

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**REGISTRATION OF CERTIFIED PUBLIC
SECRETARIES BOARD**

**FOR THE YEAR ENDED
30 JUNE, 2023**

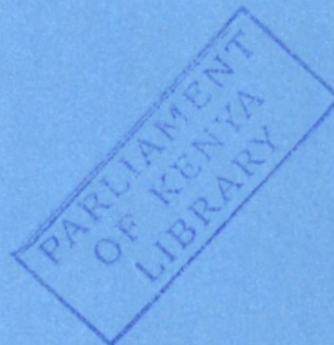
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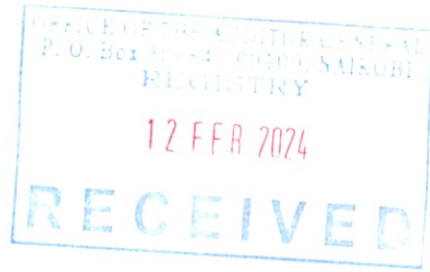
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Hon Naomi Wago, MP
Deputy Majority
A. Shibusko







REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD (RCPSB)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD
Annual Report and Financial Statements for The Financial Year ended 30 June 2023

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1. Acronyms, Abbreviations and Glossary Of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
ICPSK	Institute of Certified Public Secretaries of Kenya
IPSAS	International Public Sector Accounting Standards
Kasneb	Kenya Accountants and Secretaries National Examinations Board
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
RCPSB	Registration of Certified Public Secretaries Board
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

B: Glossary of Terms

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

Comparative Year- Means the prior period.

2. Key RCPSB Information and Management

(a) Background information

Registration of Certified Public Secretaries Board (RCPSB) is established under the Certified Public Secretaries of Kenya Act Cap 534 of the laws of Kenya. The Board has 10 members who are in charge of developing policies and strategies in order to achieve the mandate of the Board. The day-to-day operations of the RCPSB are under the responsibility of a Chief Executive Officer appointed by the Board.

(b) Principal Activities

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

(c) Key Management

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

No.	Designation	Name
1.	Board of Directors/ Council/ Management etc;	Board of Directors
2.	Accounting officer/ CEO	Patrick Mulwa
3.	Senior Accountant	Patrick Tanui

(d) Fiduciary Management

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The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Patrick Mulwa
2.	Head of Corporate Services	-
3.	Head of Finance	Patrick Tanui
4.	Head of Procurement	-

(e) Fiduciary Oversight Arrangements

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

(f) RCPSB Headquarters

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

(g) RCPSB Contacts

Telephone: 0706 376 624
E-mail: regcpsb@gmail.com
Website: www.rcpsb.or.ke

(h) RCPSB Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

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3. Board of Directors

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

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 <p>CS. Jeremiah Karanja (Member) D.O.B: 1982 Master of Business Administration (UON) Bachelor of Arts- Public Administration, Political Science and Communication (University of Nairobi) Higher Diploma in Human Resources Development (ICM) Certified Public Secretary (kasneb) Member Institute of Certified Public Secretaries of Kenya (ICPSK) Member Institute of Human Resource Management (IHRM)</p>	<p>Head of Professional Services-ICPSK (Current), Ag. Chief Executive Officer/ Secretary-ICPSK, Manager/Secretary- ICPSK Sacco Society Limited, Company Secretary and Manager- CPS Governance Centre, Company Secretary and Business Consultant – Haki Associates, Human Resource Officer-Training Securex Agencies (K) Limited</p>
 <p>Elijah O. Nyamamba (Member) D.O.B.30/10/1969 Bachelor of Arts (Economic ICPSK), Diploma Purchasing and Supplies Management, MSc Procurement and Logistics ICPSK, KISM Member</p>	<p>Deputy Director Supply Chain Management Services, The National Treasury and Planning (current) Supplies Officer, Department of Defence</p>
 <p>CPA. Isaac Wamute Gathirwa (Member) D.O.B -2/02//1972 Masters of Law –LLM (University of Nairobi), Masters of Business Administration (Kenyatta University), Bachelor of Laws (Moi University),</p>	<p>Chief Legal Officer (Commission for University Education (Current), Senior State Counsel (Advocates Complaints Commission-State Law Office), Associate Counsel (Gichuki King'ara and Company Advocates)</p>

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<p>Diploma in Law (Kenya School of Law), Certified Public Secretary (kasneb) Member Institute of Certified Public Secretaries of Kenya, Member Law Society of Kenya</p>	
 <p>CS. Joyce M. Afanda (Member) D.O.B 19/07/1985 Master of Business Administration (Kenyatta University), Bachelor of Laws ((University of Nairobi), Certified Public Secretary (kasneb) Certified Public Accountant (kasneb), Member Institute of Certified Public Secretaries of Kenya Member Institute of Certified Public Accountants of Kenya</p>	<p>Senior Legal Officer – kasneb (Current), Senior Research and Development Officer (kasneb), Auditor (RSM Ashvir)</p>
 <p>Francis M. Mutisya (Member) D.O.B 22/08/1970 Master of Arts- Human Resource Planning and Development (Guru Gobind Singh Indraprastha University) Bachelor of Arts- (Egerton University) Member Institute of Human Resource Management Member African Association for Public Administration and Management</p>	<p>Director, Human Resource Management and Development, State Department of Public Service management (DPSM), Ministry of Public Service, Youth and Gender</p>

