




OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

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DATE: 17 AUG 2021	
DAY: Tuesday	
TABLED BY:	HON. AMOS KIMUNYA
CLERK-AT THE-TABLE:	MOSES KEMUNYA

OF
THE AUDITOR-GENERAL

KENYA MEDICAL PRACTITIONERS AND DENTISTS COUNCIL

FOR THE YEAR ENDED
30 JUNE, 2019



KENYA MEDICAL PRACTITIONERS AND DENTISTS COUNCIL

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2019**

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

(b) Background information

The Kenya Medical Practitioners and Dentists Council was established under section 4 of the Medical Practitioners and Dentists Act Cap 253 of the Laws of Kenya. This Act was enacted by Parliament in 1977 and came into operation on 1st January 1978 the current version of the Act, like the majority of the other Acts, it was printed in 1983. Pursuant to section 4 (15) which was inserted vide the Statute Law (Miscellaneous Amendments) Act (Act No. 11 of 2003), the Council is a body corporate with perpetual succession and a common seal, and is capable of suing or being sued, owning and dealing with property, borrowing, investing and lending money.

Pursuant to section 25, the functions of the Council should be financed by grants given by the Minister with the consent of the National Treasury, out of the money provided by Parliament. However, at present the Council generates its income from Registration & Licencing of Doctors and Health Institutions

(c) Principal Activities

The principal activities/mission/ mandate of the Council is to: -

- i. Register and licence medical and dental practitioners
- ii. Inspect, register and licence health institutions
- iii. Discipline medical/dental malpractice
- iv. Maintain an annual register of medical/dental practitioners and health institutions
- v. Supervise medical and dental education,
- vi. Enforce Continuous Professional Development,
- vii. Supervise internship training,
- viii. Regulate the practice of medicine and dentistry
- ix. Advise Minister for Health on quality health care provision,
- x. Collaboration and partnership with bodies of similar mandate
- xi. Monitoring and evaluation of performance.

(d) Principal Activities

The principal activity/mission/ mandate of the Kenya Medical Practitioners and Dentists Council is to regulate the practice of medicine, dentistry and health institutions in the republic.

Vision:

To be an efficient, effective and accessible world class health regulatory body.

Mission:

To ensure the provision of quality and ethical healthcare through appropriate regulation of training, registration, licensing, inspections and professional practice.

(e) Key Management

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

- Full Council
- Chief Executive Officer
- Management
- Technical staff
- Support staff

(f) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Daniel M. Yumbya, MBS
2.	Head of Registration & Licencing	John Kariuki
3.	Head of Human Resource	John K. Mburu
4.	Head of Legal Services	Eunice Muriithi
5.	Head of Procurement	Lesinko Nabulu
6.	Accountant	Sospeter O. Oyano
7.	Head of Information Technology	Duncan Mwai

(g) Fiduciary Oversight Arrangements

A fiduciary is an entity that holds a legal or ethical relationship of trust with one or more other parties (person or group of persons). Typically, a fiduciary prudently takes care of funds or other assets for another person. The Kenya Medical Practitioners and Dentists Council owe a fiduciary duty to the government and the public that it serves, through prudent utilization of funds and assets. A fiduciary is someone who has undertaken to act for and on behalf of another in a particular matter in circumstances which give rise to a relationship of trust and confidence.

Fiduciary duties exist to ensure that we manage funds in the best interest of the public interest. The Fiduciary Duty in the 21st Century programme finds that, "far from being a barrier, there are positive duties to integrate environmental, social and governance factors in operations this has made the Council make better decisions and improve performance consistent with our fiduciary duties.

Audit and Risk Management Committee activities

The Audit and Risk Management Committee held quarterly meetings in the year under review, making recommendations for improvement and helped in ensuring the Council mitigates on the risks outside and within.

The Internal Audit department carries on risk-based checks and help strengthen internal controls system in all the departments.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(h) Kenya Medical Practitioners and Dentists Council Headquarters

P.O. Box 44839, 00100
KMPDC Building
Woodlands Road
Nairobi, KENYA

(i) Kenya Medical Practitioners and Dentists Council Contacts

Telephone: (254) 720771478/0202724994/2711478/2728752
E-mail: info@kenyamedicalboard.org
Website: www.medicalboard.go.ke

(j) Kenya Medical Practitioners and Dentists Council Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Milimani Branch
P.O. Box 69693, 00400
Nairobi
3. Barclays Bank
Hurlingham Branch
P.O. Box 34974, 00100
Nairobi
4. Cooperative Bank
Nairobi Business Centre
P.O. Box 48321, 00100
Nairobi






(k) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya









(I) Principal Legal Advisers

1. The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112, 00200
City Square
Nairobi, Kenya
2. Muriu Mungai and Co Advocates
Spring Valley Crescent off Peponi road, Westlands
P.O Box 40112, 00100
Nairobi, Kenya
3. Kounah and Co. Advocates
Afya Maisonettes,
Kamburu Road, Off Ngong Road,
P.O Box 835-00200
Nairobi, Kenya
4. Prof. Kiama Wangai and Co. Advocates
Maendeleo house, Monrovia street,
P.O Box 297-00202
Nairobi, Kenya
5. Rachier and Amollo Advocates
P.O Box 55645, City Square 00200
Nairobi, Kenya




THE COUNCIL MEMBERS

Name	Member's area of responsibility	Member's date of birth, key qualifications	Member's passport-photo
Prof. George A. O. Magoha, MBS, EBS, CBS	Former Council Chairman	D.O.B: 02-07-1952 Qualifications: MBBS (Lagos) 1978, FMCS (Nigeria) 1985, FWACS 1990, FCS (ECSA) 2002	
Dr. Eva W. Njenga	Current Council Chair: Chairs Full Council Meetings & Tribunal Hearings	D.O.B: 23-08-1955 Qualifications: MBChB (Nairobi) 1980, M.Med (Int.Med) (Nairobi) 1986, Cert (Endocri) 1990	
Dr. Alice K. Mutungi	Former Vice Chair of the Council, Member-KMDC	D.O.B: 15-08-1955 Qualifications: MBChB (Nairobi) 1981, M Med (Obs&Gyn) (Nairobi) 1991	
Dr. Jackson Kioko	Former DMS/Registrar and Chair Preliminary Inquiry Committee (PIC)	D.O.B: 01-01-1970 Qualifications: MBChB (Nairobi) 1992, MPH (Belgium) 2006	
Dr. John Wekesa Masasabi	Director General-Member, KMPDC	D.O.B: 22-06-1960 MBChB(Nairobi) 1986 M.Med (Surg) (Nairobi) 1998	
Dr. Pacifica Onyancha	Member, KMPDC	D.O.B: 01-01-1965 Qualifications: MBChB(Nairobi) 1995 M.Med Psych(Nairobi) 2004	
Dr. Cyprian E. Muyodi	Member, KMPDC	D.O.B: 15-06-1958 Qualifications: MBChB (Nairobi) 1984, M.Med (Int.Med) (Nairobi) 1990	
Dr. Saanjeev J. Sharma	Member, KMPDC	D.O.B: 29-06-1961 Qualifications: BDS (Nairobi) 1985, MDSC (UK) 1990, FDS.RCS (EDIN) 1991, FRACDS (AUSTR) 2006, (MRD) (RACDS) (PROS) (AUSTR) 2009	

