

REPUBLIC OF KENYA



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| THE NATIONAL ASSEMBLY | |
| DATE: | 15 NOV 2022 |
| Day: | Tuesday |
| TABLED BY: | Hon. Silvanus Oloo, mp Chief whip Majority |
| OF K-AI THE TABLE: | Halima Suleiman |

THE AUDITOR-GENERAL

ON

**KENYA MEDICAL PRACTITIONERS AND
DENTISTS COUNCIL**

**FOR THE YEAR ENDED
30 JUNE, 2021**



KENYA MEDICAL PRACTITIONERS AND DENTISTS COUNCIL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Medical Practitioners and Dentists Council (“the Council” or ‘KMPDC”) is a health-sector regulatory body established under the Medical Practitioners and Dentists Act (Cap 253 – Laws of Kenya) with the mandate to regulate the training and practice of medicine, dentistry and community oral health in Kenya. It also has the mandate to regulate the health institutions within the country.

This above-mentioned Act was enacted by Parliament in 1977 and came into operation on 1st January 1978. The Act has over the years undergone various amendments with the most recent coming into force on 17th May, 2020 under the Health Laws (Amendment) Act, 2019 (No. 5 of 2019).

Pursuant to Section 3 of the Act, the Council is a body corporate with perpetual succession and a common seal and capable, in its corporate name, of:

- (a) suing and being sued;
- (b) taking, purchasing or otherwise acquiring, holding, charging and disposing of movable and immovable property; and
- (c) doing or performing all such other things or acts necessary for the proper performance of its functions under this Act as may lawfully be done or performed by a body corporate.

Pursuant to Section 25, the functions of the Council should be financed by funds from the Ministry of Health with the consent of the Treasury, out of money provided by Parliament. However, at present, the Council generates its income internally from registration & license fees paid by medical and dental practitioners and health facilities. The Council is pursuing funding from the exchequer through the Ministry of Health.

FUNCTIONS OF THE COUNCIL

Pursuant to Section 4 of the Act, the functions of the Council shall be to:

- (a) establish and maintain uniform norms and standards on the learning of medicine and dentistry in Kenya;
- (b) approve and register medical and dental schools for training of medical and dental practitioners;
- (c) prescribe the minimum educational entry requirements for persons wishing to be trained as medical and dental practitioners;
- (d) maintain a record of medical and dental students;
- (e) conduct internship qualifying examinations, preregistration examinations, and peer reviews as deemed appropriate by the Council;
- (f) inspect and accredit new and existing institutions for medical and dental internship training in Kenya;
- (g) license eligible medical and dental interns;
- (h) determine and set a framework for professional practice of medical and dental practitioners;
- (i) register eligible medical and dental practitioners;
- (j) regulate the conduct of registered medical and dental practitioners and take such disciplinary measures for any form of professional misconduct;
- (k) register and license health institutions;
- (l) carry out inspection of health institutions;

- (m) regulate health institutions and take disciplinary action for any form of misconduct by a health institution;
- (n) accredit continuous professional development providers;
- (o) issue certificate of status to medical and dental practitioners and health institutions; and
- (p) do all such other things necessary for the attainment of all or any part of its functions.

(b) Principal Activities

The principal activity of the Council is to:

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

VISION STATEMENT:

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

MISSION STATEMENT:

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

(c) 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

(d) Fiduciary Management

The key management personnel who held office during the quarter and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|------------|-----------------------------------|---------------------------|
| 1. | Chief Executive Officer | Daniel M. Yumbya, MBS |
| 2. | Ag. Corporation Secretary | Michael Reuben Onyango |
| 3. | Head of Compliance-Technical | Dr. Wangeci Kingóri |
| 4. | Head of Compliance-Operation | Mohamed A. Qadar |
| 5. | Head of Registration | Dr. John Otieno Abayo |
| 6. | Technical (Medical) Expert -Legal | Dr. Stella Njeri Kanja |
| 7. | Head of Licencing | John I. Kariuki |
| 8. | Head of Finance | CPA Philip M. Ole Kamwaro |
| 9. | Head of Human Resource | John K. Mburu |
| 10. | Head of Legal Services | Eunice Muriithi |
| 11. | Head of Procurement | Lesinko Nabulu |
| 13. | Head of Information Technology | Duncan Mwai |
| 14. | Administration Officer | Rose Wafukho |
| 15. | Head of Customer Care | Agnes Jacob |

(e) 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 holds quarterly meetings to consider the internal audit reports, in order to make recommendations for improvement of the systems of internal controls and help in ensuring mitigation of risks from outside and within the Council.

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

(f) Kenya Medical Practitioners and Dentists Council Headquarters

P.O. Box 44839, 00100
KMP&DC House
Woodlands Road
Nairobi, KENYA

(g) Kenya Medical Practitioners and Dentists Council Contacts

Telephone: (254) 727666444/011052222
E-mail: info@kmpdc.go.ke
Website: www.kmpdc.go.ke

(h) 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. Cooperative Bank
Nairobi Business Centre
P.O. Box 48321, 00100
Nairobi

(i) Independent Auditors

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

(j) Principal Legal Adviser

1. The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112, 00200
City Square
Nairobi, Kenya

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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

2. THE COUNCIL MEMBERS

The following are members who served during the period under review: -



Dr Eva W. Njenga, *Chair of the Council*

Dr. Njenga was born on 23rd August, 1955. She is a well-respected and World-renowned Endocrinologist with a vast experience and knowledge in Tropical medicine, Social Medicine and Medical Anthropology.

She has been in practice for over 30 years and holds a MMed from the University of Nairobi. She has certificates in Advanced Course for Post Graduate Doctors in Endocrinology from the University of New Castle Upon Tyne-UK and Social Medicine and Medical Anthropology from Harvard University.

Dr. Njenga is a member of several medical associations both locally and internationally and currently sits on the Diabetes Africa Advisory Board. Her over 30 years of practice in medicine have seen her work in several hospitals in the country offering specialized care in diabetes and endocrine conditions management.

She has also been a lecturer at the University of Nairobi's Medical School for more than 10 years and continues to share her expertise with post-graduate students in various private university hospitals in the country.

She is the Founder Director of Diabetes Management & Information Centre and is also the Chair of the Kenya NCD Alliance.



Mr. Daniel M. Yumbya, MBS, EBS *Chief Executive Officer/Registrar/Secretary to the Council*

He is the Chief Executive Officer of the Kenya Medical Practitioners and Dentists Council, a position that he has held since October 2010. He is responsible for strategic leadership, management and overseeing the daily operations of the Council.

He holds a Master's Degree in Business Administration (International) MBA (I), (Edith Cowan University, Australia, 2011), Certificate in Executive Education on Leading High Performing Health Organizations (Strathmore Business School, Strathmore University, Nairobi, 2012), Certificate in Evaluation and Accreditation of International University Medical and Dental Education, (Nizhny Novgorod State Medical Academy, Russia 2009), Strategic Leadership Certificate under Intelligent Africa Marketing and Training – South Africa, (August 2008), Strategic Leadership Certificate (Kenya School of Law, Nairobi, February 2009) and Strategic and Operational Planning for Successful Public Service Budgeting Certificate under Intelligent Africa Marketing and Training, Ivory Coast (April, 2009). He is a certified trainer with Interpol on Pharmaceutical Crime, (2015) among others qualifications.

He is a seasoned health regulator with a passion to ensure quality health care and improved patient safety. He has served as a Consultant with the IFC/World Bank on Kenya Patients Safety Impact Evaluation (KePSIE) Project between 2016 and 2017.

He has been instrumental in the development and dissemination of various policy documents nationally, at East Africa Community (EAC) Region and in the Africa continent under Association of Medical Councils of Africa (AMCOA).

He is the current Chair of International Association of Medical Regulatory Authorities (IAMRA) Membership Committee since 2017, and a Director, Board of Management representing the Africa Continent. He has also been the Chair of the Finance Committee of AMCOA since 2012.

During his tenure as a Chair for the Membership Committee representing the Africa continent, IAMRA Membership, collaboration and participation in AMCOA Conferences and Capacity Building workshops has increased considerably.

On 12th December, 2018 and 12th December, 2021, Mr. Yumbya was awarded the Moran of the Order of the Burning Spear (M.B.S.) and Elder of the Order of the Burning Spear (E.B.S) respectively for the role that he has continuously played in Healthcare Regulation in local, Regional and International arena.



Dr. Patrick Amoth, *Member of the Council & Ag. Director General for Health, Ministry of Health*

Dr. Patrick Amoth was born on 25th December, 1968. He holds the following qualifications:

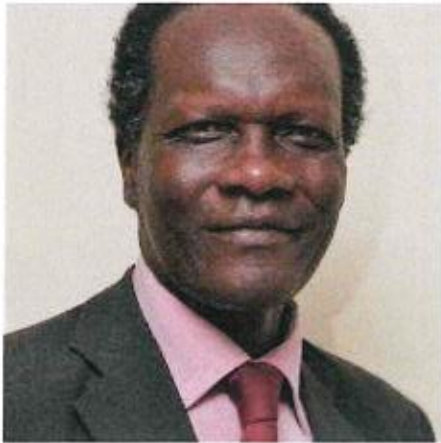
MBChB (Nairobi) 1993, and M. Med (Obs/Gynae) (Nairobi) 2001

Dr. Patrick Amoth is the acting Director General for Health in the Ministry of Health, Kenya. A consultant obstetrician and gynecologist of immense repute, Patrick previously headed the Directorate of Public Health at the Ministry, where spearheaded strategy development for effective delivery of health services in all the 47 counties in Kenya and was centrally involved in the inception and alignment of Universal Health Coverage for the country.

