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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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REPORT OF THE AUDITOR-GENERAL ON COUNSELLORS AND PSYCHOLOGISTS BOARD FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Counsellors and Psychologists Board set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Counsellors and Psychologists Board as at 30 June, 2025 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 Counsellors and Psychologists Act, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Recognition of Transactions

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects licences and permits amount of Kshs.25,523,742 out of which Kshs.22,181,067 relates to registration fees. It was noted that the Board charges registration fees of Kshs.5,000 for Kenyan citizens, Kshs.6,000 for East African citizens and USD.350 for citizens from other areas but the register did not indicate the citizenship to confirm the fees charged. In addition, the funds received could not be attributed to individual counsellor or psychologist because the payment platform lacks a unique identifier.

In the circumstances, the accuracy and completeness of registration fees amount of Kshs.22,181,067 could not be confirmed.

2. Inaccuracies in Financial Statements

The statement of financial position reflects property, plant and equipment and trade and other payables balance Kshs.4,401,200 and Kshs.5,869,396 respectively which differs with the disclosures in Note 15 and Note 16 to the financial statements of Kshs.4,461,448 and Kshs.6,170,741 resulting to a variance of Kshs.60,248 and Kshs.301,345 respectively. In addition, the statement reflects opening trade and other payables balance of Kshs.2,607,794 which differs with the opening balance in Note 16 of Kshs.6,441,600 resulting to a variance of Kshs.3,833,806.

Further, the statement of financial performance reflects opening board expenses of Kshs.7,050,000 which differs with the corresponding Note 10 of Kshs.7,892,700 resulting to a variance of Kshs.842,700.

In the circumstances, the accuracy and completeness of the above amounts and balances reflected in these financial statements could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management are responsible for the Other Information set out on pages v to xxx which comprise of Key Entity Information, the Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Board's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Unremitted NSSF Contributions

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects employee cost of Kshs.2,462,500. Review of human resource records revealed management engaged twelve (12) interns but did not deduct and remit the National Social Security Fund contributions. This was contrary to section 19 (1) and section 20 (1) of the National Social Security Fund 2013 which requires every employer who, under a contract of service, employs one employee or more shall register with the Fund as a contributing employer and shall, register his employee or employees, as members of the Fund and pay to the Pension Fund in respect of each employee in his or her employment.

In the circumstances Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in Regulating, Issuing Licenses and Permits to Members

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects licences and permits amount of Kshs.25,523,742 being amount generated from members. However, review of counsellors and psychologist register indicated five hundred and fifty-five (555) members who were issued with license during financial year 2023/2024 but who were not billed for renewal fees in financial year 2024/2025. Further, there was no evidence that the facilities operated by members comply with annual subscriptions and the last inspection date was not indicated in the register. In addition, the Board has not appointed superiors or prescribe guidelines to be followed by members in private practice.

In the circumstances, the effectiveness of internal controls on examining, billing and registering members could not be confirmed.

2. Understaffing

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects employee cost amount of Kshs.2,462,500 out of which Kshs.1,452,500 was paid to twelve (12) interns. Review of human resource records revealed the Board has three (3) employees including the Registrar/CEO, accountant and a procurement officer all seconded from the Ministry of Health against an approved staff establishment of fifty-five (55) resulting into understaffing of fifty-two (52).

In the circumstances, the effectiveness of internal controls on human resource management could not be confirmed.

3. Lack of Board Members

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects board expenses amount of Kshs.4,369,740 The board was appointed by the Cabinet Secretary through a gazette notice dated 5 August 2022 for three years whose term had lapsed as at the time of audit in November 2025 and a new Board had not been appointed.

In the circumstances, the effectiveness of overall governance and oversight could not be confirmed.

4. Lack of an Imprest Register

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects use of goods and services amount of Kshs.28,409,378. Analysis of cashbooks revealed temporary imprests of Kshs.21,047,670 issued to officers without an imprest register indicating the staff details, amount issued, date issued, due date, surrendered amount and the amount outstanding.

In the circumstances, the effectiveness of internal controls on imprest management could not be confirmed.

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

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual

Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
<u>AUDITOR-GENERAL</u>

Nairobi

15 December,2025