180,000), Computers (kshs 13,558,000), Software-servers (kshs.1,442,830), Furniture (kshs.1,935,000) and Office Equipment (kshs.4,940,000). No disposals in the year under review.

Current Assets

The Current assets stood at kshs 57,932,316 in the FY 2021-2022 down from kshs. 68,874,762 recorded in FY 2020-2021. This represented a reduction of 15.8%. The reduction is caused by a decline in cash and cash equivalent by kshs.22,020,329 as the Council endeavoured to clear most of its pending bills. The receivables grew by kshs.4,267,728 (42%) and inventories by kshs.6,810,156 (99%).

Liabilities

The Council's balance of liabilities FY 2021- 2022 were kshs.10,029,329 compared to F/Y 2020-2021 balance of kshs.5,626,149 representing an upward growth of 78%.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Employee Welfare

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

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

ii) Responsible Supply chain and supplier relations

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

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

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

b) Carries out Market Surveys for Goods and Services

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

c) Contract administration and Management

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

d) Suppliers' Evaluations and Appraisals

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

X. CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS

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

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

I. Participation in the Beyond Zero Health Awards
II. Adopt-a-Bed campaign at Kenyatta National Hospital
III. Kaptagat Annual Tree Planting 2022
IV. Support of activities/events organized by Nurses and Midwives Associations

I. Participation in the Beyond Zero Health Awards

The Council participated in the 2021 Beyond Zero Health Awards that was held on 3rd December 2021 at State House, Nairobi. The Beyond Zero Health Awards is an award ceremony that recognized nurses offering nursing services at a public facility at the level (2) dispensary or level (3) health centre in the 47 counties in Kenya. It also recognised nurse-led initiatives at any of the levels 2-5 in the public health facilities in Kenya.

Beyond Zero Health Awards

III. **Adopt-a-Bed campaign at Kenyatta National Hospital**

The Nurses and midwives' fraternity has vibrant associations which have been established to champion their various needs and initiatives. On yearly basis the associations

Adopt-a-Bed campaign at Kenyatta National Hospital

III. Kaptagat Annual Tree Planting 2022

The Nurses and midwives' fraternity has vibrant associations which have been established to champion their various needs and initiatives. On yearly basis the associations

Kaptagat Annual Tree Planting 2022

Iv. Events Support of Nurses and Midwives Association.

The Nurses and midwives' fraternity has vibrant associations which have been established to champion their various needs and initiatives. On yearly basis the associations do organize events with particular thematic areas for sensitization of their members. The Council is invited as one of the corporate sponsors and participates in such events as well. For the year under review, the Council supported the 64th Annual National Nurses Scientific Conference for National Nurses Association of Kenya (NNAK) Annual Nurses, the Kenya Progressive Nurses Association's (KPNA) 35th Annual Scientific Conference, the International Nurses and Midwives Week Launch in Kwale, and the International Nurses and Midwives Week Climax in Kericho County

64th National Nurses Association of Kenya Conference Held at the Bandari Maritime College, Mombasa

35th Kenya Progressive Nurses Association Conference Held at Kericho Green Stadium

International Nurses and Midwives Week Launch in Kwale County

International Nurses and Midwives Week Climax in Kericho County

XI. REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the financial statements for the year ended June 30, 2022 which show the state of affairs of the Council.

Principal activities

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

Results

The results of the Council for the year ended June 30, 2022 are set out on page 1 of this report.

Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity made a deficit of kshs. (11,197,135) as per audited financial statements FY 2020-2021 and did not remit surplus due to liquidity challenges. The Council realised a surplus of kshs.24,721,952 in subsequent FY 2021-2022.

Council Members

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

Auditors

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

By Order of the Council

....02/03/2023.....

