REPUBLIC OF KENYA

OAG

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NATIONAL CANCER INSTITUTE OF KENYA

FOR THE YEAR ENDED 30 JUNE, 2023

National Cancer Institute of Kenya
NCI - KENYA

NATIONAL CANCER INSTITUTE OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2023

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

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

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

B: Glossary of Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

Cancer Prevention and Control Act (No.15 of 2012). This was in recognition of the need for a much more coordinated multisectoral response to the growing cancer burden in the Country. The Institute is mandated to oversee, coordinate and centralize all cancer prevention and control operations nationwide.

Vision

A World Class Authority in Cancer Prevention and Control

Mission

To provide leadership, oversight and coordination of rights-centred cancer prevention and control through resource mobilization, regulation of practice, policy advisory, research, capacity building, public education and maintaining the national cancer registry

(b) Principal Activities

The mandate of the National Cancer Institute of Kenya as provided for in the Cancer Prevention and Control Act is to:

i. **Provide policy Advisory in Cancer Prevention and Control**: The Institute is required to advise the Cabinet Secretary of Health on matters relating to the financing, treatment and care of persons with cancer and the relative priorities to be given to the implementation of specific measures.

ii. **Regulate and Enhance Access to Quality Cancer Care**: The National Cancer Institute of Kenya is vested with the overall responsibility to establish & improve the standards of cancer care and reduce discrimination against people living with cancer through; i) Regulation of cancer services in the continuum of care and institutions that provide cancer diagnosis and care; ii) Licensing and registration of all cancer centres; iii) Compilation and maintenance of registers and records related to cancer prevention and control in Kenya; and iv) Facilitation of access to diagnostic, treatment, rehabilitation, vocational guidance, counselling, and other medical care for the welfare of persons with cancer in all counties

iii. **Mobilize resources for Cancer Prevention and Control** through all means permitted by law with a view to supporting nationwide cancer prevention and control

iv. **Establish and Maintain a Cancer Registry**: NCI-Kenya is required to facilitate production of high-quality cancer data and information, as well as its dissemination in order to support evidence-based planning and other decision-making processes across the cancer prevention and control spectrum.

v. **Research and Development**: The Institute is required to conduct, facilitate or collaborate with other Institutions for the purpose of collecting for the register and cataloguing, storing and disseminating the results of cancer research undertaken in any country in cancer related research and at the same time support the large-scale production or distribution of specialized biological materials and other therapeutic substances for research and set standards of safety and care for persons using such materials.

vi. **Public Education, Awareness Creation**: The Institute is mandated to ensure sustained public education and improved general public awareness on cancer prevention and control nationally

vii. **Rights Based Approach to Cancer Care**: NCI Kenya is required to encourage and secure the care of persons with cancer within their communities and social environment; recommend measures to prevent discrimination against persons with cancer; and carry out measures for public information on the rights of persons with cancer and the provisions of the Cancer Prevention and Control Act (2012).

viii. **Capacity Development**: The Institute is expected to build the capacity and provide technical assistance to all institutions, associations and organizations, including public, private and faith-based that provide care and treatment services for cancer patients.

(c) Key Management

The National Cancer Institute of Kenya day-to-day management is under the following key organs:

- Board of Directors
- Chief Executive Officer
- Head of Directorates
- Secretariat

(d) Fiduciary Management

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

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

No.	Designation	Name
1.	Ag. CEO	Dr. Elias Melly
2.	Ag. Head of Finance	Mr. Lawrence Mwenda

(e) Fiduciary Oversight Arrangements

The financial oversight for the organization is provided by the Finance, Strategy and General Administration Committee of the Board whose functions include:

- Ensure maintenance of proper books and records of accounts of the income, expenditure and assets of the Institute
- Review draft/interim financial reports and make appropriate recommendations to the Board
- Advise the Board on all matters relating to establishment of appropriate organizational structures such as directorates, departments and regional centres of the Institute
- Guide the Board on the provisions to be made for capital and recurrent expenditure and for the reserves of the Institute
- Review and recommend for Board approval fees to be charged for services rendered by the Institute
- Guide the Board on the appropriate strategies for resource mobilization and investment for the funds of the organization
- Monitor the assets of the organization
- Advise the Board on appropriate short, medium and long-term strategies for the Institution
- Review, assess and advice on the Institute's medium- and long-term business strategies
- Approve remuneration, benefits and other terms and conditions of the staff of the Institute

Audit and Compliance subcommittee function

- The Board has an operational Audit and Compliance Committee since the Institute now has an Internal Auditor among the staff deployed to the Institute.
- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- Provide an independent review of NCI-K 's reporting functions to ensure the integrity of financial reports.
- Monitor the effectiveness of NCI-K performance management and performance information.
- Provide strong and effective oversight of NCI-K internal audit function.
- Provide effective liaison and facilitate communication between management and external audit.
- Provide oversight of the implementation of accepted audit recommendations.
- Ensure the NCI-K effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behavior.

