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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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REPORT OF THE AUDITOR-GENERAL ON NURSING COUNCIL OF KENYA 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 Nursing Council of Kenya set out on pages 1 to 35, 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 the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nursing Council of Kenya as at 30 June, 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 Nurses and Midwifes Act Cap 257 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Recognition of Fees

The statement of financial performance reflects income from operations of Kshs.541,500,771 as disclosed in Note 7 to the financial statements which Kshs.106,937,706 relates to retention systems fees. However, review of the Council's register revealed 129,718 registered nurses, each subject to an annual renewal fee of Kshs.1,500 resulting to expected revenue amount of Kshs.194,577,000. This is indicative that revenue was recognized upon receipt of payments rather than as and when the fell due. Further, the payments could not be attributed to individual nurses on the payment platform for lack of a unique identifier. As a result, it was not possible to verify the revenue earned, reconcile receipts, or determine outstanding balances.

In the circumstances, the accuracy and completeness of retention systems fees amount of Kshs.106,937,706 could not be confirmed.

2. Land Without Ownership Documents

The statement of financial position and as disclosed in Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.303,897,645 which includes land balance of Kshs.158,000,000. Review of the land ownership documents revealed that the Council owns a parcel of land located in Nairobi which was charged by a local bank in the year 2011 against an amount of Kshs.1,600,000 which was paid the full amount and a discharge issued 05 November 2018 but the title deed was explained to be misplaced by the bank. However, as at the time of audit in the month of November, 2025 approximately seven (7) years after the discharge, the process of replacing the title deed had not been concluded.

In the circumstances, the accuracy, completeness and ownership of land balance of Kshs.158,000,000 could not be confirmed.

3. Variance Between the Statement of Cash Flows and Cashbooks

The statement of cashflow reflects total receipts from operating activities amount of Kshs.640,953,106 while review of cashbooks revealed total receipts amount of Kshs.649,781,009 resulting to unexplained variance of Kshs.8,827,900.

Further, the statement reflects payments from operating activities of Kshs.596,402,643 and Kshs.39,513,006 from investing activities totalling Kshs.635,915,696 while the cashbook reflects Kshs.641,359,108 resulting to an unexplained variance of Kshs.5,443,459.
In the circumstances, the accuracy and completeness of statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nursing Council of Kenya Management in accordance with ISSAI 130 on 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.

Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit of Kshs.114,318 leading to a decline in the accumulated surplus from Kshs.125,160,624 in the previous year to Kshs.125,046,306 in the current year. Further, the statement of financial position reflects current liabilities of Kshs.91,530,167 which exceeded the current assets of Kshs.57,186,512 resulting to a negative working capital of Kshs.34,343,655.

In the circumstances, the Council is technically insolvent and may not be able to meet its obligations as and when they fall due.

My opinion is not modified in respect of this matter.

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 effect of the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Council in 2024/2025 revealed that the following matters remained unresolved as at 30 June, 2025.

S/No.	Audit Issue
1.	Inaccurate Recognition of Transactions
2.	Unaccounted Revenue on Sale of Training Materials

S/No.	Audit Issue
3.	Inaccuracies in Inventories
4.	Lack of Land Ownership Documents
5.	Budgetary Control and Performance
6.	Irregular Utilization of Funds
7.	Budget Imbalance
8.	Deficiencies in the Regulation of Private Practice
9.	Failure to Inspect Clinics
10.	Unconfirmed Register of Nurses

Other Information

The Management is responsible for the Other Information set out on page iv to xliv which comprise of Key Entity Information and Management, The Council Members, Key Management Team, 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 Council Members and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Council'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

Unauthorized Investment in Fixed Deposit

The statement of financial position reflects cash and cash equivalent balance of Kshs.24,894,939 which includes Kshs.10,092,946 held in a fixed deposit commercial bank account. However, Management did not provide approval of The National

Treasury to invest these funds contrary to Paragraph 23 of the National Treasury Circular Ref: DGIPE/A/1/10 dated 20 December 2019 which prohibits a state corporation from investing surplus funds in any financial institution without prior approval of The National Treasury and Planning other than where the investment is in treasury bills/bonds.

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. Over Enrolment of Students

Review of the indexing data revealed that the Council approved the enrolment of two hundred and seventy (270) students to undertake course in Kenya Registered Community Health Nursing across four (4) colleges whose approved capacity was two hundred and forty (240) resulting to over enrolment by thirty (30) students.

In the circumstances, the effectiveness of internal controls on enrolment of students to undertake the Kenya Registered Community Health Nursing course could not be confirmed.

2. Deficiencies in the Register of Nurses

The nurse's subscription register reflects one hundred and twenty-nine thousand seven hundred and eighteen (129,718) registered nurses. However, the subscription amount is not linked to individual nurses for lack unique identifier. Further, review of the registers indicated that fifty (50) nurses were operating private clinics with shared licenses while names, national identification numbers and other personal details for two thousand six hundred and ninety-six (2,696) nurses were missing. In addition, fifteen (15) nurses were issued with multiple licenses before expiry of the previous ones and one of the fifteen nurses was issued with eighteen different licenses within a period of two years. Further, review of the internship data revealed that the year of graduation for seven hundred and forty-seven (747) student nurses was not indicated.

In the circumstances, the effectiveness of internal controls on payment of annual subscriptions, licensing and indexing of nurses could not be confirmed.

3. Unconfirmed Operation of Private Clinics

Review of the Councils' register of clinics revealed a list of one thousand nine hundred and eight five (1,985) registered private clinics at the beginning of the year and three hundred and eight one (381) clinics at the closing of the year resulting to a difference of one thousand six hundred and four (1,604) clinics whose operational status could not be confirmed.

In the circumstances, the effectiveness of internal controls on monitoring the operations of private clinics 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 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 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 Council'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 Council is responsible for overseeing the Council'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
AUDITOR-GENERAL

Nairobi

05 December, 2025