Caroline Wanjiku Muchina **Date**

Corporation Secretary and Head of Legal Services **Nairobi**

XII. STATEMENT OF RESPONSIBILITIES OF THE COUNCIL MEMBERS

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

The Council Members are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012, the State Corporations Act and the Nurses Act. The Council Members are of the opinion that the Council's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2022, and of the Council's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Council's financial statements were approved by the Council on 28th Sept. 2022 and signed on its behalf by:

.....	.....
Prof. Eunice Ndirangu	**Dr. Edna C. Tallam**
Chairperson	**Registrar/CEO**

REPUBLIC OF KENYA

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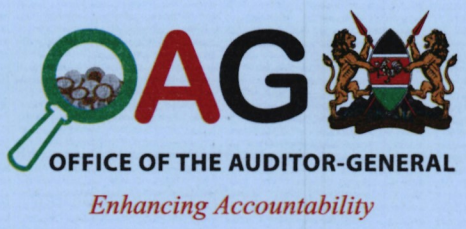

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NURSING COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nursing Council of Kenya set out on pages 1 to 30 which comprise the statement of financial position as at 30 June, 2022 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nursing Council of Kenya as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Accrual Basis) and comply with the Nurses and Midwives Act Chapter 257 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracy in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects negative amount of Kshs.25,596,371 in respect to performance difference or over expenditure during the year under review. However, review and recasting of the statement revealed that final approved expenditure budget and actual on comparable basis amounts of Kshs.370,356,384 and Kshs.413,941,016 respectively had over expenditure of negative amount of Kshs.43,584,632 resulting to an unexplained and unreconciled variance of Kshs.17,988,261. Further, the statement reflects approved final income budget of Kshs.424,764,384 and an approved final expenditure budget of Kshs.370,356,384 resulting to a variance of Kshs.54,408,000. The budget imbalance is contrary to the provisions of Section 33(c) of the Public Finance Management (National Governments) Regulations, 2015 which states that budget revenue and expenditure appropriation shall be balanced.

In the circumstances, the accuracy, validity and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total expenditure of Kshs.413,941,016 against an approved budget of Kshs.370,356,384 resulting to over-expenditure of Kshs.43,584,632 or 12% of the budget.

The over-expenditure and spending above the approved budget results to unauthorised expenditure and burden of pending bills.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

Non-Compliance with the Public Sector Accounting Standards Board Requirement

The Council submitted the financial statements for audit during the year under review. However, the financial statements including the statement of financial performance, statement of financial position and statement of cash flows were not signed by the Chairperson of the Council. Similarly, the reports of the chairperson's statements and report of the Council Members were not signed as required by the prescribed reporting template.

In the circumstances, the Council did not comply with the Public Sector Accounting Standards Board (PSASB) guidelines.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Council Members

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Council's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Council to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Council to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 March, 2023

XIV. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 Kshs	2021 Kshs
Revenue from non- exchange transactions			
GOK recurrent grants from MOH	6	78,544,384	-
Revenue from exchange transactions			
Income from operations	7	322,434,660	249,455,214
Income from other sources	8	37,683,925	55,811,230
Total revenue		**438,662,968**	**305,266,444**
Expenditure			
Use of Goods and Services	9	219,183,202	147,750,075
Employee Costs	10	109,903,954	111,648,724
Remuneration of Directors	11	23,070,820	17,930,145
Depreciation and Amortization Expense	12	17,988,261	16,713,141
Repairs and Maintenance	13	41,412,063	20,365,766
Contracted Services	14	2,382,717	2,055,728
Total Expenditure		**413,941,016**	**316,463,579**
Surplus (Deficit) for the period		**24,721,952**	**(11,197,135)**

The notes set out on pages 9 to 30 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Council Members by:

.....	.....	.....
Prof. Eunice Ndirangu	**Dr. Edna C. Tallam**	**CPA George Otieno**
Chairperson	**Registrar/CEO**	**Manager Finance**
02/03/2023	02/03/2023	**ICPAK No. 10430**
		02/03/2023

XV. STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	2022 Kshs	2021 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	15	29,900,100	51,920,429
Receivable from exchange transactions	16	14,388,601	10,120,873
Inventories	17	13,643,616	6,833,460
		57,932,316	68,874,762
Non-current assets			
Property, plant and equipment	18	180,102,835	139,447,264
Intangible Assets	19	3,490,534	4,078,528
		183,593,369	143,525,792
Total assets		**241,525,685**	**212,400,554**
LIABILITIES			
Current liabilities			
Payables from exchange transactions	20	8,033,329	3,795,509
Provisions	21	1,996,000	1,830,640
Total liabilities		**10,029,329**	**5,626,149**
Net assets		**231,496,357**	**206,774,405**
Equity			
Accumulated surplus	22	182,648,694	157,926,742
Revaluation Reserve	23	48,847,663	48,847,663
Total equity		**231,496,357**	**206,774,405**
Total net asset and liabilities		**241,525,685**	**212,400,554**