(f) NCI-K Headquarters

The Institute is currently hosted by the National Syndemic Diseases Control Council within their office space located on:

6TH Floor Landmark Plaza
Argwings Kodhek Road
P.O. Box 30016 – 00100 GPO
Nairobi, KENYA

(g) NCI-K Contacts

Telephone: (0795012568)
E-mail: ceonci-k@ncikenya.or.ke
Website: www.ncikenya.go.ke

(h) NCI-K Bankers

Kenya Commercial Bank
Milimani Branch (NSSF Building)
P.O. Box 69695-00400
NAIROBI, KENYA

Key Entity Information and Management (continued)

(i) Independent Auditor

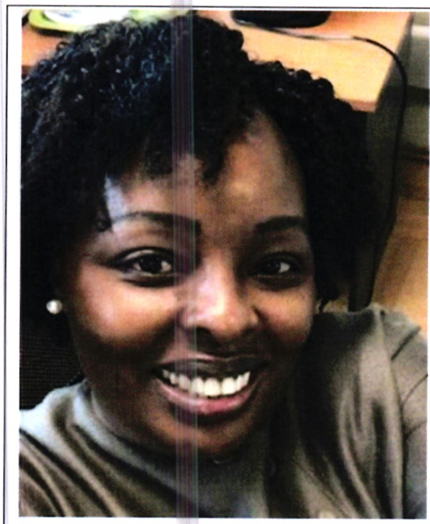
Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

3. The Board of Directors/Council

DIRECTORS	DETAILS
 1. Dr. Githinji Gitahi, MBS	Dr Githinji Gitahi is the Global CEO, Amref Health Africa since 2015. He has previously worked in various positions in the health, media and private sectors. Prior to joining Amref, he was the VP and Regional Director for Africa with Smile Train International. Dr Gitahi is renowned as a leader on the global and regional front with notable achievements - including co-chairing the global UHC2030 movement; serving on the Commission on Africa's COVID-19 Response; serving as a member of the Governing Board of Africa CDC and was recently appointed to the Board of the Coalition for Epidemic Preparedness Innovations (CEPI). He also serves on the Board of The Standard Group in Kenya and the Board of Trustees of Safaricom Foundation. He is a vocal advocate for pro-poor Universal Health Coverage and leads the largest thought leadership convening on the African health agenda.
 2. Dr. Elias Melly MBChB, Mmed	Medical Doctor and Cancer Expert, Dr. Elias Melly a Medical Doctor, Medical and Radiation Oncologist with huge experience in patient care, research, training and policy. I graduated with Bachelors of Medicine and Surgery from Moi University, Masters in Medicine in Clinical Oncology and Nuclear Medicine from Alexandria University, Egypt. Dr. Melly is highly skilled and knowledgeable with experience at the local, regional, and global levels in clinical care, training, research, and program development and growth, He believes in value-based, transformative leadership and governance. He has a wealth of knowledge, skills and experience in navigating the terrain in addressing challenges in health care both from technical and strategic leadership and governance issues guided by relevant legal framework.

 3. Ms. Agnes Kaleyke Nguna	Agnes is an accomplished business leader with over 18 years' experience driving growth and profitability in leading companies across East African region. Currently she serves as the Chief Operating Officer at the Star Newspaper in Kenya where she is in charge of providing strategic leadership and management to the Media House. Agnes also sits on various local and global boards. She is the Chair of the Media Owners Association an umbrella body drawing membership from leading media houses in the country. She sits on the supervisory board of the World Association of Newspapers (WAN - INFRA) a global organisation of the world press whose mission is to protect the rights of journalist and publishers across the world to protect independent media.
 4. Ms. Catherine Wachira	Catherine Wachira is a legal practitioner of over 23 years standing and a passionate cancer patient rights advocate for over 10 years, pushed by the call that a unified approach to cancer control will help in the fight against cancer in Kenya. In the past six years Catherine has served as Vice-Chair and Board Chair respectively of Kenyan Network of Cancer Organizations, the national umbrella body of cancer civil society organizations active in various aspects of cancer control. Catherine's dream is a Kenya where quality cancer treatment is accessible and affordable to every Kenyan irrespective of their financial circumstances.
	Dr Samuel Gathere is a Senior Clinical Research Scientist at KEMRI. He has interests in various facets of Cancer Research. He is currently the focal person of the African Cancer Caribbean Consortium (AC3) that focuses on disparity in Cancer research. He is also a trained ENT and Head and Neck Surgeon.