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	<p>Partner Wach Consultants, Certified Public Accountants, Member ICPAK and Fellow Institute of Certified Secretaries (FCS)</p>
<p>Benjamin Achode (Member) D.O.B 13/04/1957 Executive Masters of Business Administration –EMBA- (JKUAT), BCom (UON), Certified Public Secretary (kasneb), Certified Public Accountant (CPA), Fellow Institute of Certified Public Secretaries of Kenya Member Institute of Certified Public Accountants of Kenya</p>	<p>Senior Deputy Accountant General (The National Treasury)</p>
	<p>Executive Officer (RCPSB), Academic Administrator (KIDS), Principal (Legacy College), Principal and Chief Trainer (EASM), Lecturer, (KIM), Programs Manager (TEC Institute of Management), Training and Marketing Manager (Onix Computer Services Limited)</p>
<p>Jonah Wala (Registrar) D.O.B. 9/11/1969 Master in Banking and Finance for Development (Giordano Del Amore, Italy), Bachelor of Arts (Egerton University) Member Institute of Certified Public Accountants of Kenya</p>	<p>CS. Patrick K. Mulwa (Executive Officer & Secretary to the Board) D.O.B -18/10/1969 Bachelor of Commerce (UON), CPSK (K), Member ICPSK, Associate Member, Kenya Institute of Management, Member, Professional Trainers Association of Kenya</p>

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4. Management Team

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

5. Chairman's Statement

It is my pleasure, honour and privilege to once again on behalf of the Board to present the RCPSB annual report and financial statements for the year ended 30 June 2023. The RCPSB has continued to implement its core mandate which is to register qualified secretaries and issue practicing certificates to those registered secretaries who are eligible to offer services to the public as Certified Secretaries.

The Board has continued to discharge its responsibility which is to guide the mission, vision and purpose of the RCPSB. In this regard the Board has guided and overseen the implementation of the Strategic Plan of RCPSB for the period 2018-2022. The strategic plan seeks to implement more stakeholder focused engagement to increase the value proposition of the Certified Secretaries qualification.

The RCPSB Strategic Plan 2018- 2022 is come to an end on 31st December 2022. A review of the RCPSB performance under the 2018-2022 Strategic plan the following achievements were noted

- (i) Increase in registration numbers from 3347 in 2017 to 4010 in 2022.
- (ii) Increase in budget support from Ksh. 1,210,000 in 2017 to 23,800,000 in 2022
- (iii) Development of a Succession Management Policy for the RCPSB
- (iv) Development of a Service Charter for the RCPSB
- (v) Development of an MOU between Certified Secretaries Institutions and increased collaboration between them.
- (vi) Negotiation for more exemptions for advocates and lawyers with kasneb providing more access to the CS qualification.
- (vii) Refurbishment of the RCPSB website to facilitate online applications for registration, practicing certificates and re-registration.

The review has also identified some of the lessons learnt during the execution of the 2018-2022 Strategic Plan Include:

- (i) The need for more engagement with stakeholders promoting the CS profession
- (ii) Need for more financing to fund initiatives that aim at promoting the profession
- (iii) The need to focus not only on awareness creation but also to effectively convert the awareness into registrations
- (iv) Need to leverage on technology to improve access to CS services
- (v) Need to review the relevant legislation to be in line with current developments in the operating environment

To inform the development of the next Strategic Plan 2023-2027, the RCPSB and the ICPSK commissioned research on the State of the Certified Secretaries Profession in Kenya. The research focused on three key areas:

- (i) Access to Certified Secretaries services,
- (ii) Quality Assurance and

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(iii) Awareness.

From the research it was apparently clear that Certified Secretaries Institutions have their work cut for them to take the profession to the next level. The Research informed the critical areas that need to be addressed in the Strategic Plan 2023-2027.

In the first half of the Financial Year 2022-2023 the RCPSB developed the third strategic plan covering the planning period 2023-2027

The new Strategic Plan creates a platform for the RCPSB to embrace new ways of doing things, redefining value creation, creating a strong profile amongst its stakeholders and become a strong financially sustainable institution. Board members and the Secretariat were actively involved in the development of the plan.

The Strategic Plan details key goals, objectives and strategies to deliver the aspirations of RCPSB that are categorized into 5 Key Result Areas namely:

1. Key Result Area 1: Increase in registered and practicing Certified Secretaries through enhanced access.
2. Key Result Area 2: Quality assurance through improved the policy and regulatory framework for the CS profession.
3. Key Result Area 3: Awareness and Acceptance of the Certified Secretaries profession
4. Key Result Area 4: Financial Sustainability and Resource Mobilization.
5. Key Result Area 5: Organizational capacity Strengthening

With this plan the RCPSB is poised for growth and enhanced relevance among its stakeholders.

I would like to thank the staff of the Board for their dedication and hard work that has ensured that the Board is able to discharge its mandate effectively. Finally, I would like to thank my fellow Board members for their commitment to the Board and the support they have accorded me and the RCPSB in implementing its mandate.

Elijah O Nyamamba

Board Member

.....


Date: 12/02/2024

6. Report of the Chief Executive Officer

It is my pleasure, honour and privilege as the Accounting Officer of the RCPSB to present the annual report and financial statements for the year ended 30 June 2023. The RCPSB has continued implementing its core mandate which is to register qualified secretaries and issue practicing certificates to those registered secretaries who are eligible to offer services to the public as Certified Secretaries. As the Accounting Officer I wish to present the following highlights concerning the key issues impacting on the RCPSB.