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Members of Council by:

.....	.....	.....
Prof. Eunice Ndirangu	**Dr. Edna C. Tallam**	**CPA George Otieno**
Chairperson	**Registrar/CEO**	**Manager Finance**
02/03/2023	02/03/2023	**ICPAK No. 10430**
		02/03/2023

XVI. STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2022

	Revaluation Reserve Kshs	Accumulated Surplus Kshs	Total Kshs
At 1st July 2020	48,847,663	169,123,877	217,971,540
Deficit for the year		(11,197,135)	(11,197,135)
At 30th June 2021	**48,847,663**	**157,926,742**	**206,774,405**
At 1st July 2021	**48,847,663**	**157,926,742**	**206,774,405**
Surplus for the year		24,721,952	24,721,952
At 30th June 2022	**48,847,663**	**182,648,694**	**231,496,357**

XVII. STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 Kshs	2021 Kshs
Cash flows from operating activities:			
Receipts			
Examination & Indexing		138,861,232	107,135,723
Registration & Enrolment		48,807,189	33,349,661
Private Practice License		5,055,110	6,854,022
Curriculum Study		1,792,400	1,300,000
License Application & Verification		45,296,840	26,294,125
Retention Systems Fees		70,459,148	68,472,565
Accreditation & Inspections		12,109,041	5,279,368
Distance learning		53,700	769,750
Council Rental Income		720,000	720,000
Sale of training materials		36,939,106	34,244,768
Miscellaneous income		24,818	16,494
Grant received		78,544,384	-
Total Receipts		**438,662,968**	**284,436,476**
Payments			
Use of Goods and Services		219,183,202	146,216,358
Employee Costs		109,903,954	90,818,756
Remuneration of Directors		23,070,820	17,930,145
Repairs and Maintenance		41,412,063	20,365,766
Contracted Services		2,382,717	2,055,728
Prepayments of Insurance		4,267,728	1,497,654
Net Disbursement to suppliers		(4,237,820)	(2,162,669)
Purchase of training materials		6,810,156	15,570
Audit fees		(165,360)	1,258,720
Total Payments		**402,627,460**	**277,996,028**
Net cash from operating activities	24	**36,035,508**	**6,440,447**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	18 & 19	(58,055,838)	(18,479,876)
Sale proceeds on disposal		-	282,400
Net cash used in investing activities		**(58,055,838)**	**(18,197,476)**
Net cash used in financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(22,020,330)	(11,757,029)
Cash and cash equivalents at 1st July	15	51,920,430	63,677,458
Cash and cash equivalents at 30 June	15	**29,900,100**	**51,920,430**

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Members of Council by:

.....	.....	.....
Prof. Eunice Ndirangu	**Dr. Edna C. Tallam**	**CPA George Otieno**
Chairperson	**Registrar/CEO**	**Manager Finance**
02/03/2023	02/03/2023	**ICPAK No. 10430**
		02/03/2023

XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
	Kshs		Kshs	Kshs	Kshs	%
Examination	73,000,000		73,000,000	78,405,396	5,405,396	107
Indexing	37,000,000		37,000,000	60,455,836	23,455,836	163
Registration & Enrolment	64,000,000		64,000,000	48,807,189	(15,192,811)	76
Private Practice License	7,300,000		7,300,000	5,055,110	(2,244,890)	69
Accreditation	2,000,000		2,000,000	4,218,891	2,218,891	211
Verification	24,000,000		24,000,000	44,860,553	20,860,553	187
Retention Systems Fees	85,000,000		85,000,000	70,895,435	(14,104,565)	83
Curriculum Study	3,000,000		3,000,000	1,817,218	(1,182,782)	61
Visits and Inspections	6,000,000		6,000,000	7,890,150	1,890,150	132
Council Rental Income	720,000		720,000	720,000	-	0
Sale of training materials	40,000,000		40,000,000	36,939,107	(3,060,893)	92
Distance learning	4,200,000		4,200,000	53,700	(4,146,300)	1
Gok Recurrent Grants	-	78,544,384	78,544,384	78,544,384	-	0
Total income	**346,220,000**	**78,544,384**	**424,764,384**	**438,662,968**	**13,898,584**	
Expenditure						
Use of Goods and Services	177,051,000	22,894,384	199,945,384	219,183,202	(19,237,818)	110
Employee Costs	111,304,000	(2,700,000)	108,604,000	109,903,954	(1,299,954)	101
Remuneration of Directors	20,998,000	1,000,000	21,998,000	23,070,820	(1,072,820)	105
Depreciation and Amortization	-	-	-	17,988,261	-	-
Repairs and Maintenance	17,389,000	19,920,000	37,309,000	41,412,063	(4,103,063)	111
Contracted Services	2,500,000	-	2,500,000	2,382,717	117,283	95
Total expenditure	**329,242,000**	**41,114,384**	**370,356,384**	**413,941,016**	**(25,596,371)**	112
Surplus(deficit) for the period	**16,978,000**	**37,430,000**	**54,408,000**	**24,721,952**	**(11,697,787)**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

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

Revenue

a. **Indexing:** Impressive performance in indexing is as a result schools submitting a backlog of students who were in waiting during closure of learning as result of covid-19 pandemic.

b. **Examination:** The target achieved following successful execution of the three (3) planned exams

c. **Registration & Enrolment:** There is an increased failure rate of exam applicants hence affecting realisation of the transition rate for registration of new applicants.

d. **Accreditation:** More schools expressed interest in accreditation hence achievement of planned target.

e. **Verification:** There was an increment in the number of nurses of that expressed interest to emigrate to foreign countries in search of employment opportunities.

f. **Retention:** Increased failure rate of expected exam applicants affected realisation of the collection of retention on new registration entrants into the profession.

g. **Curriculum Study:** Fewer curriculums for study were submitted by Schools for review as opposed to how the Council had planned.

h. **Visits and Inspections:** The target was achieved successfully and planned compliance visits done as envisioned.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

i. **Sale training materials:** Some of the training materials issued during the year were for revenue received and accounted for in the earlier financial years.

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

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

Expenditure

k. **Use of Goods and Services:** Increased expenditure in the Use of Goods and Services was occasioned by the conduct of three (3) licensure exams as opposed to two (2) due to existing huge number of students whose calendar had affected by Covid 19 pandemic disruptions.

l. **Repairs and Maintenance:** Inflationary pressure witnessed within the financial year caused escalation of prices for repairs and maintenance works as compared to voted budget provision.

XIX. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. The Council is not affected by the application of the Standard
IPSAS 42: Social Benefits	The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social

Standard	Effective date and impact:
	benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; & (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. The Council is not affected by the application of the Standard
Standard	**Effective date and impact:**
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. The Council is not affected by the application of the Standard
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement** Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. The Council is not affected by the application of the Standard

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

iii. Early adoption of standards

The Council did not early – adopt any new or amended standards in year 2021/2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

i) Revenue from non-exchange transactions

Fees and licenses

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rental income

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

Donor funds

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

b) Budget information

The Council's original budget for FY 2021-2022 was approved by the Ministry of Health on 31st August, 2021. The initial approval had excluded capital budget and the 2nd Approval of budget was done on 24th February, 2022. Subsequent revisions were made to the approved budget on 30th March 2022 by Council through budget re-allocation to optimize the underutilized budget votes in accordance with the PFM Act.

The Council received additional funds through supplementary budgets for Recruitment of Nurses under Kenya United Kingdom Bilateral Agreement on Health Workforce Recruitment and Capacity Building and for support of decentralization of Nursing and Midwifery Services across the regions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