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Dr. Elly N. Opot	Former Council Member	D.O.B:10-10-1964 Qualifications: MBChB (Nairobi) 1992, M.Med (Gen.Surg) (Nairobi) 1999, MBA (JKUAT)	
Dr. Gladwell K. Gichuru	Member, KMPDC	D.O.B: 24-10-1973 Qualifications: MBChB (Nairobi) 1999, M.Med (Int. Med) 2008	
Prof. Fredrick Were	Member, KMPDC	D.O.B: 30-08-1958 Qualifications: MBChB (Nairobi) 1984, M.Med (Paed) (Nairobi), 1990	
Prof. Benedicto L. Atwoli	Member, KMPDC	D.O.B: 06-06-1976 Qualifications: MBChB (Moi) 2001, M.Med (Psych) (Nairobi) 2006, PhD (Psych) (UCT) 2015	
Prof. Boniventure O. Agina	Member, KMPDC	D.O.B: 08-06-1949 Qualifications: MBChB (Nairobi) 1976, M.Med (Obs & Gyna) (Nairobi) 1983	
Dr. Nelly K.Bosire	Chair: Training, Assessment, Registration and Human Resource Committee	D.O.B: 25-08-1981 Qualifications: MBChB (Moi) 1976, M.Med (Obs & Gyna) (Nairobi) 2015	
Dr.Fredrick K. M'Ibuku	Member, KMPDC	D.O.B: 31-12-1976 Qualifications: MBChB (Moi) 1976, M.Med (Obs & Gyna) (Nairobi) 2014	
Dr.Andrew W. Onyino	Chair: Inspection, Licencing, Finance and General-Purpose Committee	D.O.B: 30-08-1983 Qualifications: MBChB (Nairobi) 2008	

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Dr. Mathews K. Akama	Member, KMPDC	D.O.B: 06-10-1966 Qualifications: BDS (Nairobi) 1992, MDS (Nairobi) 2005	
Dr. Tom Ochola	Chair: Audit & Risk Management Committee	D.O.B: 14-01-1960 Qualifications: BDS (Nairobi) 1984, MSc (Dental Radiology) 1989, DDR.RCR (UK) 1993	
Mr. Daniel M. Yumbya	CEO/Secretary	D.O.B: 30-01-1960 Qualifications: MBA (International), Bachelors Degree	








Council Committees

Name of the Committee	Members
Disciplinary and Ethics Committee (D&EC), formerly known as <i>Preliminary Inquiry Committee (PIC)</i>	<ol style="list-style-type: none"> 1. Prof. Alice Mutungi (Chair) 2. Dr. Pacifica Onyancha (Alternate Chair) 3. Dr. Jackson Kioko (Former Chair) 4. Dr. Elly Nyaim Opot (Former Member) 5. Dr. Fredrick Kairithia 6. Dr. Mathew Akama 7. Dr. Nelly Bosire 8. Dr. Gladwell Gichuru 9. Dr. Kirsteen Awori 10. Dr. Samson Wanjala 11. Dr. Jame Kabutu 12. Prof. Lukoye Atwoli
Inspection, Licencing, Finance & General-Purpose Committee, formerly known as <i>Inspection and Licencing Committee (ILC)</i>	<ol style="list-style-type: none"> 1. Dr. Andrew Were (Chair) 2. Dr. Cyprian Muyodi 3. Dr. Fredrick Kairithia 4. Dr. Sanjeev Sharma 5. Dr. Gladwell Gichuru
Training, Assessment, Registration and Human Resource Committee, formerly known as <i>Training, Assessment and Registration Committee (TARC)</i>	<ol style="list-style-type: none"> 1. Dr. Nelly Bosire (Chair) 2. Dr. Elly Nyaim Opot (Former Chair) 3. Dr. Tom Ocholla 4. Prof. Fredrick Were 5. Prof. Okello Agina 6. Prof. Lukoye Atwoli 7. Dr. Sanjeev Sharma

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Audit & Risk Management Committee (ARMC)	<ol style="list-style-type: none"> 1. Dr. Dr. Tom Ocholla (Chair) 2. Dr. Elly Nyaim Opot (Former Chair) 3. Dr. Gladwell Gichuru 4. Dr. Andrew Were
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MANAGEMENT TEAM

Name	Main area of responsibility	Key qualifications	Photo
Daniel M. Yumbya	Chief Executive Officer/Secretary to the Council and in charge of day to day running of the Council	Masters in Business Administration, MBA (International)	
John I. Kariuki	Management of Registration & Licencing of Doctors and Health Institutions	Diploma in Administration	
Philip M. Ole Kamwaro	Management of Financial resources	MSc. Finance (Nairobi), B. Com (Accounting) CPA, Kenya	
John K. Mburu	Management of Human Resource	Bachelor Degree in Human Resource Management	
Eunice N. Muriithi	Management of Legal Services	Bachelor of Laws Degree, LLB (Nairobi)	
Lesinko Nabulu	Management of Procurement and disposal of assets, goods and services	MBA, (Nairobi) B. Com (Procurement) (Nairobi)	
Duncan Mwai	Management of Information Technology (IT)	Bachelor of Science in Information Technology	

CHAIRMAN'S STATEMENT

It is with great pleasure that I present our Annual Report and Financial Statements for the year ended 30 June 2019. This year, there has been a significance number of activities undertaken by the Council, above all what has remained as a strong pillar is the unique ability of the Council to continue to adapt to the environment that remains volatile and challenging. This has made us respond with quality of expertise and experience to the challenges encountered. Going forward, the Council will continue to be flexible in all its operations so as to ensure achievement of set goals and objectives. Of significance to note is the full repayment of the bank loan we took to construct the KMPDC office complex during the year under review. The office block has led to an increase in space that has enabled us carry on our mandate with efficiency, effectiveness and confidentiality in service delivery to our clients, other stakeholders and the general public.