During the Financial Year 2022-2023 the RCPSB developed the third strategic plan covering the planning period 2023-2027. The new strategic plan aims at achieving the following strategic objectives:

- Increase in registered and practicing Certified Secretaries through enhanced access.
- Quality assurance through improved the policy and regulatory framework for the CS profession.
- Awareness and Acceptance of the Certified Secretaries profession
- Financial Sustainability and Resource Mobilization.
- Organizational capacity Strengthening

During the review of the implementation of the Strategic Plan 2018-2022 the following challenges were noted:

- Inadequate staffing levels impacting operational efficiency.
- Inadequate tools and equipment such as computers and equipment
- Procurement challenges occasioned by lack of a procurement functions.
- Delays in reviewing the CPS Act to clarify the regulatory mandate of the RCPSB.
- Delay in the appointment of directors leading to policy inactivity.
- Inadequate monitoring and evaluation capacity to monitor and report on the implementation of the strategic plan and operational efficiency
- Lack of categorization within the structure of State Corporations and unclear terms and conditions of service for staff and directors.
- Lack of facilitative transport due to the RCPSB having no vehicles.
- Inadequate office space cannot accommodate required staff.

The RCPSB will continue devising strategies to overcome the above challenges in order to give value to the diverse stakeholders. Some of the initiatives include engaging with the parent ministry to have the Human Resource Instruments approved so as to address the staffing issues. The RCPSB participated in drafting the amendment bill of the Certified Public Secretaries Act in 2022. The proposed bill is aimed at enhancing opportunities for Certified Secretaries by ring fencing the profession against unqualified practitioners

With this plan the RCPSB is poised for growth and enhanced relevance among its stakeholders.

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During the FY 2022/2023 there was an observed fair performance in the submission of applications. The RCPSB saw the number of registered Certified Secretaries for the year increase to 217 against a budgeted number of 2008.

I would like to thank the staff of the RCPSB for their dedication and hard work that has ensured that the RCPSB is able to discharge its mandate effectively. Finally, I would like to thank the Board members for their commitment, strategic leadership and the support they have accorded me and the RCPSB in implementing its mandate.



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CS. Patrick K Mulwa
Chief Executive Officer

Date: 12/02/2024.....

7. Statement of Performance Against Predetermined Objectives for 2022/2023

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

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

Pillar 1: Registration Growth

Pillar 2: Partnership Development and Publicity

Pillar 3: Financial Sustainability

Pillar 4: Capacity Development and Institutional Strengthening

Pillar 5: Sustainability

RCPSB develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The RCPSB achieved its performance targets set for the FY 2022/2023 period for its 5 strategic pillars, as indicated in the diagram below:

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Registration Growth	Increase in registration by 10%	<ul style="list-style-type: none"> ▪ Number of registrations ▪ Open membership to other professions 	<ul style="list-style-type: none"> ▪ Improve the registration process ▪ Joint sensitization with key stakeholders. ▪ On-line applications 	The RCPSB was able to achieve a registration of 217 certified Secretaries against the budgeted 208
Pillar 2: Partnership Development and Publicity	Stakeholder Engagement with at least 6 key stakeholders	<ul style="list-style-type: none"> ▪ Strategic communications with stakeholders. ▪ Joint initiatives between CS Institutions and Stakeholders (ICPSK, kasneb, Training Institutions) ▪ Relationship management among stakeholders. 	<ul style="list-style-type: none"> ▪ Regular Engagement forums ▪ Strategic Communication ▪ Joint initiatives ▪ Relationship management ▪ Stakeholder mapping and engagement ▪ Negotiating and Executing MOUs ▪ Advocacy for recognition of the CS profession ▪ Legislation lobbying with key stakeholders e.g., ICPSK, kasneb, Training Institutions ▪ Association with recognized 	<ul style="list-style-type: none"> ▪ Sponsored the Champions of Governance Award organized by the Institute of Certified Public Secretaries ▪ Continued implementation of the MOU between CS Institutions by sponsoring the engagement of technical officers to assist in the implementation of the joint MOU between Certified Secretaries Institutions

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			brands e.g. ICPSK, kasneb, ICPAK, Institute of Directors, LSK, Training Institutions,	
Pillar 3: Financial Sustainability	Increase Sources of revenue by one (1) fundraising initiative	Additional sources of revenue	<ul style="list-style-type: none"> ▪ Lobbying the parent ministry for enhanced budget support ▪ Increase in registrations and issues of practicing certificates ▪ Fundraising from key stakeholder groups ▪ Amendment of the CPS Act to allow for additional qualifications ▪ Work with the Examinations Board to broaden qualifications for registration ▪ Work with the Institute to create an Associate Membership Category and develop the criteria 	<ul style="list-style-type: none"> ▪ The RCPSB received an additional Ksh. 20 million additional budget support. This will enable the RCPSB acquired required equipment and a vehicles to enhance service delivery

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Pillar 4: Capacity Development and Institutional Strengthening	<ul style="list-style-type: none"> • Increase operational efficiency by revamping the RCPSB website • Develop Leadership and Manage Talent 		<ul style="list-style-type: none"> ▪ 	
Pillar 5: Sustainability	Business Continuity		<ul style="list-style-type: none"> ▪ Strengthen the governance and management structure of the Board by establishing an Audit and Risk Committee. ▪ Develop a risk management and business continuity strategy ▪ Benchmarking 	The RCPSB has a Succession Planning and Management Policy in place

8. Corporate Governance Statement

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

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

In the Financial year ended 30 June 2023, Board held the following number of meetings.

S/N	TYPE OF MEETING	NUMBER OF MEETINGS
1	Board Meeting	8
2	Governance and Finance Committee Meeting	4
3	Strategy and Development Committee Meeting	1
4	Audit and Risk Committee Meeting	2
	Total Number of Meetings	15

The Board carries an executive role of approving applications for registration and issue of practicing certificates as per the requirements of the CPS Act Cap 534 of the laws of Kenya. This necessitates a higher frequency of meetings.