Dr. Amoth formerly headed the Department of Health Sector Coordination and Intergovernmental Affairs, an assignment that was preceded by his successful stint as a Chief Medical Specialist and Senior Deputy Director of Medical Services at Mama Lucy Kibaki Hospital Nairobi.

Dr. Amoth's has had expansive experience in civil service having risen from a Medical Officer at Kisumu's Provincial Hospital before becoming the Medical Superintendent in the former Kiambu District Hospital, now Kiambu County Referral Hospital. He also later served as the Director of Medical Services for Kiambu East and Kiambu West Districts, now Kiambu County. During his stint in Kiambu, Dr. Amoth is credited with having had excellent managerial skills as well as robust and successful fundraising for the hospital, initiating various programs, and revolutionizing infrastructural improvement of most hospitals.

Dr. Patrick Amoth is a graduate of the University of Nairobi's Medical School and has a Masters in Obstetrics and Gynecology from the same university. He also holds a Diploma in Health Systems management form Galilee College in Israel.



Prof. Stephen Ogendo, *Member of the Council*

Prof. Stephen Ogendo was born on 25th October, 1955. He is a professor of surgery at Maseno University and also the current Dean, School of Medicine at the institution. He studied at the University of Nairobi where he obtained both his Undergraduate (MBChB) and Post Graduate specialization in surgery (MMed). He got an additional three years training in cardiothoracic surgery in the UK.

Additional qualifications are a Post Graduate Diploma in Research Methodology and Master's in Medical Education.

His main interests are in medical education and training and has been involved in the activities of training with both governmental and non-governmental organizations within the region.

He is a member of various professional organizations and societies.



Dr Jacqueline Kitulu, *Member of the Council & Chair Training, Assessment, Registration & Human Resource Committee (TAR&HRC)*

Dr Jacqueline Kitulu was born on 26th December, 1972. She is a Family Physician and has been in practice for more than 15 years. She represents the Kenya Medical Association, the umbrella professional association for doctors in Kenya in the Council. She has also chaired the Kenya Medical Women's Association (2008 and 2012), is the 1st Deputy Governor of the Kenya Red Cross Society and sits on several other boards.

Dr Kitulu has an MBA in Healthcare Management from Strathmore Business School and believes that this has gone a long way in bridging the communication gap between her health background and her current policy influencing position in a bid to transform the Health sector in Kenya.

She is also a recipient of many awards including the most recent one, the Distinguished Service Award from the Kenya Medical Association 2019.



Dr Linus Ndegwa, *Member of the Council*

Dr Linus Ndegwa was born on 26th October, 1981. He has been in practice for more than 15 years since his graduation from the University of Nairobi School of Dental Sciences in 2005. In 2015, he completed an MSc in Restorative and Aesthetic Dentistry at the University of Manchester. He is currently the Chairman of the Kenya Dental Association and is also a member of numerous professional organizations. Dr. Ndegwa has focused his practice on excellence in aesthetic dentistry and is also a research scientist at KEMRI.



Alex Lang'at, *Member of the Council*

Alex Langat was born on 16th September, 1973. He is an accomplished oral health practitioner in private dental practice. He has previously served as a member of the District Education Board both at Rongai and Nakuru Sub Counties, a Chairperson to the District Tender and Procurement Committee and also Chairperson to the Rongai Constituency Development Fund among others.

He is a former Head of Dental Services at Egerton University and is currently the Clinical Director, at Elephant Dental Kenya. Mr. Langat is also the National Chairman of Oral Health Association of Kenya (OHAK) and represents Oral Health Practitioners at the Kenya Medical Practitioners and Dentists Council.

He is an alumni of Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Kenya Medical Training Collage.



Comm. Kagwiria Mbogori, *Member of the Council & Chair, Audit & Risk Committee*

Commissioner Kagwiria Mbogori was born on 12th July, 1965. She is an accomplished Human Rights Practitioner with a broad work experience at the national and regional level. She holds a Masters of Law from the University of Notre Dame majoring in International and regional human rights protection systems, International humanitarian law and Transitional Justice. She is also a Law Graduate from the University of Nairobi and holds a Post Graduate Diploma from the Kenya School of Law.

Commissioner Kagwiria has served at the United Nations Development Programme (UNDP) as a Chief Technical Advisor, Judiciary of South Sudan, Head of Advisory Unit, United Nations Mission in Liberia (UNMIL), Human Rights Officer (UNMIL), Country Programme Manager United Nations Development Fund for Women (UNIFEM) and Executive Director Kenya Section of the International Commission of Jurists. She has also consulted for various institutions on governance issues.



Dr Mohamed Abdi Mohamed, *Member of the Council & Chair of Disciplinary and Ethics Committee (D&EC)*

Dr Mohamed Abdi Mohamed was born on 12th December, 1981 He is a Medical Practitioner with over 12 years' experience in the public and private sector. He is the Co-founder and Managing Director/Chief Executive Officer of Ladnan Hospital, Nairobi, a position he has held since 2011.

He has previously worked at the Metropolitan Hospital Holdings Limited as the Director and Chief Operating Officer where he oversaw the facility's strategic plan, its day-to-day operations, and expansion strategy. He has also worked for the Ministry of Health as a Medical Officer and a Medical Doctor for humanitarian agency, Medecins Sans Frontieres, where he provided clinical assessments, care and treatment of patients at Dadaab Refugee Camp.

Dr Mohamed is also an advisor of many organizations and associations.

He represents the Private Sector at the Kenya Medical Practitioners and Dentists Council where he also serves as the Chairman of the Disciplinary and Ethics Committee (DEC).



Dr Juliet W. Gathara, Member of the Council and Chair of the Inspection, Licencing, Finance & Gen-Purpose Committee (ILF&GPC)

Dr Juliet Gathara was born on 1st November, 1979. She holds a Bachelor of Medicine and Bachelor of Surgery from the University of Nairobi, a Masters of Medicine Surgery from Makerere University and a Master's in Business Administration from the Catholic University of Eastern Africa.

Dr Gathara has been in practice for more than 12 years and is currently the Dean, School of Medicine at Mount Kenya University.



Mr. Livingstone Omuchere Bumbe, Alt. Member of the Council, representing the CS, National Treasury & Member; Audit & Risk Management Committee & ILF&GP Committee

Mr. Livingstone Omuchere Bumbe was born on 5th December, 1966. He holds a Master's in Public Sector Management from Africa University, Mutare, Zimbabwe July 2006 – June 2007. He has been involved in overseeing the analysis of the Yield Curve and current market dynamics to inform auction decisions; monitoring and evaluating the performance of the domestic borrowing programme; advising on risk management in domestic debt markets, including market and interest rates risks; ensure regular review of legislative and regulatory framework that impact on domestic borrowing and timely briefing to the Cabinet Secretary; Providing leadership in assessing eligibility of credit guarantees and processing of borrowing guarantees where applicable; and Process letters of Support and related documents on Independent Power Producers(IPPs)

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Council Committees








| Name of the Committee | Members |
|---|---|
| Disciplinary and Ethics Committee (D&EC), | i) Dr. Abdi Mohamed, Chair ii) Kagwiria Mbogori iii) Dr. Linus Ndegwa iv) Mr. Alex Langát v) DG/MoH Representative vi) Dr. Jacqueline Kitulu |
| Inspection, Licencing, Finance & General-Purpose Committee (ILF&GP) | i) Dr. Juliet Gathara, Chair ii) Mr. Alex Langát iii) Dr. Abdi Mohamed iv) Prof. Stephen O. Ogendo v) Dr. Linus Ndegwa vi) Livingstone Bumbe |
| Training, Assessment, Registration and Human Resource Committee (TAR&HRC) | i) Dr. Jacqueline Kitulu, Chair ii) Prof. Stephen O. Ogendo iii) Dr. Juliet Gathara iv) Dr. Linus Ndegwa v) Mr. Alex Langát |
| Audit & Risk Committee (ARC) | i) Ms. Kagwiria Mbogori, Chair ii) Dr. Linus Ndegwa iii) Prof. Stephen O. Ogendo iv) Livingstone Bumbe v) Lamu Katumo, <i>Ex-Officio</i> |

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3. MANAGEMENT TEAM

| Name | Main area of responsibility | Key qualifications | Photo |
|----------------------------|---|---|---|
| Daniel M. Yumbya, MBS, EBS | 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 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 |  |
| Michael Reuben Onyango | Ag. Corporate Secretary | Bachelor of Laws Degree, LLB (Nairobi) and Diploma in Law (Kenya School of Law) |  |
| 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) and Diploma in Law (Kenya School of Law) |  |
| Lesinko Nabulu | Management of Procurement and Disposal of Assets, Goods and Services | MBA, (Nairobi) B.Com (Procurement) (Nairobi) |  |

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| | | | |
|-----------------------------|---|---|---|
| Duncan Mwai | Management of Information Technology (IT) | Bachelor of Science in Information Technology |  |
| Rose C. Wafukho | Office Administration | Bachelor Degree in Office Management |  |
| Mohamed A. Qadar | Management of Compliance-Operations | Bachelor Degree in Psychology |  |
| Agnes Jacob | Management of Customer Care Services | BBA Office Management |  |
| Dr. Karen Wangechi King'ori | Management of Compliance-Technical | Bachelor of Medicine Degree |  |
| Dr Stella Njeri Kanja | In charge of Technical (Medical) Expert-Legal | Master's in Public Health |  |
| Dr John Otieno Abayo | Management of Registration of Doctors and Health Institutions | Bachelor of Medicine Degree |  |

4. CHAIR'S STATEMENT



Overview

Despite political and macroeconomic uncertainties during the financial year, the Council remained resilient and delivered solid results. Of great concern to the Council was the COVID-19 pandemic that is still affecting our country and the entire globe, leading to reduced economic activities, curtailed movements as well as regulatory pressure. I am however happy to report that despite these concerns, we are confident that we are well and better placed to manage the shifting economic landscape.