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

c) Property, plant and equipment

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

Depreciation

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

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

d) Leases

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

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

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

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

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

e) Intangible assets

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

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

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

f) Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

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

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

g) Provisions

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

Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

i) Changes in accounting policies and estimates

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

j) Foreign currency transactions

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

k) Related parties

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

l) Cash and cash equivalents

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

m) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

n) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued

Provisions

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

Comparative information

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

		2022 Kshs	2021 Kshs
6	GOK recurrent grants from MOH	78,544,384	-
		78,544,384	-
7	**Income from operations**		
	Examination and Indexing	138,861,232	107,135,723
	Registration and Enrolment	48,807,189	33,349,661
	Private Practice License	5,055,110	6,854,022
	Curriculum Study	1,792,400	1,300,000
	License Application and Verification	45,296,840	26,294,125
	Retention Systems Fees	70,459,148	68,472,565
	Accreditation and Inspections	12,109,041	5,279,368
	Distance learning	53,700	769,750
		322,434,660	249,455,214
8	**Income from other sources**		
	Council Rental Income	720,000	720,000
	Sale of training materials	36,939,107	34,244,768
	Miscellaneous income	24,818	16,494
	GOK Grant for Seconded staff Salaries	-	20,829,968
		37,683,925	55,811,230

N/B: As shown in **Note 8** of Income from other sources, the Council has not recognized as part of its income GOK Grant for seconded staff salaries amounting to kshs.20,123,658 for FY 2021-2022 as it were the position in FY 2020-2021. This decision has been arrived at to avoid inflating Council revenues and similarly expenditure for the period as the funds shall never be transmitted to the Council.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

		2022	2021
9	**Use of goods and Services**	**Kshs**	**Kshs**
	Seminars and workshops	32,653,092	25,862,138
	Printing and signing of certificates	42,173,531	38,514,943
	Donations and subscription	1,575,145	331,650
	Standards and Compliance visits	7,641,508	8,186,047
	Travelling cost	195,500	420,626
	Examinations	55,668,005	34,509,851
	Nurses CPD Expenses	180,000	480,000
	Office running cost	3,610,023	3,691,644
	Motor vehicle running cost	5,687,157	4,329,546
	Motor vehicle insurance	747,817	499,649
	Advertising and newspaper	4,176,368	2,447,141
	Stationery	10,217,959	5,067,301
	Audit fees	696,000	953,152
	Building insurance	99,457	101,931
	Land rates	68,739	49,651
	Legal fees	4,063,650	2,547,590
	Consultancy fees	9,844,514	5,995,404
	Bank charges	2,799,940	2,181,228
	Postage and telephone	14,277,173	8,902,319
	Electricity and water	1,531,332	1,656,911
	Internet charges	1,186,832	1,021,352
	Development /Review of Training materials	16,284,194	-
	KE-UK Bilateral Agreement-Recruitment of H.workers	3,805,266	-
		219,183,201	147,750,075

		2022	2021
10	**Employee costs**	**Kshs**	**Kshs**
	Basic Salary	45,763,278	36,684,667
	House Allowance	14,169,333	12,434,866
	Commuter Allowance	3,724,666	3,244,567
	Responsibility Allowance	5,271,317	5,177,792
	Leave Allowance	3,818,663	2,982,247
	Wages	34,338	49,700
	Gratuity	12,486,627	10,588,569
	Staff development	12,685,866	7,648,017
	Medical cover	9,574,269	10,016,127
	Employer statutory contributions	145,150	123,900
	Other staff costs	2,230,447	1,868,304
	Seconded Staff costs paid by Ministry of Health	-	20,829,968
		109,903,954	111,648,724

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

		2022	2021
11	**Remuneration of Directors**	**Kshs**	**Kshs**
	Sitting allowance	7,914,000	8,755,000
	Accommodation allowance	7,524,002	5,187,000
	Lunch allowance	202,000	264,000
	Honoraria	960,000	960,000
	Transport reimbursement	4,141,263	2,254,145
	Board Training	1,368,800	510,000
	Board Medical Insurance	960,755	
		23,070,820	17,930,145
12	**Depreciation and Amortization**		
	Building	1,250,000	1,250,000
	Furniture and fittings	2,335,663	1,756,199
	Computer and accessories	4,025,517	3,303,832
	Motor Vehicles	6,518,269	7,293,527
	Office Equipment	1,827,980	1,038,946
	Intangible Assets	2,030,832	2,070,637
		17,988,261	16,713,141
13	**Repairs & maintenance**		
	Machinery and office equipment repairs	314,960	361,786
	ICT Equipment repairs	8,799,180	5,064,535
	Building repairs	16,562,891	4,239,052
	Software maintenance	12,185,786	4,010,365
	Computer consumables and accessories	3,549,244	6,690,028
		41,412,061	20,365,766
14	**Contracted services**		
	Contracted services	2,382,717	2,055,728
		2,382,717	2,055,728