5. Dr. Samuel Gathere	
 6. Dr. Franscisca Ongecha	Dr. Francisca A. Ongecha is a consultant psychiatrist, lecturer in the department of Psychiatry & Mental Health and Ag. Dean School of Medicine, Kenyatta University. She worked with the Ministry of Health for 12 years. She is a Fogarty International Clinical Research Fellow having spent four years engaged in clinical research through National Institutes of Health (NIH) before joining Kenyatta University. She's done extensive work in the area of substance use with UNODC spanning over 15 years. Her other areas of research/program interests are in psychological trauma following sexual and gender-based violence, chronic/terminal illness, genocide/war/disaster trauma, mental health and HIV& AIDS, Medical education, Policy and Ethics. She's been a member of several committees including the university Ethical Review committee among other responsibilities.
 7. Ms. Mildred Mugambi	Ms. Mildred is a passionate and highly skilled strategic communications expert based in Nairobi, Kenya. She currently serves as the Senior Corporate Communications Officer at National Commission for Science, Technology, and Innovation (NACOSTI) where she heads Corporate Communications. She has over eleven (11) years of experience in communications management across varied working environments and positions. She is also an active member of the Public Relations Society of Kenya (PRSK) where she serves on the Membership and Professional Development Committee and various ad-hoc committees.

 8. Dr. Kenrick Ayot	Dr. Kenrick Ayot is an economist at the National Treasury with over 15 years of experience in the field of Economic Policy and Public Finance Management. He has experience among others in forecasting both domestic and external resource inflow in the annual national budget, providing technical support to MTEF Sector Working Groups in preparation of Medium-Term Budget Proposals, developing resource mobilization policies and strategies from the developing partners. Dr. Ayot holds a PhD in Economics from the University of Cape Town and a Masters and Bachelor Degree in Economics both from the University of Nairobi.
 9. Ms. Mary-Anne Musangi	Mary-Ann Musangi is a highly experienced General Manager who has strong technical and business qualifications with an impressive track record of more than 25 years of hands-on experience in strategic planning and business development. She has demonstrated the ability to lead diverse teams of professionals to new levels of success in a variety of highly competitive industries, cutting-edge African markets, and fast-paced environments. Her experience spans advertising, pharmaceuticals, financial services, hospitality and FMCG Industries. She has a proven ability to successfully analyze an organization's critical business requirements, identify deficiencies and potential opportunities, whilst also developing innovative cost-effective solutions to enhance brand equity, increase revenues, and improve customer service offerings. Mary-Ann's ambition is to see Africa prosper and with this belief, she advocates for the companies that she works with to drive "Sustainable African operations championed by Africans to offer Africa superior and affordable products and services."

 10. Mr. Patrick Mathagu	Patrick Mathagu is a long serving educator at the Technical University of Kenya where has served as a lecturer in mathematics & statistics and currently as the senior assistant student registrar. He is cancer warrior who is passionate in ensuring that impactful measures are undertaken to prevent and control cancer in the country and that persons living with cancer and their care givers are appropriately advised and provided service in a humane and affordable environment.
 11. Dr. Angela Nyakundi	Dr. Angela Nyakundi is a public health specialist with more than 12 years 'experience in clinical care, health service management and public health policy. She holds a Bachelor of Medicine and Bachelor of Surgery Degree with a Master's degree in Public Health. She has experience serving within different stations in the public sector towards ensuring quality patient management as well as advancing strategic investments in health for national development. Dr Nyakundi is keen on promoting patient centred care, initiating and implementing sustainable health systems change to ensure that Universal Health Coverage is realized.