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

Board Meetings

S/N	NAME OF BOARD MEMBER	DESIGNATION	ATTENDANCE OUT OF 8 SITTINGS
1	Lewis Kamau	Chairman	8
2	Happi C. Kilongosi	Vice Chairman	7
3	Benjamin Achode	Member	7
4	Jeremiah N. Karanja	Member	8

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5	Francis M. Mutisya	Member	8
6	Joyce M. Afanda	Member	7
7	Isaac W. Gathirwa	Member	7
8	Elijah Nyamamba	Member	8
9	Patrick Mulwa	CEO/ Secretary	8

Governance and Finance Committee

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

Strategy and Development Committee

S/N	NAME OF BOARD MEMBER	DESIGNATION	ATTENDANCE OUT OF 1 SITTINGS
1	Happi C. Kilongosi	Chairman	1
2	Jeremiah N. Karanja	Member	1
3	Isaac W. Gathirwa	Member	0
5	Patrick Mulwa	CEO/ Secretary	1

Audit and Risk Committee

S/N	NAME OF BOARD MEMBER	DESIGNATION	ATTENDANCE OUT OF 2 SITTINGS
1	Joyce Afanda	Chairman	0
2	Isaac W. Gathirwa	Member	0
3	Jeremiah N. Karanja	Member	1
3	Patrick Mulwa	CEO/ Secretary	2

Board and CEO Remuneration

The table below shows the Board members remuneration

	2023	2022
	Kshs	Kshs
Directors Remuneration	2,780,000	4,240,000
Key management compensation	<u>2,676,335</u>	<u>2,314,412</u>
Total	<u>5, 456,335</u>	<u>6,554,412</u>

During the year under review, the Board whose was fully reconstituted except a vacancy in the nominee of the State Department of Trade which was yet to be filled.

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

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

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

Roles and Functions of the Board

- (a) The Board carries an executive role of approving applications for registration and issue of practicing certificates as per the requirements of the CPS Act Cap 534 of the laws of Kenya. Determine the Board's mission, vision, purpose and core values;
- (b) Review, evaluate and approve, on a regular basis, long-term plans for the Board;
- (c) Review, evaluate and approve the Board's budget and financial forecasts;
- (d) Review, evaluate and approve major resource allocations and capital investments;
- (e) Ensure that the procurement process is cost-effective and delivers value for money;
- (f) Review and approve the operating and financial results of the Board;

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

The current Board was appointed and gazetted on 22nd May 2020 and an internal induction of the Board held on 5th June 2020. The board undertakes a Board evaluation at the end of each financial year. The most recent Board Evaluation was done in August 2022. Board members are paid sitting allowances these are disclosed as board members' remuneration in the statement of financial performance. The members of the Board are bound by the provisions of Mwongozo: The Code of Ethics for State Corporations.

9. Management Discussion and Analysis

The Board continued its core mandate which is to register qualified secretaries and issue practicing certificates to those who are eligible to offer services to the public as Certified Secretaries. The following is a summary of comparative applications for registrations and issues of practicing certificates as at June 2023.

The Board continued its core mandate which is to register qualified secretaries and issue practicing certificates to those who are eligible to offer services to the public as Certified Secretaries. The following is a summary of comparative applications for registrations and issues of practicing certificates for 2022/2023.

	2021/2022		2022/23	Q1-2022/23		Q2-2022/23		Q3-2022/23		Q4-2022/23			FOR THE YEAR
	BUDGET	ACTUAL	BUDGET	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	TOTAL BUDGET	TOTAL ACTUAL
Registration	348	193	208	52	73	52	53	52	51	52	40	208	217
Practicing	48	31	60	15	16	15	11	15	10	15	7	60	44

CATEGORY OF MEMBERSHIP	2021/22 (30 TH JUNE 2022)	2022/2023 CUMULATIVE UP TO (30 TH JUNE 2023 APPROVED BY THE BOARD	INCREASE IN REGISTRATIONS AND ISSUED PRACTICING CERTIFICATES AS AT 30 TH JUNE 2022	RECEIVED APPLICATIONS PENDING APPROVAL AS AT 30 TH JUNE 2023
Registration	4,010		4122	112
Practicing	1,484		1512	28

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The numbers of registrations and practicing certificates received registered a fair performance in the 2022/2023 financial year. Kasneb held examinations in August 2022, December 2022 and May 2023.

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

1. Approving alternative membership routes as envisaged by Section 20 (2) of the CPS Act, Cap 534. This once approved by stakeholders will increase the number of registrations.
2. Review of the Certified Public Secretaries Act to broaden the profession to include governance practitioners. The National Treasury appointed a taskforce in September 2022 to spearhead the drafting of the amendments to the Certified Public Secretaries of Kenya Act. It is hoped that this will align the profession with the changing regulatory, practice and technological environment and attract more members into the profession.

The RCPSB continues to engage stakeholders of the Certified Secretaries profession to develop ways of increasing the number of registered secretaries and on 15th March 2022 handed over the leadership of the implementation of the joint MOU between Certified Secretaries Institutions to the Institute of Certified Secretaries. The MOU aims at collaborative efforts between the Certified Secretaries Institutions to promote the profession and increase the membership of the profession.

10. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile

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

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

The RCPSB and other Stakeholders participated in the review and development of the Certified Secretaries Amendment Bill 2022.

2. Employee welfare

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

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

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

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

3. Market place practices-

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

4. Community Engagements:

In the Financial Year 2022-2023 the RCPSB supported National Environment Trust Fund (NETFUND) in tree planting on the 7th edition of Kaptagat Annual Tree Planting Initiative.