		2022	2021
15	**Cash and cash equivalent**	**Kshs**	**Kshs**
	Absa Bank Kenya Ltd [Ac No.0948023954]	4,279,235	1,947,604
	Cooperative Bank of Kenya [Ac No.01136098613400]	23,209,211	48,136,219
	Mpesa Account [Paybill No.992350]	2,410,592	1,836,567
	Cash in Hand	1,062	39
		29,900,100	51,920,429
16	**Receivable from non-exchange transactions**		
	Prepayments	14,388,601	10,031,373
	Staff Imprest	-	54,500
	Salary advance	-	35,000
		14,388,601	10,120,873
17	**Inventory**		
	Stocks of training materials	13,643,616	6,833,460

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

18 Property, Plant & Equipment -30th June 2022

	F&F Kshs 12.50%	Office Equip Kshs 12.50%	Computer Kshs 33%	Vehicle Kshs 25%	Building Kshs 2.50%	Land Kshs 0%	Totals Kshs
COST							
1st July 2020	13,313,670	7,220,720	10,621,100	29,674,108	50,000,000	54,000,000	164,829,598
Additions	4,818,000	4,796,000	5,980,200	-	-	-	15,594,200
Disposal	(474,000)	(4,000)	-	(500,000)	-	-	(978,000)
30th June 2021	17,657,670	12,012,720	16,601,300	29,174,108	50,000,000	54,000,000	179,445,798
1st July 2021	17,657,670	12,012,720	16,601,300	29,174,108	50,000,000	54,000,000	179,445,798
Additions	1,935,000	4,940,000	13,558,000	36,180,000	-	-	56,613,000
Disposal	-	-	-	-	-	-	-
30th June 2022	19,592,670	16,952,720	30,159,300	65,354,108	50,000,000	54,000,000	236,058,798
DEPRECIATION							
1st July 2020	3,301,393	2,047,063	6,135,562	11,208,896	3,125,000	-	25,817,914
Depreciation	1,756,199	1,038,946	3,303,832	7,293,527	1,250,000	-	14,642,504
Disposal	(148,133)	(1,250)	-	(312,500)	-	-	(461,883)
30th June 2021	4,909,459	3,084,759	9,439,394	18,189,923	4,375,000	-	39,998,535
1st July 2021	4,909,459	3,084,759	9,439,394	18,189,923	4,375,000	-	39,998,535
Depreciation	2,335,663	1,827,980	4,025,517	6,518,269	1,250,000	-	15,957,429
Disposal	-	-	-	-	-	-	-
30th June 2022	7,245,122	4,912,739	13,464,910	24,708,192	5,625,000	-	55,955,963
NET BOOK VALUES							
30th June 2021	12,748,211.22	8,927,961	7,161,906	10,984,185	45,625,000	54,000,000	139,447,264
30th June 2022	12,347,548	12,039,981	16,694,390	40,645,916	44,375,000	54,000,000	180,102,835

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

19 Intangible Assets - 30th June 2022

	Software Kshs 33%	Totals Kshs
COST		
1st July 2020	10,130,800	10,130,800
Additions	2,885,676	2,885,676
30th June 2021	13,016,476	13,016,476
1st July 2021	13,016,476	13,016,476
Additions	1,442,838	1,442,838
30th June 2022	14,459,314	14,459,314
AMORTIZATION		
1st July 2020	6,867,311	6,867,311
Amortization	2,070,637	2,070,637
30th June 2021	8,937,948	8,937,948
1st July 2021	8,937,948	3,450,729
Amortization	2,030,832	2,030,832
30th June 2022	10,968,780	5,481,561
NET BOOK VALUE		
30th June 2021	4,078,528	4,078,528
30th June 2022	3,490,534	3,490,534