Application of service delivery innovation

In an effort to improve service delivery and ease of doing business, the Council has launched the following service delivery innovations;

- a) Online indexing and tracking of medical and dental students
- b) Online renewal of general and specialist practice licence
- c) Online renewal in health institutions licence
- d) Online CPD Management System

Challenges in service delivery

Among the greatest challenges faced by the Council includes limited financial resources, equipment and personnel specifically in the Compliance Department. These challenges have over the years hampered our efforts to deliver services throughout the republic, both at the national and county levels. However, the Council endeavours to prudently utilize the limited available resources to effectively and efficiently deliver the much-needed services and improve the provision of quality health care.

Finally, I would like to thank the Council Members and the secretariat for their selfless diligence and commitment in the discharge of their duties throughout the year.



.....

Dr. Eva Njenga

Chair

Kenya Medical Practitioners and Dentists Council

REPORT OF THE CHIEF EXECUTIVE OFFICER

It is with great pleasure I submit the Kenya Medical Practitioners and Dentists Council Annual Report and Financial Statements for the financial year ended 30th June, 2019. Despite the many challenges encountered during the year, the Council was able to realize the following: -

1. Financial Position

The Council generates its income from internal sources. During the year under review, the Council was able to pay off the outstanding loan balance of Kshs. 8,111,087 which was acquired for the completion of the office complex.

It is worth noting that the Council utilized prudently the limited available resources to carry on its operations. The Council will endeavor paying its suppliers of goods and services promptly so as to ensure that the going concern is not threatened. Due to operationalization of the online systems the Council expects to optimize revenue collection and timely payments of suppliers thus reduction of payables and improvement of Council's going concern aspect.

2. Strategic Plan 2018-2023

The Board's Strategic Plan for the period 2018-2023 were launched on 7th December, 2018 by the Cabinet Secretary Sicily K. Kariuki, EGH. The Strategic Plan is a product of wide consultations with key stakeholders and strategic partners. It forms the road map through which the Council will conduct its business within the prescribed legal mandate ultimately providing efficient service and in areas of dispute; fair service to all clients. The Council will support the Universal Health Coverage priorities by promoting professionalism in practice and expanding education and training opportunities to increase the workforce required to adequately service the anticipated increase demands of the health sector. The completion and occupation of our ultramodern MPDC Complex is a grand achievement from our 2nd Strategic Plan. The new offices will enable us to enhance our service capabilities to offer customer centric, efficient and accessible services to our customers nationally. The Council will automate, innovate and build capacity in all its functions, and strengthen and build sustainable financial foundations to support our operations over the long term.

3. Legal Reforms: Implementation of the Health Laws (Amendment) Act, 2019

The amendments to the Health Laws were assented to by H.E the President on 13th May, 2019 and came into force on the 17th of May 2019. The relevant amendments are being implemented by the Council.

4. Rapid Results Initiative (RRI) on Inspection/Verification of Health Facilities

The Rapid Results Initiative (RRI) on inspection/verification of Health Facilities started on 6th May, 2019 and concluded on the 7th of August, 2019. A total number of 6,024 health facilities were verified. This makes approximately 52% of the total number of health facilities in the country.

5. Internship Training Centres

During the year the Council inspected both existing and proposed internship training centres. The Council also convened the Internship Coordinators' workshop that was aimed at training internship coordinators as well as analyzing challenges faced.

6. Registration of Doctors

The Council has registered a total of 13,288 medical and dental practitioners out of which 8,866 were retained in the financial year 2018/2019.

7. Organization Culture

Corporate culture refers to the shared values, attitudes, standards, and beliefs that characterize members of an organization. In the year under review the Kenya Medical Practitioners and Dentists Council has strengthened its organization culture by building an atmosphere appreciation for work well done. The Council adopted the “employee of the year” award that is meant to motivate members of the secretariat to carry out their duties diligently with minimal supervision.

Regional and International Collaboration

During the year under review, the Council was able to strengthen some key partnerships with medical and dental associations in East Africa, Africa and the World at large. The Council was represented during the Association of Medical Organizations Councils of Africa (AMCOA) Conference and International Association of Medical Regulatory Authorities (IAMRA) Workshops and Conferences where best practice in the industry is shared and adopted.

8. Meetings & Workshops

The Council was able to convene and attend various statutory and stakeholder meetings throughout the year under review. Some of the statutory meetings convened include the Strategic Plan Review Workshops, Preliminary Inquiry Committee Meetings, Peer Reviews, Training, Assessment and Registration Committee Meetings, Inspections and Licensing Committee Meetings as well as Audit and Risk Committee Meetings.

Further to the above, the Council convened various meetings in line with the achievement of its mission and vision. These meetings/workshops included the CPD providers’ workshop, meetings for post graduate studies, and the stakeholders’ workshop to develop core curriculum for post graduate studies.

9. Inspections

i. Joint Inspections

The team comprising of various health regulatory Boards and Councils carried out continuous inspections and verification of health facilities at both nationally and in the counties.

The Council anticipates continuing strengthening Compliance Department and collaborating with other Health Regulatory Boards and Councils to ensure that inspections are carried out throughout the country to increase not only compliance but the quality of health provision and consequently improve the quality of life.

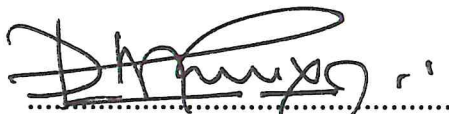
ii. COSECSA Inspections

The Council carried out inspections of various health facilities during the year under review in a bid to determine whether they met the threshold for accreditation as COSECSA Training centres.

iii. Inspection of University Medical and Dental Schools

The Council is established under the Medical Practitioners and Dentists Act (CAP 253 – Law of Kenya) with the mandate to regulate the practice of medicine and dentistry in the country. Some of the key mandates of the Council include approval of Medical & Dental Schools and Core Curricula, Conducting Examination and CPD and Inspecting Medical/ Dentals Schools, Internship Centers and Health facilities. In the year under review, the Council performed the above.