Regulatory environment

The fluctuating regulatory environment remains an area of utmost influence on our operations. In the period, stakeholders shared increasing concerns on the likely impact of regulatory interventions in the regulatory environment.

In May 2019, the new amendments to Cap 253 laws came into effect. Implementation has been continuous since then. The amendments have strengthened the Council's position in terms of executing its mandate.

However, the Council in consultation with stakeholders will continue monitoring the risks brought about by change in environment to ensure the regulatory role is not threatened or curtailed any way in the long run.

Our stakeholders drew comfort from this, and in the spirit of encouraging a more consultative process for these kinds of initiatives, we will continue to proactively engage all the stakeholders.

We support the development of a regulatory framework that promotes provision of the highest quality of health and innovation in service delivery as well as a sustainable business environment in accordance with international best practice.

Corporate governance

During the period, the Council continued to observe the provisions of the law and Mwongozo Code of Conduct in the conduct of its business to ensure proper accountability and separation of powers.

Outlook

Our work ethos is grounded in the desire to deliver improved quality and efficient services, provide an unrivalled service offering to our customers and remain focused on the Council's purpose of ensuring provision of quality healthcare in the country.



Dr. Eva W. Njenga, MBS
Chair

Kenya Medical Practitioners and Dentists Council

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

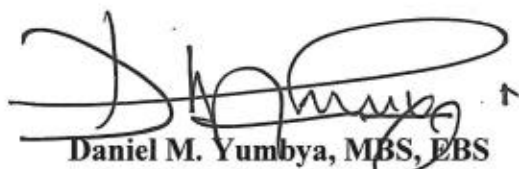


The Kenya Medical Practitioners and Dentists Council, KMPDC, is established under Section 3 of the Medical Practitioners and Dentists Act Cap 253 of the Laws of Kenya. This Act was enacted in 1977. The mandate of the Council is to regulate training and the practice of medicine, dentistry, community oral health and health institutions in the Republic of Kenya

The core business of KMPDC is to ensure that there are standards in training, registration and licencing of doctors, community oral officers and health facilities; to regulate their conduct and to ensure that the highest standards of quality health care and connected purpose is administered to the Kenyan people at all times. This is in line with the Kenyan Constitution 2010, Health Act, the Medical Practitioners and Dentists Act, Cap 253, Vision 2030, the KMPDC Strategic Plan 2018-2023 and the Vision and Mission therein.

It is with great pleasure I submit the Kenya Medical Practitioners and Dentists Council Annual Report and Financial Statements for the Financial Year 2020/2021. Despite the many challenges encountered during the quarter, the Council was able to realize key milestones in its mandate with the allocation of funds from the National Treasury for the first time in history, including continued implementation of the Health Laws (Amendment) Act, 2019, Strategic Plan 2018-2023, registration and licensing of doctors, community oral health officers and health institutions, inspection of medical schools, internship training Centre's, isolation and quarantine facilities and health facilities across the Republic of Kenya, resolutions of professional disciplinary matters among other achievements.

As I conclude, I would like to express deep appreciation to the Government of Kenya, the Ministry of Health, the National Treasury, all stakeholders and the general public for their invaluable support and commitment to ensure the Council moves forward in the execution of its very important mandate. Not to forget our strategic partners as well as public and private institutions who have been very supportive during the period. Finally, we also thank the County Governments through the Council of Governors for their collaboration and the entire citizens of Kenya for giving us the golden opportunity to be their servants.



Daniel M. Yumbya, MBS, EBS
Chief Executive Officer

Kenya Medical Practitioners and Dentists Council

6. STATEMENT OF KENYA MEDICAL PRACTITIONERS AND DENTISTS COUNCIL
PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Council to include in the financial statements, a statement of the Kenya Medical Practitioners and Dentists Council performance against predetermined objectives. The following is the statement of our performance against the set objectives in the performance contract: -

KMPDC has 3 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. These strategic pillars are as follows:

Pillar 1: Legal Framework

Pillar 2: Regulatory Enforcement

Pillar 3: Service Delivery Excellence

KMPDC develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kenya Medical Practitioners and Dentists Council achieved its performance targets set for the FY 2020/2021 period for its 3 strategic pillars, as indicated in the diagram below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------|--|--|--|---------------------|
| LEGAL FRAMEWORK | To appropriately align with relevant statutory laws and policies that support the Council's legal operational mandate. | <ul style="list-style-type: none"> Enhanced patient safety, accountability and redress mechanisms, through Camp rules, 2016. Reduced overcharging of services and increased access to health services, through harmonization of practitioner fees under published fee rules, 2016; Increased awareness of patient rights through published, Patient Rights Charter, 2013; Improved complaints handling and increased capacity to | <ul style="list-style-type: none"> Optimize operational advantage. Maintain adherence to Cap 253 Adopt timely Cap 253 revisions to strengthen Council functions Maintain timely case determinations Improve disciplinary processes, handling Mitigate financial leakages/losses from court cases/adverse court decisions Limit impact of industrial action on service delivery Employ Council's advisory, arbitration functions | 85% |

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| | | <p>determine complaints at county level;</p> <ul style="list-style-type: none"> • Practitioner benefits through advertising rules, 2016; • Higher number of case closures | <ul style="list-style-type: none"> • Establish Alternative Dispute Resolution processes and procedures | |
| REGULATORY ENFORCEMENT | To ensure quality ethical healthcare through regulation of training, registration, licensing, inspections and professional practice. | <ul style="list-style-type: none"> • Enhanced Council's functions in Education and training of interns and practitioners to achieve consistency in skills, assessments and knowledge levels • Improved registration processes. • Enhanced compliance to standards by increasing inspection coverage from 40% to 90% • Strengthened compliance efforts. • Strengthened enforcement of non-compliant /defaulting health institutions, medical schools, clinics, hospitals, • Expanded regulatory services to Government, private, faith based, NGO's primary care facilities i.e., dispensaries, health centres, medical clinics, maternity homes, nursing homes, county and national hospitals • E Health Services. | <ul style="list-style-type: none"> • Increased awareness. • collaborations, devolution of Board operations • continuous training of compliance officers and Conducting more frequent joint inspections • Establish criteria for measuring quality of care to the patient | 78% |

Kenya Medical Practitioners and Dentists Council
Annual Reports and Financial Statements
For the year ended June 30, 2021.

| | | | | |
|------------------------------------|---|--|--|-----|
| | | <ul style="list-style-type: none"> • Mechanisms to monitor, measure and ensure that the quality-of-care levels are maintained by the provider | | |
| SERVICE DELIVERY EXCELLENCE | To provide efficient, effective and accessible world class [regulatory] service to their customers. | <ul style="list-style-type: none"> • Improved access to the Council’s online services through a new ICT Business Model Platform. • Improved financial management through increased fund mobilization, improved revenue collections and internal savings • Improved access to Council’s services through provision of online services. • Increased patient rights awareness • Strengthened partnerships and benchmarking standards through collaborations with strategic partners locally, regionally and internationally. | <ul style="list-style-type: none"> • Improve service efficiency • leverage innovation as core competence. • Increase online services • Leverage staff commitment, enhance skills and competencies • Increase staffing capacity, training & resource allocation • Strengthen financial sustainability, management, diversify income sources, • Maintain operational advantage from enhanced customer service. • Improve Council’s service level | 94% |

Note: The overall performance was based on the performance contract targets for the year under review.

7. CORPORATE GOVERNANCE STATEMENT

The Board of the Kenya Medical Practitioners and Dentists Council is responsible for the overall management of the affairs of the organization and is accountable to all its stakeholders for ensuring compliance with all the relevant laws, and the highest standards of global practice in corporate governance and efficient service delivery.

The Council is fully committed to integrity in accordance to the global generally accepted corporate practices and endorses the application of the principles of good corporate governance.

The Council

The Council is made up of nine (9) members representing major stakeholders brought about by the amended Cap 253 Act. The members attended meetings during the year under review are as per the summary table below: -

| S/No | Name | Designation | Full Council Meetings | Committee Meetings |
|------|------------------------|-------------|-----------------------|--------------------|
| 1 | Dr. Eva W. Njenga, MBS | Chairperson | 4 | N/A |
| 2 | Prof. Stephen Ogendo | Member | 4 | 4 |
| 3 | Dr. Jacqueline Kitulu | Member | 4 | 4 |
| 4 | Dr. Linus Ndegwa | Member | 4 | 4 |
| 5 | Alex Lang'at | Member | 4 | 4 |
| 6 | Dr. Juliet Gathara | Member | 4 | 4 |
| 7 | Comm. Kagwiria Mbogori | Member | 4 | 4 |
| 8 | Dr. Patrick Amoth | Member | 2 | N/A |
| 9 | Dr. Mohamed A. Mohamed | Member | 4 | 4 |
| 10 | Livingstone Bumbe | Member | 3 | 3 |

The Council members have been undertaking trainings from time to time to ensure skills set they hold meet the demands of their positions effectively ensuring high quality decisions are made. In addition, the Council has a charter in place that highlights what is expected to be done, by whom and at what time. This ensures that turnaround time for efficient service delivery is at the required level and standards.