11. Report of Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the RCPSB's affairs.

(i) Principal activities

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

(ii) Results

The results of the RCPSB for the year ended June 30, 2023 are set out on pages 1 to 6.

(iii) Directors

The members of the Board of Directors who served during the year financial year 2022/2023 shown on page (iv)- (vii)


(iv) Surplus remission

The RCPSB is categorised in Schedule 4 and hence did not make any remittance to the Consolidated Fund.

(v) Auditors

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

By Order of the Board


.....

CS. Patrick Mulwa

Chief Executive Officer and Secretary to the Board

Date: 12/02/2024.....

12. Statement of Directors Responsibilities

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

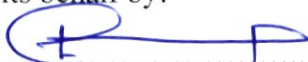
The Directors are responsible for the preparation and presentation of the RCPSB’s financial statements, which give a true and fair view of the state of affairs of the RCPSB for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the RCPSB; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the RCPSB’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Certified Public Secretaries Act (CAP 534). The Directors are of the opinion that the ’s financial statements give a true and fair view of the state of RCPSB’s transactions during the financial year ended June 30, 2023, and of the RCPSB’s financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the RCPSB, which have been relied upon in the preparation of the RCPSB’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The RCPSB’s financial statements were approved by the Board on 27th September 2023 and signed on its behalf by:


.....

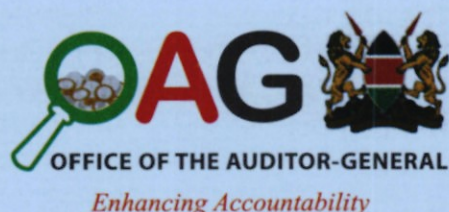
Board Member


.....

Chief Executive Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD FOR THE YEAR ENDED 30 JUNE, 2023

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 the 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

Opinion

I have audited the accompanying financial statements of Registration of Certified Public Secretaries Board set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows, the statement of comparison of budget

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Registration of Certified Public Secretaries Board as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis), the Public Finance Management Act, 2012 and comply with the Certified Public Secretaries of Kenya Act, 2015 (Revised).

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.27,493,848 and Kshs.17,191,315 respectively, resulting to an under-expenditure of Kshs.10,302,533 or 37% of the budget. The under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matter

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

1. Lack of Internal Audit Function

During the year under review, the Board operated without an internal audit function contrary to Section 73(1) of the Public Finance Management Act, 2012 which states that every National Government entity shall ensure that it complies with this Act and— (a) has appropriate arrangements in place for conducting internal audit according to the guidelines of the Public Sector Accounting Standards Board.

The Board was therefore exposed to issues of risk, control and governance and associated assurance which ought to have been provided by the internal audit function.

In the circumstances, the adequacy of internal controls and governance system in place could not be confirmed.

2. Under-Staffing

Review of the human resource records indicated that during the year under review, the Board operated with only four (4) staff against an approved establishment of twenty-eight (28) staff. The under staffing is likely to have compromised on segregation of duties and may have impacted negatively on the achievement of the Board's objectives.

In the circumstances, the adequacy and effectiveness of the Board's internal controls could not be confirmed.

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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.

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

I communicate with 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

12 February, 2024

14. Statement of Financial Performance for the year ended 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	1	22,907,500	23,800,000
Revenue from exchange transactions:			
Rendering of services	2	2,772,000	2,382,500
Finance income - external investments	3	1,648,340	1,026,090
Other Incomes	4	21,061	-
Total revenue		27,348,901	27,208,590
Expenses			
Employee Cost	5	5,883,045	5,218,442
Board Expenses	6	4,221,149	5,777,789
Depreciation and amortization expense	7	552,551	575,656
Repairs and maintenance	8	117,740	11,400
Use of Goods and Services	9	6,416,830	9,156,545
Total expenses		17,191,315	20,739,831
Surplus/(deficit) for the period		10,157,586	6,468,759

The notes set out on pages 6 to 27 form an integral part of these Financial Statements

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

CEO

Patrick Mulwa

Sign: 

Date: 12/02/2024

Head of Finance

Patrick K Tanui

Sign: 

ICPAK Member Number: 86598

Date: 12/02/2024

Board Member:

Elijah O Nyamamba

Sign: 

Date: 12/02/2024

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD
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15. Statement of Financial Position as at 30 June 2023

	NOTES	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	10	23,689,411	12,640,214
Investments	11	17,000,000	17,000,000
Receivables from non-exchange transactions	12	122,000	-
Prepayments	13	766,030	1,282,187
Total Current Assets		41,577,441	30,922,401
Non-current assets:			
Property, plant and equipment	14	1,519,496	2,025,995
Intangible assets	15	161,182	207,234
Total Non-current Assets		1,680,678	2,233,229
Total assets		43,258,119	33,155,630
Liabilities:			
Current liabilities:			
Trade and other payables from exchange transactions	16	35,903	100,000
Provisions	17	130,000	121,000
Total Current Liabilities		165,903	221,000
Total liabilities		165,903	221,000
Net assets			
Reserves	18	32,934,630	26,465,871
Prior Year Adjustments		-	-
Accumulated surplus (Deficit) for the year		10,157,586	6,468,759
Total net assets		43,092,216	32,934,630
Total net assets and liabilities		43,258,119	33,155,630

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

CEO

Patrick Mulwa

Sign: 

Date: 12/02/2024

Head of Finance

Patrick K. Tanui

Sign: 

ICPAK Member Number: 26598

Date: 12/02/2024

Board Member:

Elijah O. Nyamamba

Sign: 