Last but not least, I take this time to sincerely thank both the former Chairman, Prof. George A.O Magoha and the current Chair, Dr. Eva Njenga, the Director General for Medical Services, Council Members who served during the year. Not to forget to thank the members of the secretariat for their selfless dedication to duty beyond reproach. We have seen a great improvement in service delivery as witnessed through the efficiency and effectiveness in the discharge of our mandate. It is indeed true that when we work together as a team towards a common goal, great things happen.



Daniel M. Yumbya, MBS
Chief Executive Officer

Kenya Medical Practitioners and Dentists Council

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the system of rules, practices and processes by which an organization is directed and controlled. Corporate governance essentially involves balancing the interests of an organization's many stakeholders, such as the public, management, clients, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining an organization's objectives, it encompasses practically every sphere of management, from strategic plans and internal controls to performance measurement and corporate disclosure.

Governance here refers specifically to the set of rules, controls, policies and resolutions put in place by the Council to dictate corporate behaviour. Ministry of Health and the public are important stakeholders who indirectly affect governance. The Council Members are very pivotal in governance, as they act as watchdog to the management.

The Council Members

The Council Members are the primary direct stakeholder influencing corporate governance. The Members are elected by doctors or appointed by the Minister in charge of Health, and they represent all these stakeholders. The Council is tasked with making important decisions, such as corporate policies formulation and direction, development and approval of strategic plan, budget, service charter, monitoring and evaluation.

Ensuring that our operations are governed effectively, with strong controls, but without being constrained unnecessarily, is the challenge we set ourselves to achieve. It is vital that we ensure this philosophy operates throughout the organization. Creating an effective Council is part of that process and if the Council is to do its job well it needs to reflect the diversity of the organization it governs, it must continually refresh and renew itself through planned succession and human capital development; it must measure its own performance as well as monitoring the performance of the organization. In line with these principles, a number of steps have been taken. The committees and their memberships have been reviewed and changes made. In addition, the Committee has been constituted taking into consideration gender balance. The Council has also developed a standard operating procedure to govern its activities. The Council sits at the top of the organization's governance framework, setting broad strategic targets, monitoring progress, approving proposed actions and ensuring appropriate controls are in place and effective.

The Council approval is required for: major investments, including the acquisition or disposal of any asset, entering into contracts and any changes to the Council's long-term objectives and strategies; and the annual recurrent and capital expenditure budgets.

The Committee fulfils a number of its most important functions through its committees.

Council Meetings

Scheduled Council Committee Meetings were held during the year ended 30th June, 2019 and there were Full Council Meetings which were also held during the year under review. A number of other conferences and workshop meetings were attended by selected Board representatives. To further their understanding of the Council and their relationship with the operating activities, some representatives were able to attend meetings and conferences held by various Boards and Councils, following which they reported back on matters of interest. Prior to each meeting, comprehensive papers are circulated to the members addressing not

only the regular agenda items on which the management will report, but also details of any areas requiring approval or decisions such as significant acquisitions or important decisions.

Conflicts of interest

Before commencement of Council meetings, each Member is always required to disclose any situations which apply to them as a result of which they have or may have an interest which conflicts or may conflict with the interests of the Council in accordance with the relevant laws.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The Management Discussion of financial condition and results of operations should be read in conjunction with the annual report and financial statements and the related notes of Kenya Medical Practitioners and Dentists Council for the period ended June 30, 2019. The Council's reports its financial position, results of operations and cash flows in accordance with International Public Sector Accounting Standards (IPSAS) as issued by IPSAB. The Council's functional currency is in Kenya Shilling ("Kes") and all amounts in this MD&A are expressed in Kenya Shilling.

Council Overview

Kenya Medical Practitioners and Dentists Council is a world recognized regulatory body with the core mission of regulating the practice of medicine, dentistry and health institutions in Kenya. The Council's online services enhancements, has led to maximum efficiencies in service delivery. These capabilities provide compliance benefits and aid in the provision of quality health care.

By combining its progressive policy formulation with a team of man power, compliance and administrative support, the Council has been able to deliver quality and efficient services to all its stakeholders. The Council's mandate is to further leverage this unique mix of skills and competencies to achieve additional growth.

Council is managed as a single unit by a strong team consisting of good decision-makers. The Council operates under the Ministry of Health and collaborates with other Boards and Councils in the health industry both nationally, in Counties, East African Countries, regionally and in the global space. Through this collaboration, the Council has been able to benchmark on the best practices in the health industry.

The MD&A presents annual reports, financial statements and notes to assist readers in understanding the Council's performance. This information is a measure of what the Council was able to achieve in terms of its operations by prudently utilizing the limited available resources to execute its mandate under Kenya Medical Practitioners and Dentists, Cap 253 Act.

This annual report consists of management's discussion and analysis (this section), the financial statements, and required supplementary information. The financial statements include a series of financial statements; The Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Statement of Net Assets that provide information about the activities of the Kenya Medical Practitioners and Dentists Council as a whole and present a longer-term view of its finances. These statements tell how these activities were financed as well as what remained for future spending.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

We recognise that we must integrate our business values and operations to meet the expectations of our stakeholders. They include clients, employees, government, suppliers, the public, development partners, the community and the environment.

- We recognise that our social, economic and environmental responsibilities to these stakeholders are integral to our operations. We aim to demonstrate these responsibilities through our actions and within our corporate activities.
- We take seriously all feedback that we receive from our stakeholders and, where possible, maintain open dialogue to ensure that we fulfil the requirements outlined within this statement.
- We shall be open and honest in communicating our strategies, targets, performance and governance to our stakeholders in our continual commitment to sustainable development.
- The Board is responsible for the implementation of social responsibility requirement and will make the necessary resources available to realise this. The responsibility for our performance on this rests with all employees throughout the organization.

Our focus:-

- To ensure a high level of performance while minimising and effectively managing risk ensuring that we uphold the values of honesty, partnership and fairness in our relationships with all our stakeholders
- To support the development of our external stakeholders through collaborations.
- To encourage suppliers and contractors to adopt responsible business policies and practices
- To encourage dialogue with local communities for mutual benefit
- To register and resolve customer complaints in accordance with our mandate.
- To operate an equal opportunities policy for all present and potential future employees and to offer our employees clear and fair terms of employment and provide resources to enable their continual development
- To maintain a clear and fair employee remuneration policy and shall maintain forums for employee consultation and involvement
- To provide safeguards to ensure that all employees of whatever nationality, colour, race or religious belief are treated with respect and without sexual, physical or mental harassment
- To provide, and strive to maintain, a clean, healthy and safe working environment.