Composition of the Council

Section 3A of the Medical Practitioners and Dentists Act set out the composition of the Council as here under: -

- (1) The Council shall consist of
 - (a) A chairperson who shall be appointed by the President
 - (b) The Director General for Health or a designated representative;
 - (c) Four persons appointed by the Cabinet Secretary, nominated as follows
 - (i) One person who shall be a representative of universities in Kenya which have the power to grant a qualification which is registerable under this Act;
 - (ii) One person who shall be a representative of the Kenya Medical Association;
 - (iii) One person who shall be a representative of Kenya Dental Association; and

- (iv) One person who shall be a representative of oral health practitioners;
 - (d) Three persons appointed by the Cabinet Secretary, as follows—
 - (i) One person who shall be nominated by Kenya National Commission on Human Rights;
 - (ii) One person who shall be a representative of the private sector in health; and
 - (iii) One person with knowledge and expertise in finance or audit; and
 - (e) The Chief Executive Officer who shall be the Registrar and an *ex officio* member and also the secretary to the Council.
-
- (2) A person appointed as a member of the Council under the Act, other than the *ex officio* member, shall serve for a term of three years and shall be eligible for reappointment for a further and final term of three years.
- (3) The chairperson shall preside at all meetings of the Council and, in the absence for any reason of the chairperson, the other members of the Council who are present at that meeting shall choose one of the members to act as the chairperson at the meeting.
- (4) A member of the Council may
- (a) At any time resign from office by giving thirty days' notice in writing to the chairperson;
 - (b) Be removed from office if the member
 - (i) Has been absent from three consecutive meetings of the Council without permission of the chairperson;
 - (ii) Is convicted of an offence involving dishonesty or fraud;
 - (iii) Is convicted of a criminal offence and sentenced to imprisonment for a term exceeding six months or more; or
 - (iv) Is incapacitated by prolonged physical or mental illness or is deemed otherwise unfit to discharge his or her duties as a member of the Council.
- (5) Six members of the Council shall constitute a quorum at any meeting.
- (6) The powers of the Council shall not be affected by any vacancy in the membership thereof. The Council shall meet at least once in every three months.
- (8) The chairperson, may, with prior approval of the Council, appoint suitable persons to assist in carrying out particular decisions of the Council or particular duties or investigations for the Council.
- (9) Subject to the provisions of this Act, the Council may regulate its own procedure.
- (10) Pursuant to nominations in paragraphs (1) (c) and (d), each organization shall present two nominees one of whom shall be appointed by the Cabinet Secretary considering ethnic diversity, gender, disability, skills mix and regional balance.

Functions of the Council

- (1) The functions of the Council shall be to
 - (a) Establish and maintain uniform norms and standards on the learning of medicine and dentistry in Kenya;
 - (b) Approve and register medical and dental schools for training of medical and dental practitioners;
 - (c) Prescribe the minimum educational entry requirements for persons wishing to be trained as medical and dental practitioners;
 - (d) Maintain a record of medical and dental students;
 - (e) Conduct internship qualifying examinations, preregistration examinations, and peer reviews as deemed appropriate by the Council;
 - (f) Inspect and accredit new and existing institutions for medical and dental internship training in Kenya;

- (g) License eligible medical and dental interns;
- (h) Determine and set a framework for professional practice of medical and dental practitioners;
- (i) Register eligible medical and dental practitioners;
- (j) Regulate the conduct of registered medical and dental practitioners and take such disciplinary measures for any form of professional misconduct;
- (k) Register and license health institutions;
- (l) Carry out inspection of health institutions;
- (m) Regulate health institutions and take disciplinary action for any form of misconduct by a health institution;
- (n) Accredite continuous professional development providers;
- (o) Issue certificate of status to medical and dental practitioners and health institutions; and
- (p) Do all such other things necessary for the attainment of all or any part of its functions.

Internal Control Systems

The Council has put in place critical systems of internal controls including policies, procedures, rules, regulations and general controls to ensure that accounting and financial reporting are accurate, relevant and reliable and that the running remains effective and efficient. Procedures have been put in place to ensure authority for transactions are obtained to ensure strict compliance to the laws, rules and regulations including prudent utilization of assets towards achievement of the set goals and objectives. The Council through its committees exercises oversight role including the review of the design and effectiveness of the systems of internal controls and the assessment of the results of the Council activities against the set plans and within the approved budget.

The Council through scheduled meetings considers the reports as its oversight function and directs implementation of such measures as it deems necessary to improve the reliability, relevance, efficiency and effectiveness of the Council's systems of internal controls.

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.

8. MANAGEMENT DISCUSSION AND ANALYSIS

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 FY 2020/2021. 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.

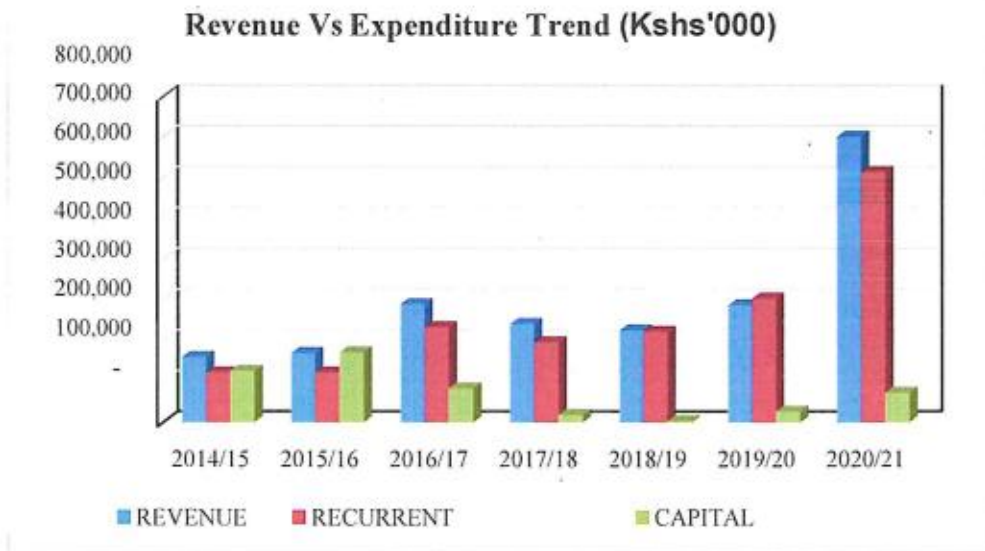
By combining its progressive policy formulation with a team of man power, compliance and administrative support, the Council has been able to deliver quality and efficient services to all its stakeholders. The Council’s mandate is to further leverage this unique mix of skills and competencies to achieve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

Financial Position

The Council generates its income from internal sources and support from the National Treasury. As a result of the effects of Covid-19 pandemic, the Council was charged with responsibility of coordinating and inspecting quarantine and isolation facilities in the country. To run its operations in a sustainable manner and avoid going concern threat, the Council has managed to receive exchequer funding during the period to support its budgetary requirements now and going forward. It is worth noting that the Council utilized prudently the limited available resources to carry on its operations/mandate.

The Council will endeavor paying its suppliers of goods and services promptly when funds are available so as to ensure that its going concern is not threatened in any way.

The following diagram indicates five-year revenues vs expenditure trend: -



Strategic Plan 2018-2023

The Council's Strategic Plan for the period 2018-2023 was 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 Council carried out strategic plan review & evaluation, and we are happy to report that most of the planned activities were achieved as planned. The few arears will be completed before the expiry of the current strategic plan. In addition, the Council will automate, innovate and build capacity in all its functions, and strengthen and build sustainable financial foundations to support operations over the long term.

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 going forward.

Internship Training Center's

During the financial year, the Council inspected both existing and proposed internship training Centre's which were not inspected in the previous quarters to check on compliance and standards levels. This was geared to ensure that the interns acquire the requisite knowledge, skills and experience and hence provision of quality healthcare to the Kenyan people.