Date: 12/02/2024

16. Statement Of Changes in Net Assets for the Year Ended 30 June 2023

	Reserves	Capital /Development Fund	Total Net Assets
	Kshs	Kshs	Kshs
Balance as at 1 July 2021	26,465,871	-	26,465,871
		-	
Surplus/(deficit) for the period	6,468,759	-	6,468,759
Prior year adjustments	-	-	-
Balance as at 30 JUNE 2022	32,934,630	-	32,934,630
Balance as at 1 July 2022	32,934,630	-	32,934,630
Surplus for the period	10,157,586	-	10,157,586
Prior year adjustments	-	-	-
Balance as at 30 JUNE 2023	43,092,216	-	43,092,216

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD
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17. Statement of Cash Flows as at 30 June 2023

	NOTES	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments – gifts and services-in-kind	1	22,907,500	23,800,000
Rendering of services	2	2,772,000	2,382,500
Finance income - external investments	3	1,648,340	1,026,090
Other Incomes	4	21,061	-
Total Receipts		27,348,901	27,208,590
Payments			
Employee costs	5	5,883,045	5,218,442
Board Expenses	6	4,221,149	5,777,789
Repairs and maintenance	8	117,740	11,400
Use of goods & services	9	6,416,830	9,156,545
Total Payments		16,638,764	20,164,176
Net cash flows from operating activities		10,710,137	7,044,415
Working Capital Changes			
Increase/Decrease in payables		(64,097)	21,000
Increase/Decrease in Provisions for Audit Fee		9,000	-
Increase/Decrease in receivables		(122,000)	5,200,000
Increase/ Decrease in prepayments		516,157	(626,601)
Prior year adjustments		-	-
		339,060	4,594,399
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	(230,260)
Proceeds from sale of property, plant and Equipment		-	-
Decrease /Decrease in non-current receivables		-	-
Increase /Decrease in investments		-	(7,000,000)
Net cash flows used in investing activities		-	(7,230,260)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		11,049,197	4,408,554
Cash and cash equivalents at 1 July		12,640,214	8,231,660
Cash and cash equivalents at 30 JUNE 2023		23,689,411	12,640,214

REGISTRATION OF CERTIFIED PUBLIC SECRETARIES BOARD
Annual Report and Financial Statements
For the Financial Year ended 30 June 2023

CEO

Patrick Mulwa

Sign: 

Date: 12/02/2024

Head of Finance

Patrick K Tanui

Sign: 

ICPAK Member Number: 26598

Date: 12/02/2024

Board Member:

Elijah O Nyamamba

Sign: 

Date: 12/02/2024

18. Statement of Comparison of Budget and Actual Amounts for The Period Ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Government grants and subsidies	23,800,000	-	23,800,000	22,907,500	(892,500)	96%
Unspent balance b/d	-	-	-	-	-	
Rendering of services	3,105,000	-	3,105,000	2,772,000	(333,000)	89%
Finance Income	690,000	-	690,000	1,648,340	958,340	239%
Other Income	200,000	-	200,000	21,061	(178,939)	11%
Total income	27,795,000	-	27,795,000	27,348,901	(446,099)	
Expenses						
Compensation of Employees	7,576,796	-	7,576,796	5,883,045	1,693,751	78%
Board Expenses	9,100,000	-	9,100,000	4,221,149	4,878,851	46%
Depreciation and Amortization	761,052	-	761,052	552,551	208,501	73%
Repairs and maintenance	130,000	-	130,000	117,740	12,260	91%
Use of goods & services	9,926,000	-	9,926,000	6,416,830	3,509,170	65%
Total expenditure	27,493,848	-	27,493,848	17,191,315	10,302,533	
Surplus for the period	301,152	-	301,152	10,157,586	9,856,434	

Budget Notes

1. Government grant decline due to reduction by the National Treasury in line with the presidential directive regarding government spending.
2. Income from Rendering of services declined due to the decline in the number of applications for registration and practicing certificates.
3. Finance Income exceeded the budget as a result of under estimation in the budgeting process.
4. Other Incomes were below the budget because other fundraising avenues were not achieved in the current Financial Year.
5. Compensation of employees declined due to the fact that the intended recruitment of additional staff was not successfully implemented in the current financial year.
6. Board expenses declined because some Board's intended activities were not undertaken in the course of the financial year. The term of the serving Board ended 31st December 2022 and the new Board was not in place by the close of the financial year.
7. Depreciation expense is below the budget because the intended purchase of computers and furniture was not successfully implemented in the current financial year.
8. Repairs and maintenance decline due the efficient use of office equipment.

9. Expenses on use of goods and services are lower than the budget due to prudent spending.
10. The opening cash balance was not included in the budget for the year because the amount related to the approved commitments which were not accomplished in the previous financial year.

Reconciliation between surplus as per the Budget and surplus as per the Statement of Financial Performance.

	Kshs.
Surplus under statement of financial performance	10,157,586
Less: Surplus under the statement of Budgeted and actual amounts	<u>10,157,586</u>
Difference	=

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for 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 2021

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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 RCPSB's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between RCPSB's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting RCPSB provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the RCPSB; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the RCPSB's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: <ol style="list-style-type: none"> 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 issue
Other improvements to IPSAS	Applicable 1st January 2023 <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> 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.
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic

benefits or service potential related to the asset will flow to the RCPSB and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the National Treasury on 30 June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the RCPSB upon receiving the respective approvals in order to conclude the final budget. Accordingly, the RCPSB recorded additional appropriations on the 2021-2022 budget following the governing body's approval.

The RCPSB's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance,

whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

Sales tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

f) Leases

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

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

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

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

g) Intangible assets

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

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

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

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

nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits
Retirement benefit plans

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

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

n) 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.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

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

q) Service concession arrangements

The RCPSB analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the RCPSB recognizes that asset when, and only when,

it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the RCPSB also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) 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.