Despite the limited resources, the Council made cash donations to Beyond Zero Half Marathon Trust and State House Girls High School during the year under review. Going forward, the Council will endeavour to engage itself in corporate social responsibilities activities and be part of building communities around.

REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the financial statements for the year ended June 30, 2019 which show the state of the Council's affairs.

Principal activities

The principal activities of the Council are to:

1. Register and licence medical and dental practitioners
2. Inspect, register and licence health institutions
3. Discipline medical/dental malpractice
4. Maintain registers of medical/dental practitioners and health institutions
5. Supervise medical and dental education,
6. Enforce Continuous Professional Development,
7. Supervise internship training,
8. Regulate the practice of medicine and dentistry
9. Advise Minister for Health of quality health care,
10. Collaboration and partnership with bodies of similar mandate
11. Monitoring and evaluation of performance.

Results

The results of the Council for the year ended June 30, 2019 are set out on page 1 to 4

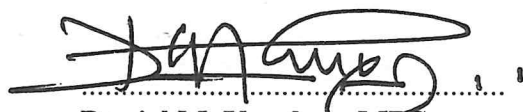
Members

The members of the Council who served during the year are shown on page vi to viii. During the year 2018/2019 Council Chairman, Prof. George A.O. Magoha took over other public duties and was replaced by Dr. Eva Njenga. In addition, Council Member, Dr. Elly N. Opot ceased to be a member in the year under review.

Auditors

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

By Order of the Council



Daniel M. Yumbya, MBS
Chief Executive Officer

Kenya Medical Practitioners and Dentists Council

Date: 19/12/2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Kenya Medical Practitioners and Dentists Council CAP 253 Act require the Council Members to prepare financial statements in respect of that Council, which give a true and fair view of the state of affairs of the Council at the end of the financial year and the operating results of the Council for that year. The Council Members are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Members are also responsible for safeguarding the assets of the Council.

The Council Members are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year ended on June 30, 2019. 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 Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Kenya Medical Practitioners and Dentists Council Cap 253 Act. The Members are of the opinion that the Council's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2019, and of the Council's financial position as at that date. The Members further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the preparation of the Council's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Kenya Medical Practitioners and Dentists Council Annual Report and Financial Statements were approved by the Council on 30th August, 2019 and signed on its behalf by:



Daniel M. Yumbya, MBS
Chief Executive Officer

Kenya Medical Practitioners and Dentists Council

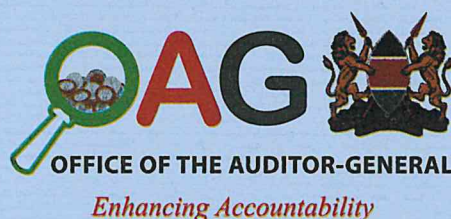


Dr. Eva Njenga
Chair

Kenya Medical Practitioners and Dentists Council

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA MEDICAL PRACTITIONERS AND DENTISTS COUNCIL FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Medical Practitioners and Dentists Council set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the statements of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Medical Practitioners and Dentists Council as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Medical Practitioners and Dentists Act, Cap.253 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Material Uncertainty on Going Concern

As reported in the previous year, the statement of financial position reflects current liabilities balance of Kshs.15,491,786 (2018: Kshs.16,531,666) which exceed the current assets balance of Kshs.6,915,119 (2018: Kshs.3,551,023) resulting in a negative working capital of Kshs.8,576,667.

Consequently, the Council is technically insolvent and the financial statements have therefore been prepared on a going concern basis on the assumption of continued financial support from creditors and the Government.

2. Inaccuracy in Cash and Cash Equivalents

As disclosed under Note 16 to the financial statements, the statement of financial position reflects cash and cash equivalents balance of Kshs.6,429,459. The balance is net of an overdrawn cash book balance of Kshs.982,965 in the Kenya Commercial

Bank (KCB) current account. which is contrary to Paragraph 48 of International Public Sector Accounting Standard (IPSAS) 1 which prohibits offsetting of assets and liabilities and income and expenses unless required or permitted by a standard. Further, Management has not provided supporting documents for overdrawing the bank account.

Consequently, the accuracy, completeness and validity of cash and cash equivalents balance of Kshs.6,429,459 reflected in the statement of financial position as at 30 June, 2019 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional 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, I confirm that, nothing has come to my attention to cause me

to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Council Members

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in

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

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

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

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

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

21 July, 2021

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Revenue			
Fees and other charges	7	224,739,520	240,311,449
Rental income	8	634,982	802,348
Total revenue		225,374,502	241,113,797
Expenses			
Office general supplies	9	6,951,531	4,486,202
Staff costs	10	61,928,906	58,627,137
Council Expenses	11	10,320,030	6,432,220
Depreciation and amortization expense	12	12,618,292	12,885,705
Repairs and maintenance	13	7,431,402	3,915,809
General expenses	14	122,195,524	106,789,591
Finance costs	15	549,592	2,455,821
Total expenses		221,995,278	195,592,485
Surplus for the year		3,379,224	45,521,312

Note: The Statement of Financial Performance have been re-instated to reflect the presentation of the new format issued by the International Public Sector Accounting Standard Board.

Kenya Medical Practitioners and Dentists Council
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	6,429,459	1,598,323
Trade and other receivables	17	485,660	1,952,700
		6,915,119	3,551,023
Non-current assets			
Property, plant and equipment	18	391,619,593	400,755,433
Total assets		398,534,712	404,306,456
Liabilities			
Current liabilities			
Trade and other payables	19	15,491,786	16,531,666
		15,491,786	16,531,666
Non-current liabilities			
Borrowing	20	-	8,111,087
		-	8,111,087
Total liabilities		15,491,786	24,642,753
Net assets		383,042,926	379,663,703
Surplus		343,391,909	340,012,686
Accumulated fund		39,651,017	39,651,017
Total net assets and liabilities		383,042,926	379,663,703

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Kenya Medical Practitioners and Dentists Council by:

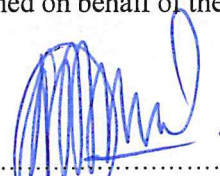


Daniel M. Yumbya, MBS
 Chief Executive Officer
Kenya Medical Practitioners & Dentists Council

Date...19/12/2020...