Student indexing, registration & licensing trend

The graph below indicates the indexing, registration and licensing trend of both medical and dental students: -

Medical & dental students indexing trend: -

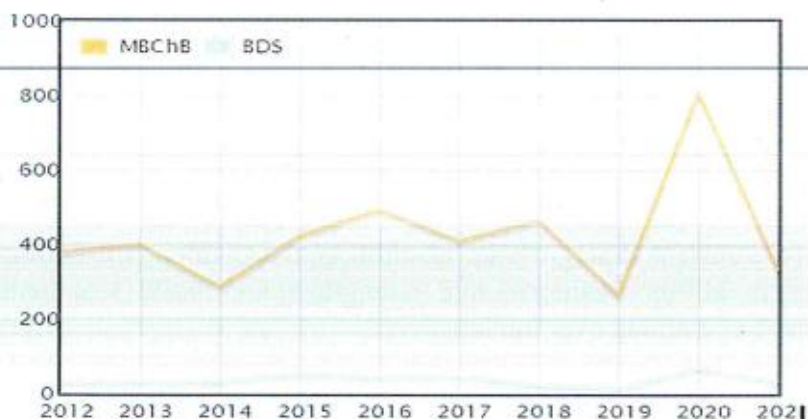




Doctors' registration trend:

Practitioner Registration

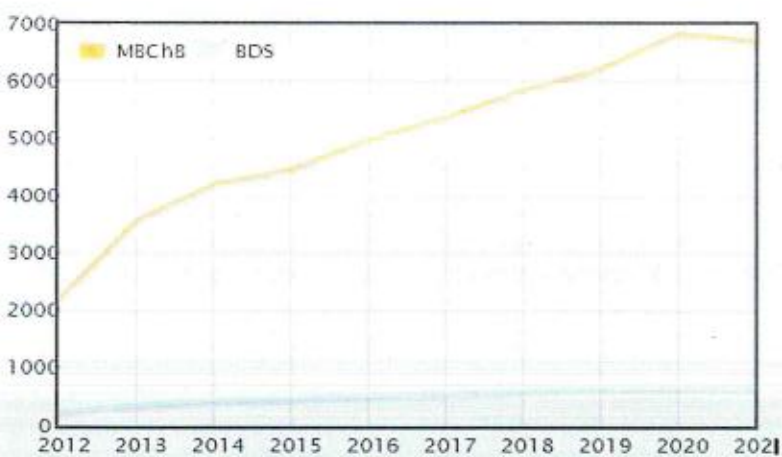
Line Graph Showing Practitioner Registration Trend From 2012 To 2021 By Course



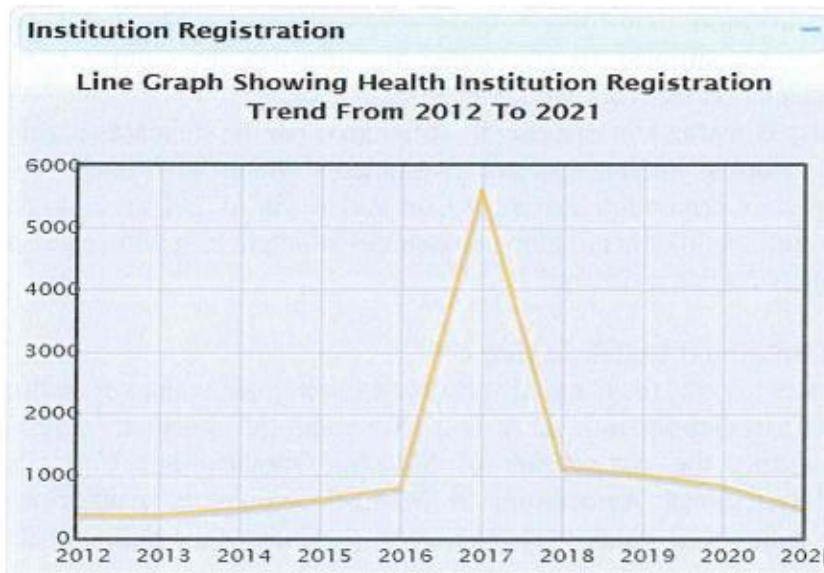
Doctors licensing trend:

Practitioner Retention

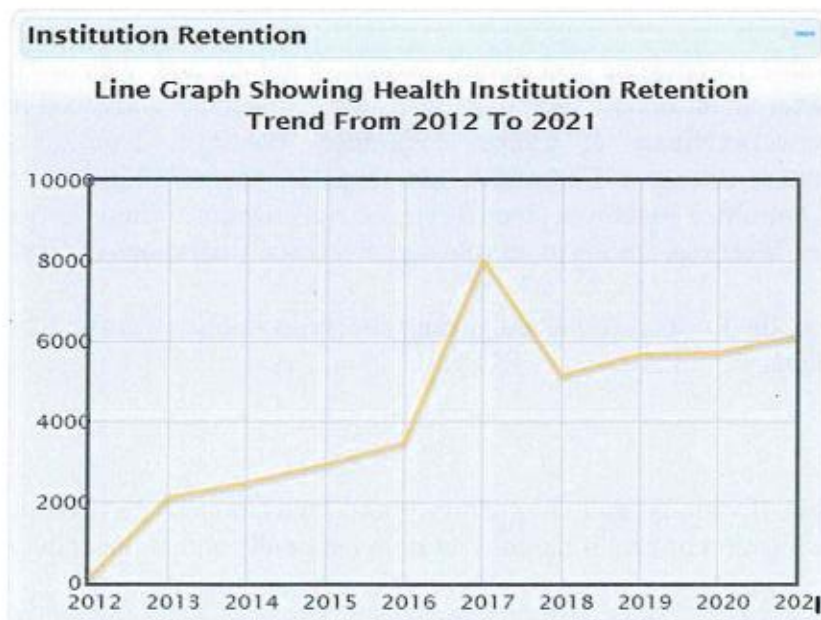
Practitioner Retention Trend From 2012 To 2021 By Practice Type



Institutions registration trend:



Institutions licensing trend:



Source: KMPDC Database

Organization Culture

Corporate culture refers to the shared values, attitudes, standards, and beliefs that characterize members of an organization. In the quarter under review the Kenya Medical Practitioners and Dentists Council has continued to strengthen its organization culture by building an atmosphere of appreciation for work well done.

The Council has also embarked on ensuring its structure is per the standards required of a state corporation by developing human resource instruments which have been considered and approved by the State Corporation Advisory Committee (SCAC). This is geared to ensure adequate capacity building in terms of human resources which in turn will ensure efficient and effective service delivery going forward.

Regional and International Collaboration

During the F/Y 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) and International Association of Medical Regulatory Authorities (IAMRA) Workshops and Conferences where best practice in the industry is deliberated, shared and adopted.

Members have been meeting virtually due to the effects of Covid-19 pandemic that has limited movement.

Meetings & Workshops

The Council was able to convene and attend various statutory and stakeholder meetings throughout the quarter under review. Some of the statutory meetings convened include; Full Council Meetings, Disciplinary & Ethics Committee Meetings, Training Assessment Registration & Human Resource Committee Meetings, Inspections Licensing Finance & General-Purpose Committee Meetings, Peer Reviews, sensitization forums as well as Audit and Risk Committee Meetings among other relevant meetings, workshops & conferences.

Further to the above, the Council convened various meetings in line with the achievement of its mission and vision.

INSPECTIONS

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 at the county levels.

The Council anticipates to continue strengthening its compliance department and collaborating with other Health Regulatory Boards and Councils to ensure that inspections are carried out throughout the country in order to increase not only compliance, but also the quality of health care provision and consequently improve the quality of life to the Kenyan people.

College of Surgeons in East, Central and Southern Africa (COSECSA) Inspections

The Council carried out inspections of various health facilities during the quarter under review in a bid to determine whether they meet the threshold for accreditation as COSECSA Training Sites. This is also aimed at ensuring maintenance and improvement in standards to have highly qualified surgeons in the region.

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 and health facilities 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 quarter under review inspection exercise on these schools was not carried out due to a court dispute between the Council and the Commission on University Education (CUE). The matter is being discussed by KMPDC and CUE with intention of reaching an amicable agreement.

Last but not least, the Council seeks to continue in the discharge of its very key mandate of ensuring quality healthcare to all Kenyans by undertaking all necessary measures to efficient service delivery now and in the long run.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kenya Medical Practitioners and Dentists Council exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on legal framework, regulatory enforcement and service delivery excellence pillars: putting the customer/citizen first, delivering relevant services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

(a) Sustainability strategy and profile -

As a strategy to ensure the Council activities have been sustained, we have adopted cost efficient measures for instance using natural lights during the day, using technology to ensure less printing, use of emails and bulk Short Message Services (SMSs) among other measures. This has ensured savings made are put to other important use.

(b) Environmental performance

In achieving environmental conservation, the Council being a regulatory agency under the Ministry of Health with the mandate to regulate the practice of medicine and health facilities ensures that our COUNCIL have proper disposal mechanisms for the dangerous medical waste. The Council achieves this by regular inspection of the health facilities across the country.

Though financial resources are limited, we have been able to utilize what is available to enforce the required standards with success. We will continue to ensure that the set standards are applied always as a way of ensuring that the environment is protected.

(c) Staff welfare

The Council is committed to providing a caring and supportive working environment which is conducive to the welfare of all staff to enable them develop and optimize their full potential. The working environment for all the staff is a top priority to us as per the requirement of the Labour Laws that safeguards staff welfare. However, staff welfare is a joint responsibility and members of staff are expected to contribute and participate effectively. The Council is in the process of developing all the human resource instruments that will be used to ensure that the staff welfare matters have been taken care sufficiently. This will not only improve staff morale, but will also lead to improved performance and hence achievement of the set goals and objectives.

It's important to reiterate that, the Council is an equal employer in the industry. When a vacancy is announced as per the approved staff establishment, the Council ensures that the positions are filled competitively taking into account gender balance, ethnicity among other important aspects as per Human Resource Policy Manual, Medical Practitioners and Dentists Act, Cap 253 Laws, and the Constitution of Kenya, 2010 requirements.

To ensure the staff carry on their duties with due diligence and utmost skills, the Council ensures that training is done every year, either in house or sponsored training. As a consequence, career progression of the staff is ensured at all levels. In addition, the Council carries out frequent performance reviews and appraisal to ensure the set targets are achieved within the approved performance contracts and budget. The feedback is communicated promptly, those who have achieved or over achieved the agreed targets are rewarded according to the reward policy. Those who have not achieved are counselled and where necessary punishment administered as a corrective measure as per the human resource policy manual.

(d) Market place practices-

In regards to market place practices, the Council has strived to remain steadfast to ensure fairness with the stakeholders and industry players as captured under the following: -

i. Responsible competition practice.