1 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 16.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending the grant	Amount recognized to Statement of Financial performance <u>KShs</u>	Amount deferred under deferred income. <u>Kshs</u>	Amount recognised in capital fund. <u>KShs</u>	Total transfers 2022- 2023 <u>KShs</u>	Prior year 2021- 2022 <u>KShs</u>
National Treasury	22,907,500	-	-	22,907,500	23,800,000
Total	<u>22,907,500</u>	=	=	<u>22,907,500</u>	<u>23,800,000</u>

2. Rendering of services

Description	2022-2023 <u>Kshs</u>	2021-2022 <u>Kshs</u>
Registration	2,178,000	1,930,000
Re-registration	30,000	45,000
Practicing Certificates	550,000	387,500
Certificate replacement	4,000	-
Authority to practice	10,000	20,000
Total	<u>2,772,000</u>	<u>2,382,500</u>

3. Finance income - external investments

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Description	2022-2023	2021-2022
	KShs	KShs
Interest income from Treasury Bills	1,648,340	722,360
Discount on T.Bills	-	303,730
Total finance income – external investments	<u>1,648,340</u>	<u>1,026,090</u>
4. Other incomes		
Description	2022-2023	2021-2022
	KShs	KShs
Decrease in provision	21,000	-
Miscellaneous receipts	61	-
Total Other income	<u>21,061</u>	<u>=</u>
5. Employee costs		
Description	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	3,265,420	2,932,200
Employee related costs - contributions to pensions	304,166	270,420
Travel, motor car, accommodation, subsistence and other allowances	368,000	348,000
Housing benefits and allowances	1,288,000	1,238,000
Extreneous allowance	84,000	49,000
Medical Insurance	468,459	302,822
Airtime	105,000	78,000
Employee costs	<u>5,883,045</u>	<u>5,218,442</u>
6. Board Expenses		
Description	2022-2023	2021-2022
	KShs	KShs
Chairman’s Honoraria	480,000	960,000
Airtime- Board Members	114,000	230,000
Directors’ emoluments	2,780,000	4,240,000
Fare refund	4,000	4,000
Medical Cover	343,789	343,789
Board Capacity building	431,660	-
Board retreat	67,700	-
Total director emoluments	<u>4,221,149</u>	<u>5,777,789</u>

7. Depreciation and amortization expense		
Description	2022-2023	2021-2022
	KShs	KShs
Property, plant and equipment	506,499	552,630
Intangible Asset	46,052	23,026
Total depreciation and amortization	<u>552,551</u>	<u>575,656</u>
8. Repairs and maintenance		
Description	2022-2023	2021-2022
	KShs	KShs
Website Maintenance	117,740	11,400
Computer & Printer repair	-	-
Total repairs and maintenance	<u>117,740</u>	<u>11,400</u>
9. Use of Goods and Services		
Description	2022-2023	2021-2022
	KShs	KShs
Miscellaneous Expenses	63,895	42,500
Hospitality	184,049	184,955
Rental expenses	3,801,991	3,686,746
Audit fees	130,000	121,000
Seminars, Conferences & Workshops	228,535	611,480
CPS Plan & Development	1,192,000	3,000,000
News paper	13,500	14,700
Transport	44,820	32,940
Postage	5,600	2,850
Printing and stationery	259,487	399,073
Post Box Rental	9,450	9,450
Telecommunication	5,300	6,700
Staff training and development	147,340	703,140
Internet Services	271,818	268,151
ICPSK Subscription	30,200	34,200
Bank charges	28,845	38,660
Total general expenses	<u>6,416,830</u>	<u>9,156,545</u>
10. Cash and cash equivalents		
Description	2022-2023	2021-2022
	KShs	KShs

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Current account (NBK)	23,689,411	12,640,214
Total cash and cash equivalents	<u>23,689,411</u>	<u>12,640,214</u>

11. Investments

	2022-2023	2021-2022
	Kshs	KShs
Investment in Treasury bills-		
Central bank of kenya:-		
- 91 Days Treasury Bills	4,000,000	4,000,000
- 182 Days Treasury Bills	13,000,000	13,000,000
Sub- total	<u>17,000,000</u>	<u>17,000,000</u>

12. Receivables from non-exchange contracts

Description	2022-2023	2021-2022
	KShs	KSh
Current receivables -salary advance	-	5,200,000
Balance B/d		
Additions (Salary Advance)	267,000	-
Amount received (Salary advance)	(145,000)	(5,200,000)
Balance C/d	<u>122,000</u>	=

13. Prepayment:

Description:	2022-2023	2021-2022
	Kshs	Kshs
Office rent deposit	462,378	462,378
Parking pay deposit	54,000	54,000
Quarterly Service Charge deposit.	119,198	119,198
Prepaid Insurance	130,454	646,611
Total	<u>766,030</u>	<u>1,282,187</u>

14. Property plant and equipment

	Computers	Office equipment	Furniture and Partitions	Total
Cost	KShs	KShs	KShs	Kshs
At 1 st July 2021	-	-	4,051,991	4,051,991
Additions	-	-	-	-
Disposals/Scrap	-	-	-	-
Transfers				
At 30 th June 2022	-	-	4,051,991	4,051,991