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

		2022 Kshs	2021 Kshs
20	**Payables from exchange transactions**		
	Trade payables	7,853,329	3,615,509
	Rent deposit payable	180,000	180,000
		8,033,329	3,795,509
21	**Provisions**		
	Audit fees	1,996,000	1,830,640
		1,996,000	1,830,640
22	**Accumulated fund**		
	Balance brought forward	157,926,742	169,123,877
	Surplus (Deficit) for the period	24,721,952	(11,197,135)
	Balance carried forward	182,648,694	157,926,742
23	**Reserves**		
	Revaluation Reserve	48,847,663	48,847,663

24 **CASH GENERATED FROM OPERATIONS**

	Notes	2022 Kshs	2021 Kshs
Cash flows from operating activities:			
Surplus for the period		**24,721,952**	**(11,197,135)**
Adjustments for:			
Depreciation	18	15,957,429	14,642,504
Amortization	19	2,030,832	2,070,637
Loss (Gain) on disposal		-	233,717
Operating profit before working capital changes		**42,710,213**	**5,749,723**
Changes in operating assets and liabilities:			
Decrease / (increase) in inventory		(6,810,156)	(15,570)
Decrease / (increase) in receivable		(4,267,728)	(1,497,654)
Increase / (decrease) in payable		4,237,820	2,162,669
Increase / (decrease) in provisions		165,360	41,280
Net cash from operating activities		**36,035,509**	**6,440,447**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

25 Financial Risk Management

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

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

(i) Credit risk

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

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

	Total Amount Kshs	Fully Performing	Past Due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from non-exchange transactions	14,388,601	14,388,601	-	-
Bank Balances	29,900,100	29,900,100	-	-
Total	**44,288,701**	**44,288,701**	-	-
At 30th June 2021				
Receivables from non-exchange transactions	10,120,873	10,120,873	-	-
Bank Balances	51,920,429	51,920,429	-	-
Total	**62,041,302**	**62,041,302**	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

The credit risk associated with these receivables is minimal as the amounts represented here mainly comprise of prepayments for medical insurances for staff due for the following financial year 2022/2023.

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

(ii) Liquidity risk management

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

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

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

	Less than 1Month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	-	8,033,329	-	8,033,329
Provisions	-	1,996,000	-	1,996,000
Total	**-**	**10,029,329**	**-**	**10,029,329**
At 30th June 2021				
Trade payables	-	2,713,063	1,082,446	3,795,509
Provisions	-	1,830,640	-	1,830,640
Total	**-**	**3,661,820**	**1,082,446**	**5,626,149**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

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

(iii) Market risk

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

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

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

iv. Currency Risk

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

v. Capital Risk Management

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

	2022	2021
	Kshs	Kshs
Revaluation reserve	48,847,663	48,847,663
Accumulated Fund	182,648,694	157,926,742
Total funds	**231,496,357**	**206,774,405**
Total borrowings	-	-
Cash and bank balances	29,900,100	51,920,429
Gearing	0%	0%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

26. Related Party Disclosure

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

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

Key Management compensation	2021/2022 Kshs	2020/2021 Kshs.
Council Members' Emoluments	22,110,065	17,930,145
Compensation to the Registrar/CEO	7,740,148	7,979,706
Compensation to the key management	28,310,045	23,647,091
Total	**58,160,258**	**49,556,942**

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

27. Progress on Follow Up of Auditor Recommendations

The Council received unqualified audit opinion for 2020-2021 Financial statements.

28. SURPLUS REMISSION

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity had a deficit of kshs. (11,197,135) as per audited financial statements FY 2020-2021 hence no remittance made. The Council realised a surplus of kshs.24,721,952 FY 2021-2022. The surplus realised is attributed to the revolving funds advanced to the Council to operationalize the Kenya-UK bilateral Agreement for recruitment of Health workers that it is still ongoing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (Continued)

29. Events after the reporting period

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

30.Ultimate and Holding Entity

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

31. Currency

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

32. Transfers from Other Governments Entities

					Where Recorded/recognized				
Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent /Development/Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Health	12/04/2022	Recurrent	28,544,384	28,544,384	-	-	-	-	28,544,384
Ministry of Health	13/05/2022	Recurrent	50,000,000	50,000,000	-	-	-	-	50,000,000
Total			78,544,384	78,544,384	-	-	-	-	78,544,384