The Council strictly operates under the Medical Practitioners and Dentists Act, Cap 253 Laws of Kenya, the Public Finance Management Act, 2012, the Kenyan Constitution, 2010 and all other relevant laws that govern the conduct of public entities in all its activities. This ensures that the risks of corruption, political interference, unfair competition for our suppliers and stakeholders are minimized. In addition, respect for competition is ensured at all times.

ii. Responsible Supply chain and supplier relations

The Council ensures strict adherence to the Public Procurement Law and the accompanying regulations in the procurement of works, goods and services. We strive to honor payment for goods and services received on a timely basis, and when pending bills arise, it's given first priority in the subsequent budget and paid promptly.

(e) Community Engagements

The Council carried out sensitization on COVID-19 vaccination, patient rights charter dissemination, and media publicity as community engagement. Going forward, the Council will endeavor to engage itself in corporate social responsibilities activities and be part of building communities around.

10. REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the financial statements for the FY 2020/2021 which show the state of the Council's affairs.

Principal activities

The principal activities of the Council are to:

- (a) Supervise medical and dental education,
- (b) Supervise internship training,
- (c) Register and license medical and dental practitioners
- (d) Inspect, register and license health institutions
- (e) Maintain an annual register of medical/dental practitioners and health institutions
- (f) Enforce Continuous Professional Development,
- (g) Regulate the practice of medicine and dentistry
- (h) Discipline medical/dental malpractice
- (i) Advise Minister for Health of quality health care,
- (j) Collaboration and partnership with bodies of similar mandate
- (k) Monitoring and evaluation of performance.

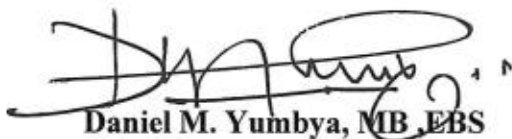
Results

The results of the Council for FY 2020/2021 are set out on page 1 to 34

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, MB, EBS
Chief Executive Officer

Kenya Medical Practitioners and Dentists Council

Date: 26/01/2022

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 83 of the Public Finance Management Act, 2012 and the Kenya Medical Practitioners and Dentists Council CAP 253 Act require the Council 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 FY and the operating results of the Council for that period. 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.

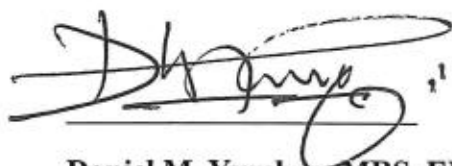
The Council is responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for FY 2020/2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these 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 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 financial year 2020/2021, and of the Council's financial position as at that period. 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 Council 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 Report and Financial Statements were approved by the Council on 29th September, 2021 and signed on its behalf by:



Daniel M. Yumbya, MBS ,EBS
Chief Executive Officer



Dr. Eva W. Njenga, MBS
Chair

Date:26/01/2022

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, 2021

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Medical Practitioners and Dentists Council set out on pages 1 to 34, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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, the financial statements present fairly, in all material respects, the financial position of Kenya Medical Practitioners and Dentists Council as at 30 June, 2021, 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 Public Finance Management Act, 2012 and the Medical Practitioners and Dentists Act, Cap.253 Laws of Kenya.

Basis for Opinion

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 opinion.

Key Audit Matters

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

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 the Council

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

In preparing the financial statements, Management is responsible for assessing the Council's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the 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, revenue 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 Council's revenue reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 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 review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 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 Council's 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 revenue 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.


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 July, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE

2021

| Description | Notes | 2020-2021 | 2019-2020 |
|---|-------|--------------------|-----------------------|
| | | Kshs | Kshs |
| Revenue from exchange transactions | | | |
| Fees and other incomes | 6 | 308,862,502 | 285,860,302 |
| Rental income | 8 | 1,250,213 | 1,372,352 |
| Transfer from other Govt Entities | 3(a) | 186,850,000 | |
| Transfers from MDA's | 3(b) | 203,100,000 | |
| Total revenue | | 700,062,715 | 287,232,654.00 |
| Expenses | | | |
| Inspections and Other Expenses | 9 | 326,988,047 | 180,144,427 |
| Employee costs | 10 | 153,074,413 | 89,106,085 |
| Council Expenses | 11 | 9,132,930 | 6,929,641 |
| Depreciation & amortization expense | 12 | 25,481,327 | 17,307,334 |
| Repairs and maintenance | 13 | 98,119,396 | 9,924,449 |
| Total expenses | | 612,796,113 | 303,411,935 |
| Surplus/(Loss) for the year | | 87,266,601 | (16,179,281) |
| | | | |

The notes set out on pages 6 to 34 form an integral part of these Financial Statements.


The Financial Statements set out on pages 1 to 34 were signed on behalf of the Council Members by:


 Daniel M. Yumbya MBS, EBS
 Chief Executive Officer

Date: 26/01/2022


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

Date: 26/01/2022


 Dr. Eva W. Njenga, MBS
 Chair

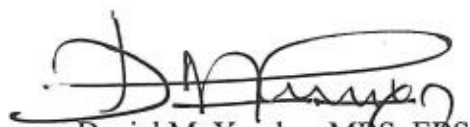
Date: 26/01/2022

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14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

| Description | Notes | 2020-2021 | 2019-2020 |
|---|-------|--------------------|--------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 14 | 11,091,567 | 8,568,550 |
| Receivables from Exchange Transfers | 16 | 6,061,267 | 1,875,277 |
| | | 17,152,834 | 10,443,827 |
| Non-current assets | | | |
| Property, plant and equipment | 17 | 672,799,509 | 625,743,927 |
| | | | |
| Total assets | | 689,952,343 | 636,187,754 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 18 | 11,099,542 | 44,601,555 |
| | | 11,099,542 | 44,601,555 |
| Non-current liabilities | | | |
| Borrowing | | - | - |
| | | | |
| Total liabilities | | 11,099,542 | 44,601,555 |
| Net assets | | 678,852,800 | 591,586,199 |
| Revenue Reserve | | 414,479,229 | 327,212,628 |
| Revaluation Reserve | | 224,722,554 | 224,722,554 |
| Capital Reserve | | 39,651,017 | 39,651,017 |
| Total net assets and liabilities | | 678,852,800 | 591,586,199 |


The Financial Statements set out on pages 1 to 34 were signed on behalf of the Council Members by:


 Daniel M. Yumbya MBS, EBS
 Chief Executive Officer

Date:26/01/2022


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

Date:26/01/2022


 Dr. Eva W. Njenga, MBS
 Chair

Date:26/01/2022

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15 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

| | Capital Reserve | Revaluation Reserve | Fair value adjustment reserve | Revenue Reserve | Capital / Development Grants/Fund | Total |
|----------------------------|-----------------|---------------------|-------------------------------|-----------------|-----------------------------------|--------------|
| At July 1, 2019 | 39,651,017 | - | - | 343,391,909 | - | 383,042,926 |
| Revaluation gain | - | 224,722,554 | - | - | - | 224,722,554 |
| Total comprehensive income | - | - | - | (16,179,281) | - | (16,179,281) |
| At June 30, 2020 | 39,651,017 | 224,722,554 | - | 327,212,628 | - | 591,586,199 |
| At July 1, 2020 | 39,651,017 | 224,722,554 | - | 327,212,628 | - | 591,586,199 |
| Revaluation gain | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | 87,266,601 | - | 87,266,601 |
| At June 30, 2021 | 39,651,017 | 224,722,554 | - | 414,479,229 | - | 678,852,800 |

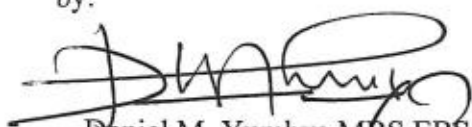
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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

| Description | Notes | 2020-2021 | 2019-2020 |
|--|-------|---------------------|---------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Fees and other incomes | 6 | 308,862,502 | 270,210,302 |
| Rental Income | 8 | 1,250,213 | 1,372,352 |
| Transfer from Govt Entities | 3(a) | 186,850,000 | - |
| Transfers from MDA's | 3(b) | 203,100,000 | 15,650,000 |
| Total Receipts | | 700,062,715 | 287,232,654 |
| Payments | | | |
| Employee Costs | 10 | 153,074,413 | 89,106,085 |
| Other payments | | 471,928,375 | 169,020,277 |
| Total Payments | | 625,002,788 | 258,126,362 |
| Net cash flows from operating activities | 19 | 75,059,926 | 29,106,292 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment | | (72,536,910) | (26,709,113) |
| Proceeds from sale of property, plant and equipment | | | |
| Net cash flows used in investing activities | | (72,536,910) | (26,709,113) |
| Cash flows from financing activities | | | |
| Interest & other charges | | | (258,088) |
| Repayment of borrowings | | | - |
| Net cash flows used in financing activities | | | (258,088) |
| Cash and cash equivalents at 1 ST JULY 2020 | 14 | 8,568,550 | 6,429,459 |
| Cash and cash equivalents at 30TH JUNE 2021 | 14 | 11,091,567 | 8,568,550 |

The Financial Statements set out on pages 1 to 34 were signed on behalf of the Council of Directors

by:



 Daniel M. Yumbya MBS,EBS
 Chief Executive Officer

Date:26/01/2022



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

Date:26/01/2022


 Dr. Eva W. Njenga, MBS
 Chair

Date:26/01/2022

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilisation |
|-----------------------------------|--------------------|--------------------|--------------------|----------------------------|------------------------|------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| | A | b | C=(a+b) | d | e=(c-d) | F=d/c |
| Revenue | | | | | | |
| Fees and other incomes | 342,761,619 | 188,455,647 | 531,217,266 | 511,962,502 | 19,254,764 | 0.96 |
| Rental income | 2,085,000 | - | 2,085,000 | 1,250,213 | 834,787 | 0.60 |
| Transfer from other Govt Entities | 186,850,000 | - | 186,850,000 | 186,850,000 | - | 1.00 |
| Total income | 531,696,619 | 188,455,647 | 720,152,266 | 700,062,715 | 20,089,551 | 0.97 |
| Expenses | | | | | | |
| Employee costs | 133,000,000 | 21,750,000 | 154,750,000 | 153,074,413 | 1,675,587 | 0.99 |
| Use of goods | 224,799,508 | 102,188,539 | 326,988,047 | 326,988,047 | 0 | 1.00 |
| Council Expenses | 9,200,000 | | 9,200,000 | 9,132,930 | 67,070 | 0.99 |
| Depreciation | 24,047,111 | - | 24,047,111 | 25,481,327 | -1,434,216 | 1.06 |
| Repairs and Maintenance | 98,850,000 | 682,892 | 98,167,108 | 98,119,396 | 47,712 | 1.00 |
| Total expenditure | 489,896,619 | 123,255,647 | 613,152,266 | 612,796,113 | 356,153 | 1.00 |
| Surplus | 41,800,000 | 65,200,000 | 107,000,000 | 87,266,602 | 19,733,398 | 0.82 |

18. NOTES TO THE FINANCIAL STATEMENTS

General Information

Kenya Medical Practitioners and Dentists Council is established by and derives its authority and accountability from Cap 253, Medical Practitioners and Dentists 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 in the Republic of Kenya.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Adoption of new and revised standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.

| Standard | Impact |
|-----------------------------|---|
| Other Improvements to IPSAS | <p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> |

| Standard | Effective date and impact: |
|---------------------------------|--|
| IPSAS 41: Financial Instruments | <p>Applicable: 1st January 2023:</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. 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 |

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| Standard | Effective date and impact: |
|--|--|
| | <ul style="list-style-type: none"> • 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. |
| IPSAS 42: Social Benefits | Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting 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: <ul 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. |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | Applicable: 1st January 2023: <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. |

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Rendering of services

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the 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 assets net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

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 2020/2021 was approved by the Ministry of Health and the National Treasury. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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)

2. Summary of significant accounting policies (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.

c) Taxes (Continued)

Sales tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

d) Investment property

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

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

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

e) Property, plant and equipment

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

Depreciation of Property, Plant and Equipment

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

Depreciation on property, plant and equipment is recognized in the income statement on Reducing balance basis to write down the cost of each Asset amount to its residual value over its estimated useful life.

The annual rates in use are:

| | |
|--|-------|
| Buildings | 2.5% |
| Motor Vehicle | 25% |
| Computers and Related Equipment | 30% |
| Office Equipment, Furniture & Fittings | 12.5% |

Full years depreciation charge is recognized both in the year of Asset purchase and the year of Asset 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

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 Entity can demonstrate:

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

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 an 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

j) Inventories

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

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

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

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

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

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

k) 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

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.

l) Nature and purpose of reserve

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

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

The Council provides retirement benefits for its employees and directors. 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.

o) Foreign currency transactions

The Council does not conduct its business in foreign currency.

p) 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.

q) Nature and purpose of reserves

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

r) Changes in accounting policies and estimates

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

s) Related parties

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

t) Service concession arrangements

The 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents include cash in bank, Mpesa Paybill cash balance and cash at hand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

v) Comparative figures

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

w) 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, 2021.

x) 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.

➤ **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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

➤ **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:

- i) The condition of the asset based on the assessment of experts employed by the Council
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed

➤ **Provisions**

Availability of funding to replace the asset

Changes in the market in relation to the asset

Provisions were raised and management determined an estimate based on the information available. There was no additional disclosure of these estimates of provisions in the year under review.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Transfers

a) Transfers from Other Government Entities

| Description | 2020-2021 | 2019-2020 |
|-----------------------------------|--------------------|-----------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | 186,850,000 | - |
| Other grants | - | - |
| Total Unconditional Grants | 186,850,000 | - |
| Conditional grants | | |
| National housing grant | - | - |
| Other organizational grants | - | - |
| Total | 186,850,000 | - |

For the operations of the Council in the Implementation of UHC programmes of the Government.

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

| Name of the Entity sending the grant | Amount recognized to Statement of Financial performance KShs | Amount deferred under deferred income KShs | Amount recognised in capital fund. KShs | Total transfers 2020/2021 KShs | Prior year 2019/2020 KShs |
|--------------------------------------|--|--|---|--------------------------------|---------------------------|
| Ministry of Health | 200,100,000 | - | - | 200,100,000 | - |
| Pharmacy and Poisons Board | 3,000,000 | - | - | 3,000,000 | - |
| Total | 203,100,000 | - | - | 203,100,000 | - |



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Public Contributions and Donations

| Description | 2020-2021 | 2019-2020 |
|---|-----------|-----------|
| | KShs | KShs |
| The Green Belt Movement | - | - |
| Health donations | - | - |
| Research donations | - | - |
| Other public donations (specify) | - | - |
| Total transfers and sponsorships | - | - |
| Reconciliation of public contributions and donations | | |
| Balance unspent at beginning of the year | - | - |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| Conditions to be met - remain liabilities | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Property Taxes Revenue

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

6. Fees and other Incomes

| Description | 2020-2021 | 2019-2020 |
|-------------------------------------|--------------------|--------------------|
| | KShs | KShs |
| Practice license | 150,592,102 | 130,350,000 |
| Institutions | 112,633,400 | 95,880,000 |
| Temporary license | 6,160,000 | 8,835,000 |
| Registration | 6,751,000 | 7,088,000 |
| Community oral health | 3,256,000 | 1,984,000 |
| Certificate of status | 3,260,000 | 2,460,000 |
| Specialist recognition | 4,020,000 | 2,840,000 |
| Examination | 11,625,000 | 7,848,000 |
| Certification of documents | 459,000 | 252,000 |
| Search | 18,000 | 18,000 |
| D&EC/tribunal | 2,650,000 | 829,930 |
| Continuous professional development | 3,495,000 | 3,800,000 |
| Internship license | 3,150,000 | 3,870,000 |
| Inspection | - | 3,250,000 |
| Review of curriculum | - | 100,000 |
| Interest | - | 147,527 |
| Indexing | 262,000 | 310,000 |
| Penalties | 531,000 | 347,845 |
| Total | 308,862,502 | 270,210,302 |

7. Rendering of Services

The Council issues eligible doctors and health facilities with registration and annual licenses as a service. The resultant revenue has been captured under fees and other charges.

8. Rental Revenue from Facilities and Equipment

| Description | 2020-2021 | 2019-2020 |
|---|------------------|------------------|
| | KShs | KShs |
| Straight-lined operating lease receipts | 1,250,213 | 1,372,352 |
| Contingent rentals | - | - |
| Total | 1,250,213 | 1,372,352 |

This relates to rental amounts accruing from Safaricom PLC and Airtel Networks for using Council's property to host the Base Transceiver Station (BTS) and Rent from Cafeteria.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Inspection and other Expenses.

| Description | 2020-2021 | 2019-2020 |
|----------------------------------|--------------------|--------------------|
| | KShs | KShs |
| Inspections/compliance | 115,153,042 | 80,899,354 |
| Miscellaneous | 3,070,249 | 509,362 |
| Travel & accommodation | 14,185,984 | 7,831,554 |
| AMCOA | 409,648 | 2,270,968 |
| Hospitality | 17,593,255 | 7,667,815 |
| Examination | 12,455,422 | 3,482,500 |
| D&EC/tribunal | 3,621,430 | 656,500 |
| Tender committee | 1,926,050 | 260,000 |
| Corporate Social Responsibility | 702,619 | 400,000 |
| Rates | 57,869 | 47,500 |
| Advertising & publicity | 4,476,577 | 4,596,547 |
| Audit fees | 750,000 | 750,000 |
| Workshops and conferences | 23,161,277 | 19,002,922 |
| Electricity, water & conservancy | 2,031,479 | 1,435,735 |
| Insurance | 14,148,738 | 6,779,485 |
| Bank charges and commissions | 505,257 | 258,088 |
| Office general supplies | 44,525,994 | 11,350,658 |
| Legal expenses | 48,572,210 | 26,199,536 |
| Telephone, internet & postage | 2,307,901 | 2,203,583 |
| Security costs | 2,259,917 | 1,074,562 |
| Staff training expenses | 14,001,330 | 2,467,758 |
| ISO Certification | 1,071,800 | - |
| Total | 326,988,047 | 180,144,427 |

10. Employee Costs

| Description | 2020-2021 | 2019-2020 |
|---|--------------------|-------------------|
| | kshs | Kshs |
| Salaries and wages | 101,906,883 | 57,724,160 |
| Employee related costs - contributions to pensions and medical aids | 1,675,606 | 1,221,480 |
| Housing benefits and allowances | 22,944,000 | 12,751,000 |
| Gratuity | 26,547,924 | 17,409,445 |
| Total | 153,074,413 | 89,106,085 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Council Expenses

| Description | 2020-2021 | 2019-2020 |
|-------------------------------|------------------|------------------|
| | KShs | KShs |
| Chair's Honoraria | 960,000 | 960,000 |
| Members expenses & allowances | 8,172,930 | 5,969,641 |
| Total | 9,132,930 | 6,929,641 |