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Additions	-	-	-	-
Disposals/Scrap	-	-	-	-
Transfers	-	-	-	-
At 30th June 2023	-	-	4,051,991	4,051,991
Depreciation & Impairment				
At 1 st July 2021	-	-	1,519,497	1,519,497
Depreciation for the year	-	-	506,499	506,499
Impairment	-	-	-	-
At 30th June 2022	-	-	2,025,996	2,025,996
Depreciation for the year	-	-	506,499	506,499
Disposals/Scrap	-	-	-	-
Impairment	-	-	-	-
At 30th June 2023	-	-	2,532,495	2,532,495
Net Book Values				
At 30th June 2023	-	-	1,519,496	1,519,496
At 30th June 2022	-	-	2,025,995	2,025,995

15. Intangible Assets

	Website		Total
Cost	KShs	KShs	KShs
At 1 st July 2021	-	-	-
Additions	230,260	-	230,260
Disposals/Scrap	-	-	-
Transfers			
At 30th June 2022	230,260	-	230,260
Additions	-	-	-
Disposals/Scrap	-	-	-
Transfers	-	-	-
At 30th June 2023	230,260	-	230,260
Amortization			
At 1 st July 2021	-	-	-
Amortization for the year	23,026	-	23,026
At 30th June 2022	23,026	-	23,026
Amortization for the year	46,052	-	46,052
Disposals/Scrap	-	-	-
Transfers	-	-	-
At 30th June 2023	69,078	-	69,078
Net Book Value			

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At 30 th June 2023	161,182	-	161,182
At 30 th June 2022	207,234	-	207,234

16. Trade and other payables from exchange transactions

Description:	2022-2023	2021-2022
	Kshs	Kshs
Audit Fees (FY 2020/2021)	-	100,000
Medical Insurance	35,183	-
Newspapers	720	-
Total	<u>35,903</u>	<u>100,000</u>

17. Current provisions

Audit Fee:	2022-2023	2021-2022
	Kshs	Kshs
Balance b/d (1/7/2021)	-	-
Additional provision	130,000	121,000
Total	<u>130,000</u>	<u>121,000</u>

18. Reserves

Description:	2022-2023	2021-2022
	Kshs	Kshs
Balance as at 1 July	32,934,630	26,465,871
Prior year adjustment	-	-
Surplus/deficit for the period	10,157,586	6,468,759
Prior year adjustment	-	-
Transfer of excess depreciation on revaluation	-	-
Total	<u>43,092,216</u>	<u>32,934,630</u>

19. CASH GENERATED FROM OPERATIONS

	NOTES	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments – gifts and services-in-kind	1	22,907,500	23,800,000
Rendering of services	2	2,772,000	2,382,500
Finance income - external investments	3	1,648,340	1,026,090
Other Incomes	4	21,061	-
Total Receipts		27,348,901	27,208,590
Payments			

Employee costs	5	5,883,045	5,218,442
Board Expenses	6	4,221,149	5,777,789
Repairs and maintenance	8	117,740	11,400
Use of goods & Services	9	6,416,830	9,156,545
Total Payments		16,638,764	20,164,176
Net cash flows from operating activities		10,710,137	7,044,414
Working Capital Changes			
Increase/Decrease in payables		(55,097)	21,000
Increase/Decrease in receivables		(122,000)	5,200,000
Increase/ Decrease in prepayments		516,157	(626,601)
Prior year adjustments		-	-
		11,049,197	11,638,813

20. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

21. FINANCIAL RISK MANAGEMENT (Continued)

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	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023				

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Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	122,000	122,000	-	-
Bank balances	23,689,411	23,689,411	-	-
Total	23,811,411	23,811,411	-	-
As at 30th June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	12,640,214	12,640,214	-	-
Total	12,640,214	12,640,214	-	-

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

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

(ii) Liquidity risk management

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June 2023				
Trade payables	720	35,183	-	35,903
Current portion of borrowings	-	-	-	-
Provisions	-	-	130,000	130,000
Employee benefit obligation	-	-	-	-
Total	720	35,183	130,000	165,903
At 30th June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	100,000	100,000
Provisions	-	-	121,000	121,000
Employee benefit obligation	-	-	-	-

Total	-	-	221,000	221,000
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The table below represents cash flows payable by the RCPSB under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

(iii) Market risk

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

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

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

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

ii) Foreign currency risk

The *Entity* has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

ii) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for

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interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) Capital Risk Management

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

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	43,092,216	32,934,630
Capital Reserve	-	-
Total Funds	43,092,216	32,934,630
Total Borrowings	-	-
Less: Cash And Bank Balances	23,689,411	12,640,214
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	0%	0%

22. Related Party Balances

a) Nature of related party relationships

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

The Board is related to:

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

b) Related party transactions

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total	-	-

b) Grants from the Government		
Grants from National Govt	22,907,500	23,800,000
Grants from County Government	-	-
Donations in kind	-	-
Total	22,907,500	23,800,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for RCPSB employees	3,206,710	2,904,030
Payments for goods and services	6,416,830	9,156,545
Total	9,623,540	12,060,575
d) Key management compensation		
Directors' emoluments	2,780,000	4,240,000
Compensation to the CEO	2,676,335	2,314,412
Compensation to key management	-	-
Total	5,456,335	6,554,412

23. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised for ERP System	-	3,000,000
Authorised for Website Development	-	-
Authorised and contracted for	-	-
Total	-	3,000,000

24. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The RCPSB did not remit any surplus to the consolidated fund. The RCPSB had in its budget an approval to appropriate from its surplus Ksh. 3,000,000 towards the purchase of an Enterprise Resource Management System to streamline its operations.

20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	There were no issues raised in the previous audit	N/A	N/A	N/A	N/A

25. Events after the reporting period

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

26. Ultimate and Holding Board

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

27. Currencies

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



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CHIEF EXECUTIVE OFFICER

DATE: 12/02/2024