Dr. Eva Njenga
 Chair
Kenya Medical Practitioners & Dentists Council



CPA Philip Meeli Ole Kamwaro
 Finance Manager
 ICPAK Member Number: 6654

Date...19/12/2020...

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019**

	Accumulated fund	Revaluation reserve	Surplus	Total
At July 1, 2017	39,651,017	-	294,491,373	334,142,390
Surplus	-	-	45,521,312	45,521,312
At June 30, 2018	39,651,017	-	340,012,685	379,663,702
At July 1, 2018	39,651,017	-	340,012,685	379,663,702
Surplus	-	-	3,379,224	3,379,224
At June 30, 2019	39,651,017	-	343,391,909	383,042,926

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Fees and other charges		224,739,520	240,311,449
Other income, rental		634,982	802,348
Total Receipts		225,374,502	241,113,797
Payments			
Compensation of employees		61,928,906	58,627,137
Office general supplies		6,951,531	4,486,202
Other payments		139,519,797	152,400,242
Total Payments		208,400,234	215,513,581
Net cash flows from operating activities	21	16,974,268	25,600,216
Cash flows from investing activities			
Purchase of property, plant, equipment		(3,482,452)	(4,541,998)
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		(3,482,452)	(4,541,998)
Cash flows from financing activities			
Interest & other charges		(549,592)	(2,455,822)
Repayment of borrowings		(8,111,087)	(18,360,457)
Net cash flows used in financing activities		(8,660,679)	(20,816,279)
Net increase in cash and cash equivalents		4,831,137	241,939
Cash and cash equivalents at 1 JULY 2018	16	1,598,322	1,356,384
Cash and cash equivalents at 30 JUNE 2019	16	6,429,459	1,598,323

Kenya Medical Practitioners and Dentists Council
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Fees and other charges	261,738,000	(30,000,000)	231,738,000	224,739,520	6,999,730	3.02
Rental income	959,000	-	959,000	634,982	324,018	33.79
Total income	262,697,000	(30,000,000)	232,697,000	225,374,502	7,323,748	
Expenses						
Compensation of employees	65,100,000	-	65,100,000	61,928,906	3,171,094	4.87
Office general supplies	8,730,000	-	8,730,000	6,951,531	1,778,469	20.37
Finance cost	550,000	-	550,000	549,592	408	0.07
Other payments	169,836,000	(13,170,000)	156,666,000	152,565,249	4,100,751	2.62
Total expenditure	244,216,000	(13,170,000)	231,046,000	221,995,278	9,050,722	
Surplus for the period	18,481,000	(16,830,000)	1,651,000	3,379,224	(1,728,224)	

Note: Material performance difference which is above 10% is explained below:

1. Rental income

The Council had projected to let out the office space located at ground floor for café services in the year under review. this did not happen. However, the space has now been let out.

2. Office general supplies

The Council made use of communication technology tools to communicate to doctors and health institutions and utilize it for renewal of licences hence reducing usage on office general supplies.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Medical Practitioners and Dentists Council is established by and derives its authority and accountability from Cap 253 Act. The Council is wholly owned by the Government of Kenya and is domiciled in Kenya. The Council's principal activity is to regulate the practice of medicine, dentistry and health institutions.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are to be disclosed. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Council.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Kenya Medical Practitioners and Dentists Council Cap 253 Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	<p>Applicable: 1st January 2019</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.</p> <p>-This Standard was not applied by the Kenya Medical Practitioners and Dentists Council during the year under review.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>-This Standard will be applied appropriately if the Council will be holding financial instruments.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>The standard will be applied appropriately.</p>

iii. Early adoption of standards

The Kenya Medical Practitioners and Dentists Council did not early – adopt any new or amended standards in the year under review since no transaction necessitated their adoption. However, the applicable standards will be adopted and applied appropriately in future transactions.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, charges, taxes and fines

The Kenya Medical Practitioners and Dentists Council recognizes revenues from fees, charges 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 entity 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 entity 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 Kenya Medical Practitioners and Dentists Council 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sale of goods (Continued)

that the economic benefits or service potential associated with the transaction will flow to the entity.

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 entity'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 2018-2019 was approved by the Ministry of Health on 9th January, 2019. Subsequent revisions or adjustments were made to the approved budget. The adjustment to the original budget was done by the Council in order to conclude the final budget.

The Council has done a comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, and has presented in the statement of comparison of budget and actual amounts.

c) Taxes

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

Deferred tax

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

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. 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 Council recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation

Freehold property and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of on-going but incomplete works buildings and other civil works and installations.

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Depreciation on property, plant and equipment is recognized in the statement of financial performance on a reducing balance basis to write down the cost of each asset amount to its residual value over its estimated useful life. The following rates are applied:

Building	2.5%
Motor vehicles & cycle	25%
Computers & equipment	30%
Office furniture & fittings	12.5%

A full year's depreciation charge is recognized both in the year of asset acquisition and in the year of disposal.

f) Leases

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

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

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

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

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 Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Council 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.

h) Research and development costs

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 Entity 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 Entity 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 Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity 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 entity of

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets (Continued)

Impairment of financial assets (Continued)

financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity 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 Entity 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 labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) **Inventories (Continued)**

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 Entity.

j) **Provisions**

Provisions are recognized when the Entity 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 Entity 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 Entity 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 Entity 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 Entity 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Council did not have reserves in terms of specific requirements in the year under review.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Council pays gratuity benefits to its employees at the end of their contract period. As at now the Council does not have a defined contribution plan. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

The Kenya Medical Practitioners and Dentists Council regard 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the council members, the CEO and senior managers.

q) Service concession arrangements

The Kenya Medical Practitioners and Dentists Council 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 Council 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 Council 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 various commercial banks 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, 2019.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimates and assumptions

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Council
- The nature of the asset, its susceptibility and adaptability to changes in technology 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.

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.

6 PROPERTY TAXES REVENUE

There were no property taxes revenue received during the year under review.