12. Depreciation and Amortization Expense

| Description | 2020-2021 | 2019-2020 |
|-------------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Property, plant and equipment | 25,481,327 | 17,307,334 |
| Intangible assets | - | - |
| Investment property carried at cost | - | - |
| Total | 25,481,327 | 17,307,334 |

13. Repairs and Maintenance

| Description | 2020-2021 | 2019-2020 |
|-----------------------------------|-------------------|------------------|
| | KShs | KShs |
| Building, computer, and equipment | 86,666,745 | 4,906,280 |
| Motor vehicles | 12,015,229 | 5,018,170 |
| Total | 98,681,974 | 9,924,450 |

14. Cash and Cash Equivalents

| Description | 2020-2021 | 2019-2020 |
|-------------------------------|-------------------|------------------|
| | KShs | KShs |
| Current accounts (reconciled) | 628,730 | 1,706,195 |
| Savings accounts | 10,436,736 | 6,579,647 |
| Mpesa paybill number 992836 | 10,000 | 260,500 |
| Cash at hand | 16,100 | 22,208 |
| Total | 11,091,567 | 8,568,550 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Detailed Analysis of the Cash and Cash Equivalents

| Financial institution | Account number | 2020-2021 | 2019-2020 |
|-----------------------------------|----------------|-------------------|------------------|
| | | KShs | KShs |
| a) Current/Saving accounts | | | |
| Kenya Commercial Bank | 1103158643 | 628,730 | 1,706,195 |
| Kenya Commercial Bank (Savings) | 1102062154 | 9,638,917 | 278,228 |
| Cooperative Bank (Savings) | 1100062541500 | 797,820 | 6,301,420 |
| Sub- total | | 11,065,467 | 8,285,842 |
| b) Others (specify) | | | |
| Cash in hand | | 16,100 | 22,208 |
| Mpesa paybill | 992836 | 10,000 | 260,500 |
| Sub-total | | 26,100 | 282,708 |
| Grand Total | | 11,091,567 | 8,568,550 |

16. Receivables from Exchange Transactions

a) Current Receivables from Exchange Transactions

| Description | 2020-2021 | 2019-2020 |
|----------------------------|------------------|------------------|
| | KShs | KShs |
| Current receivables | | |
| Prepayments | 6,061,267 | 776,382 |
| Other debtors | - | 1,098,895 |
| Total Receivables | 6,061,267 | 1,875,277 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Property, Plant and Equipment

| | Land | Buildings | Motor Vehicles | Furniture and Fittings | Computers and equipment | Total |
|----------------------|-------------|-------------|----------------|------------------------|-------------------------|-------------|
| Cost | Shs | Shs | Shs | Shs | Shs | Shs |
| As At 1st July 2019 | 18,877,446 | 384,007,082 | 8,357,509 | 22,184,968 | 9,909,015 | 443,336,020 |
| Additions | - | - | 14,558,000 | 9,439,051 | 2,712,062 | 26,709,113 |
| Disposals | - | - | - | - | - | - |
| Revaluation Surplus | 224,722,554 | - | - | - | - | 224,722,554 |
| As At 30th June 2020 | 243,600,000 | 384,007,082 | 22,915,509 | 31,624,019 | 12,621,077 | 694,767,687 |
| As At 1st July 2020 | 243,600,000 | 384,007,082 | 22,915,509 | 31,624,019 | 12,621,077 | 694,767,687 |
| Additions | - | 29,623,287 | 12,780,000 | 15,620,520 | 14,513,103 | 72,536,910 |
| Disposals | - | - | - | - | - | - |
| Revaluation surplus | - | - | - | - | - | - |
| As At 30th June 2021 | 243,600,000 | 413,630,369 | 35,695,509 | 47,244,539 | 27,134,180 | 767,304,597 |
| DEPRECIATION | | | | | | - |
| As At 1st July 2019 | - | 28,086,518 | 7,567,384 | 9,438,402 | 6,624,123 | 51,716,427 |
| Charge for the year | - | 8,898,014 | 3,837,031 | 2,773,202 | 1,799,086 | 17,307,333 |
| Disposals | - | - | - | - | - | - |
| As At 30th June 2020 | - | 36,984,532 | 11,404,415 | 12,211,604 | 8,423,209 | 69,023,760 |
| As At 1st July 2020 | - | 36,984,532 | 11,404,415 | 12,211,604 | 8,423,209 | 69,023,760 |
| Charge for the year | - | 9,416,146 | 6,072,774 | 4,379,117 | 5,613,291 | 25,481,327 |
| Disposals | - | - | - | - | - | - |
| As At 30th June 2021 | - | 46,400,678 | 17,477,189 | 16,590,721 | 14,036,500 | 94,505,087 |
| NET BOOK VALUE | | | | | | |
| As At 30th June 2021 | 243,600,000 | 367,229,691 | 18,218,321 | 30,653,818 | 13,097,679 | 672,799,509 |
| As At 30th June 2020 | 243,600,000 | 347,022,550 | 11,511,094 | 19,412,415 | 4,197,868 | 625,743,927 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Trade and Other Payables

| Description | 2020-2021 | 2019-2020 |
|---------------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Trade payables | 10,269,330 | 44,305,555 |
| Payments received in advance | 830,213 | 296,000 |
| Total trade and other payables | 11,099,542 | 44,601,555 |

19. Cash Generated from Operations

| Description | 2020-2021 | 2019-2020 |
|--|-------------------|---------------------|
| | KShs | KShs |
| Surplus for the year before tax | 87,266,601 | (16,179,281) |
| Adjusted for: | | |
| Depreciation | 25,481,327 | 17,307,333 |
| Finance costs | 505,257 | 258,088 |
| Working Capital adjustments | | |
| Increase in receivables | (4,185,989) | (1,389,617) |
| Increase/Decrease in payables | (33,502,012) | 29,109,769 |
| Net cash flow from operating activities | 75,059,926 | 29,106,292 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 minimize 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.

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:

| Description | Total amount | Fully performing | Past due | Impaired |
|------------------------|-------------------|-------------------|-------------------|----------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2021 | | | | |
| Accounts Receivables | 6,061,267 | 6,061,267 | 1,875,277 | - |
| Bank balances | 11,091,567 | 11,091,567 | 8,568,550 | - |
| Total | 17,152,834 | 17,152,834 | 10,443,827 | - |
| At 30 June 2020 | | | | |
| Accounts Receivables | 1,875,277 | 1,875,277 | 485,660 | - |
| Bank balances | 8,568,550 | 8,568,550 | 6,429,459 | - |
| Total | 10,443,827 | 10,443,827 | 6,915,119 | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Council 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, 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.

| Description | Less than 1 year |
|------------------------|-------------------|
| | Kshs |
| At 30 June 2021 | |
| Trade payables | 10,269,330 |
| Provisions | 830,213 |
| Total | 11,099,542 |
| At 30 June 2020 | |
| Trade payables | 43,851,555 |
| Provisions | 750,000 |
| Total | 44,601,555 |

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

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 endeavored to bank with institutions that offer favorable 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.

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 *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- ii.** Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- iii.** Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iv.** Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt

NOTES TO THE FINANCIAL STATEMENTS (Continued)

instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Council considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year.

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.

i) 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:

| Description | 2020-2021 | 2019-2020 |
|---------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Revaluation reserve | 224,722,554 | 224,722,554 |
| Revenue Reserve | 414,479,229 | 327,212,628 |
| Capital Reserve | 39,651,017 | 39,651,017 |
| Total funds | 678,852,800 | 591,586,199 |

20. Related Party Disclosures

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Segment Information

The Kenya Medical Practitioners and Dentists Council had no segments in place during the year under review.

22. Contingent Assets and Contingent Liabilities

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

23. Capital Commitments

There were no capital commitments during the year under review.

24. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety percent of its surplus funds reported in the audited financial statements after the end of each financial year. The Council did not make any surplus during the year (FY 2020/2021). The surplus reported was utilized in acquisition of Assets (Capital expenditure).

25. Taxation.

The Council is not a commercial entity and does not pay taxes on its income.

26. Events after the Reporting Period

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

27. Ultimate and Holding Entity

The Kenya Medical Practitioners and Dentists Council is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

28. Currency

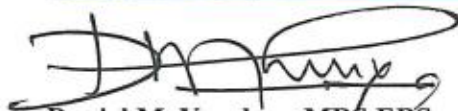
The financial statements are presented in Kenya Shillings (Kshs).

APPENDIX

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 | Status: (Resolved/ Not Resolved) | Timeframe: |
|---|--|--|---|----------------------------|
| Report of the Auditor General for the year ended 30 June 2020 | Going concern; current liabilities were more than current assets in the FY 2019/2020 | The Council is currently getting exchequer funding enabling to meet its obligations. | Resolved | 30 th June 2021 |
| | | | | |



Daniel M. Yumbya, MBS, EBS

Chief Executive Officer

Kenya Medical Practitioners and Dentists Council



Dr. Eva W. Njenga, MBS

Chair

Kenya Medical Practitioners and Dentists Council

Date: 26/01/2022

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

There were no projects implemented by the Council during the year under review.

APPENDIX III: INTER-ENTITY TRANSFERS

There were no inter-entity transfers during the year under review.

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.

The Council did not receive any transfers from other government entities during the year under review.