7 FEES & OTHER CHARGES

Details	2019	2018
Private practice	47,540,000	39,315,000
Retention	37,964,000	22,348,000
Institutions	73,431,986	56,611,913
Temporary licence	22,880,000	30,380,000
Registration	6,272,000	3,880,000
Certificate of status	5,140,000	7,360,000
Specialist recognition	10,240,000	4,560,000
Exam	9,745,000	11,019,000
Certification of documents	609,000	867,000
Search	12,000	72,000

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PIC/PCC/D&EC/Tribunal	968,162	522,000
Continuous Professional Development	2,080,000	2,767,000
Internship licence	7,330,000	2,450,000
Inspection	500,000	500,000
Additional qualification	-	20,000
Review of curriculum	-	200,000
Interest	372	-
Indexing	27,000	50,000
Grant	-	4,991,985
Donations	-	52,397,551
Total	224,739,520	240,311,449

8 RENTAL INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Rental receipts	634,982	802,348
Total rentals	634,982	802,348

This relates to rental amounts received from Safaricom and Airtel for using Council's property to host the telecommunication masks.

9 OFFICE GENERAL SUPPLIES

Description	2018-2019	2017-2018
	KShs	KShs
Printing and stationery	6,951,531	4,486,202
Total office general supplies	6,951,531	4,486,202

10 STAFF COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Salaries and allowances	61,928,906	58,627,137
Employee costs	61,928,906	58,627,137

The staff costs for the financial year 2017-2018 wrongly charged to the general expenses has been corrected.

11 COUNCIL EXPENSES

Description	2018-2019	2017-2018
Sitting Allowances	5,950,000	1,729,845
Honoraria	960,000	960,000
Transport	428,000	72,000
Accommodation	704,000	96,000
Working Sessions	850,000	1,968,695
Meals	1,428,030	1,605,680
Total	10,320,030	6,432,220

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12 DEPRECIATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	12,618,292	12,885,705
Total depreciation	12,618,292	12,885,705

13 REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Building, computer, and equipment	3,726,734	116,950
Motor vehicles	3,704,668	3,798,859
Total repairs and maintenance	7,431,402	3,915,809

14 GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Advertising & publicity	4,156,462	1,525,206
Audit fees	700,000	650,000
Workshops and Conferences	15,992,932	12,739,679
Electricity, water & conservancy	1,434,086	1,248,141
Insurance	3,866,242	5,535,065
Legal expenses	12,814,500	8,268,680
Telephone, internet & postage	2,472,416	1,809,654
Security costs	926,215	1,067,688
Staff Training expenses	1,700,100	626,037
Other general expenses	78,132,572	73,319,441
Total general expenses	122,195,524	106,789,591

Note: Payment made through KCB Milimani: KCB requires the Council to write cheques when

15 FINANCE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Interest on loan and bank charges	549,592	2,455,821
Total finance costs	549,592	2,455,821

16 CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Current accounts (reconciled)	(880,681)	478,668
Savings accounts	7,259,851	535,738
On - call deposits	7,613	7,241

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Fixed deposits account	-	-
Mpesa paybill number 992836	24,500	330,500
Cash at hand	18,176	246,175
Total cash and cash equivalents	6,429,459	1,598,322

DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

		2018-2019	2017-2018
Financial institution	Account number	KShs	KShs
a) Current/Saving accounts			
Kenya Commercial Bank (reconciled)	1103158643	(982,965)	478,668
Kenya Commercial Bank (Savings)	1102062154	1,580,613	361,708
Barclays Bank (Savings)	2022670517	24,746	24,747
Barclays Bank (Current)	2036182671	102,284	-
Cooperative Bank (Savings)	011000062541500	5,654,492	149,283
Sub- total		6,379,170	1,014,406
b) On - call deposits			
Barclays Bank	2032845188	7,613	7,241
Sub- total		7,613	7,241
c) Fixed deposits account			
Barclays Bank	2031696596	-	-
Sub- total		-	-
d) Others (specify)			
Cash in hand		18,176	246,176
Mpesa paybill	992836	24,500	330,500
Sub- total		42,676	576,676
Grand total		6,429,459	1,598,322

17 TRADE AND OTHER RECEIVABLES

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Prepayments	410,660	1,654,950
Other debtors	75,000	297,750
Total receivables	485,660	1,952,700

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18 PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Motor Vehicle	Furniture & Fittings	Computers & Equipment	Totals
	-	2.5%	25%	12.5%	30%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1st July 2017	18,877,446	384,007,082	8,357,509	17,412,488	6,657,045	435,311,570
Additions	-	-	-	2,761,330	1,780,668	4,541,998
Disposals	-	-	-	-	-	-
As At 30th June 2018	18,877,446	384,007,082	8,357,509	20,173,818	8,437,713	439,853,568
As At 1st July 2018	18,877,446	384,007,082	8,357,509	20,173,818	8,437,713	439,853,568
Additions	-	-	-	2,011,150	1,471,302	3,482,452
Disposals	-	-	-	-	-	-
As At 30th June 2019	18,877,446	384,007,082	8,357,509	22,184,968	9,909,015	443,336,020

DEPRECIATION						
As At 1st July 2017	-	9,600,177	6,952,842	5,823,699	3,835,712	26,212,430
Charge for the year	-	9,360,173	351,167	1,793,765	1,380,600	12,885,705
Disposals	-	-	-	-	-	-
As At 30th June 2018	-	18,960,350	7,304,009	7,617,464	5,216,312	39,098,135
As At 1st July 2018	-	18,960,350	7,304,009	7,617,464	5,216,312	39,098,135
Charge for the year	-	9,126,168	263,375	1,820,938	1,407,811	12,618,292
As At 30th June 2019	-	28,086,518	7,567,384	9,438,402	6,624,123	51,716,427
NET BOOK VALUE						
As At 30th June 2019	18,877,446	355,920,564	790,125	12,746,566	3,284,892	391,619,593
As At 30th June 2018	18,877,446	365,046,732	1,053,500	12,556,354	3,221,400	400,755,433

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19 TRADE AND OTHER PAYABLES

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	15,233,934	16,286,093
Payments received in advance	257,852	245,573
Total trade and other payables	15,491,786	16,531,666

20 BORROWINGS

Description	2018-2019	2017-2018
	KShs	KShs
Balance at beginning of the period	8,111,087	26,471,544
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	(8,111,087)	(18,360,457)
Balance at end of the period	-	8,111,087

The analysis of borrowing is as follows:

	2018-2019	2017-2018
	KShs	KShs
Domestic Borrowings		
Kenya Shilling loan balance from Barclays Bank	8,111,087	26,471,544
Total balance at end of the year	-	8,111,087

Description	2018-2019	2017-2018
	KShs	KShs
Long term borrowings	-	8,111,087
Total	-	8,111,087

Note: The Council borrowed Kshs. 40 million in the year 2016 to be repaid in 3 years at an average annual interest rate of 13%. This amount was to enable the Council complete its office complex. The total loan and interest accrued have been paid in full.

21 CASH GENERATED FROM OPERATIONS

	2018-2019	2017-2018
	KShs	KShs
Surplus for the year before tax	3,379,224	45,521,312
Adjusted for:		
Depreciation	12,618,292	12,885,705
Finance cost	549,592	2,455,821
Working Capital adjustments		
Decrease in receivables	1,467,040	(149,608)
Decrease in payables	(1,039,880)	(35,113,015)
Net cash flow from operating activities	16,974,268	25,600,215

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22 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2018-2019	2017-2018
	KShs	KShs
The Green Belt Movement	-	-
Other public donations	484,900	-
Total	484,900	-

The Council engages in Corporate Social Responsibilities so as to impact on social issues affecting stakeholders and the community. During the year, the Council made contributions to Beyond Zero Marathon Trust & State House Girls High School.

23 TRANSFERS FROM OTHER GOVERNMENTS

No transfer was received from the other governments during the year under review.

24 GRANTS AND SUBSIDIES

There were no grants and subsidies received by the Council in the financial year under review.

25 GAIN ON SALE OF ASSETS

The Council did not dispose any asset during the year under review.

26 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

There was no unrealized gain on fair value investment during the year under review

27 IMPAIRMENT LOSS

There was no impairment loss during the year under review.

28 TAXATION

The Council is a regulatory body and does not pay taxes on its earnings.

29 INVENTORIES

The Council did not hold inventories as at the end of the financial year 2018/2019

30 INVESTMENTS

The Council did not have investments during the year under review.

Shareholding in other entities

The Council did not hold shareholding in other entities in the year under review

31 INTANGIBLE ASSETS-SOFTWARE

The Council had no intangible assets during the year under review.

32 INVESTMENT PROPERTY

No investment in properties was made during the year under review.

33 REFUNDABLE DEPOSITS FROM CUSTOMERS

There were no refundable funds from customers.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 CURRENT PROVISIONS

The Council did not make any current provisions in the financial year 2018/2019.

35 FINANCE LEASE OBLIGATION

The Council did not have finance lease obligation as at the end of the financial year.

36 DEFERRED INCOME

There was no deferred income as at the end of the financial year.

37 EMPLOYEE BENEFIT OBLIGATIONS

The Kenya Medical Practitioners and Dentists Council does not operate a defined benefit scheme for its employees. Gratuity is paid to the staff at the expiry of employment contract period. The Council contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Council's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1, 080.00 per employee per month.

38 NON-CURRENT PROVISIONS

There were no non-current provisions made during the year under review.

39 SERVICE CONCESSION ARRANGEMENTS

There were no service concession arrangements in the year under review.

40 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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(i) Credit risk

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Accounts Receivables	485,660	485,660	1,952,700	-
Bank balances	6,429,459	6,429,459	1,598,323	-
Total	6,915,119	6,915,119	3,551,023	-
At 30 June 2018				
Accounts Receivables	1,952,700	1,952,700	1,803,092	-
Bank balances	1,598,323	1,598,323	1,356,384	-
Total	3,551,023	3,551,023	3,159,476	-

The clients under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and no allowance for uncollectible amounts that the Council has recognised in the financial statements since the amounts will be paid. The Council has no significant concentration of credit risk on amounts due from clients.

The council members set the credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

	Less than 1 year
	Kshs
At 30 June 2019	
Trade payables	14,791,786
Provisions	700,000
Total	15,491,786
At 30 June 2018	
Trade payables	15,881,666
Provisions	650,000
Total	16,531,666

(iii) **Market risk**

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

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

The Council's Internal Audit 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 Council's exposure to market risks or the manner in which it manages and measures the risk.

a) **Foreign currency risk**

The Council has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

a) **Foreign currency risk**

The Council's did not have foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) **Interest rate risk**

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

Sensitivity analysis

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

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Using the end of the year figures, the sensitivity analysis indicates no impact on the statement of comprehensive income.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Council's market assumptions.

There were no financial assets as at the end of the financial year.

a) Financial instruments not measured at fair value (Continued)

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

	2018-2019	2017-2018
	Kshs	Kshs
Revaluation reserve	-	-
Surplus	343,391,909	340,012,686
Accumulated fund	39,651,017	39,651,017
Total funds	383,042,926	379,663,703

41 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the Council 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the Kenya Medical Practitioners and Dentists Council, holding 100% of the Council's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Council, both domestic and external. Other related parties include:

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

	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government	-	-

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b) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	61,928,906	58,627,137
Total	61,928,906	58,627,137

42 SEGMENT INFORMATION

The Kenya Medical Practitioners and Dentists Council have no segments in place.

43 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and liabilities during the year under review.

44 CAPITAL COMMITMENTS

Capital commitments	2018-2019	2017-2018
	Kshs	Kshs
Approved	3,482,452	4,541,998
Total	3,482,452	4,541,998

The capital commitments undertaken during the year under review relates to the purchase of non-current assets.

45 EVENTS AFTER THE REPORTING PERIOD

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

46 ULTIMATE AND HOLDING ENTITY

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

47 CURRENCY

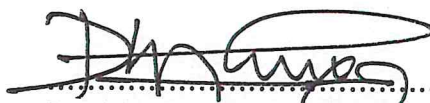
The financial statements are presented in Kenya Shillings (Kshs)

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe:
Report of the Auditor General for the year ended 30 June 2018	Going concern; current liabilities were more than current assets in the FY 2017/2018	Due to the construction of the Council office complex and repayment of the bank loan, the Council was constrained financially, consequently struggled to meet its obligations when they fall due. In the year under review the Council paid the pending bills for the FY 2017/2018 and has put measures in place to be paying suppliers promptly to ensure going concern is not threatened.	Daniel. M. Yumbya, CEO	Resolved	30 June, 2019



Daniel M. Yumbya, MBS
 Chief Executive Officer
Kenya Medical Practitioners and Dentists Council

Date. 19/12/2020



Dr. Eva Njenga
 Chair
Kenya Medical Practitioners and Dentists Council

Date. 19/12/2020

10/10/10