4. Key Management Team

	MANAGEMENT	DETAILS
1.	Dr. Elias Melly Ag. Chief Executive Officer	Providing overall strategic leadership; spearheading execution of annual operational plans and budgets and overall implementation of the Board's decisions.
2.	Beryl Olilo Ag. Strategy, Partnership and Resource Mobilization	Providing technical and professional guidance to administrative functions of the Institute; ensuring effective execution of the organization's mandate; ensuring optimal utilization of resources as well as responsible for planning, coordination and implementation of human resource and administration policies, procedures and processes towards enhancing the human capacity and enhance optimal utilization of resources in the Institute.
3.	Mr. Sundley Omwenga Ag Head, Head Compliance	Providing leadership in the execution of the technical functions of the Institute; ensuring effective cancer prevention and control; ensuring optimal utilization of resources
4.	Mrs. Cecilia Wandera Ag. Head, Monitoring, Evaluation and Research Department	Oversee the development and review of policies on cancer registration, monitoring and evaluation and research; ensure the collection, analysis and dissemination of all cancer data
5.	Ms. Ruth Muia, Ag. Head, Cancer Awareness and Care Spectrum Department	Providing leadership on matters relating to the treatment and care of persons with cancer; oversee the development and implementation of policies on Cancer Prevention and Care

6	Mr. Richard Kihara Ag. Head, Research Division	Ensure the collection, analysis and dissemination of research data useful in the prevention, diagnosis and treatment of cancer; Liaise with relevant departments to ensure mobilization and allocation of adequate resources to support cancer research
7.	Dr. Mwangi Ag. Head Regulation	Involved in ensuring the quality of cancer care service delivery through compliance to policies and guidelines.
8.	Mr Nickson Nyaga Ag. Head, Human Resource and Administration	Responsible for planning, coordination and implementation of human resource and administration policies, procedures and processes towards enhancing the human capacity and enhance optimal utilization of resources in the Institute.

5. Chairman's Statement

The National Cancer Institute of Kenya (NCI-Kenya) Board of Trustees, humbly submits the Annual Report and Financial Statement for the year ended 30th June, 2023.This report gives an account of the achievements of the Institute within the financial year in review of the core area of policy advisory to the Cabinet Secretary for Health on relative priorities in all matters related to cancer prevention and control, multi sectoral coordination, resource mobilization, providing information related to cancer prevention and control, maintaining cancer registry, advancing cancer research ,capacity building, innovation, quality assurance and service delivery.

The Board remains grateful to the Government of Kenya for the continued profound assistance and support to the Institute. It acknowledges the support of partner institutions and governments that continue to support the Institute in various ways. The Board is also grateful to the CEO and all staff for their invaluable effort and commitment towards Cancer Prevention and Control in line with their vision of being a world class authority in cancer prevention and control.

The NCI-Kenya has a broad mandate to provide leadership and coordination of the country's cancer response by convening stakeholders to synergize efforts and resources towards reducing the cancer burden in Kenya. In particular, the Institute has identified four critical areas that are essential towards achieving its mandate namely:

a) Regulation and Enhancing Access to Cancer Care

The Institute seeks to ensure access to the highest attainable standards of cancer care through collaborating with relevant agencies, within and beyond the health sector to ensure that any facility offering cancer/oncology services meets the defined minimum standards. Further, NCI Kenya works closely with relevant agencies to enforce adherence to available legal frameworks for mitigation and reduction of cancer risk factors.

b) Stakeholder coordination and Resource mobilization towards enhanced access to cancer prevention and control

Cancer is as a result of an interplay of multiple risk factors hence the need for a multi-stakeholder approach in its prevention, control and management. In order to achieve this, NCI Kenya is keen to engage stakeholders within and beyond the health sector, both state and non-state, and at all levels to prioritize and contribute to cancer prevention and to either directly or indirectly allocate resources towards cancer prevention and control. The Institute thus serves as the convener of all players involved in cancer prevention and control, including civil society stakeholders.

c) National Cancer Registry

The Cancer Prevention and Control Act in Part III Sections (20) to (22) mandates the NCI-Kenya to maintain a national cancer register that shall contain information on persons diagnosed with cancer and all entities that provide cancer services in Kenya. The Act requires the cancer register to inform on the epidemiological landscape of cancer in the country and towards this, the Act has prescribed the requirement for cancer notification by all medical institutions upon making a diagnosis of cancer. With funding from the Treasury, the Institute has established a national cancer registry that will contain updated data that can be used to inform policy.

d) Cancer Prevention (Awareness creation and capacity building)

The low levels of awareness within the Kenyan population coupled with a diverse and dynamic population requires a long-term investment aimed at getting a large population to adopt healthy habits. For this to be effective and impact on the population, there is a need to mobilize adequate resources to mount an innovative and a whole of government approach. Being the body responsible for the cancer response in Kenya, the Institute is engaging stakeholders including but not limited to religious bodies, health sector, teaching institutions and community structures to ensure the population is reached with factual cancer messages The Institute also expects to advocate for policy change related to cancer prevention among relevant institutions, both within and beyond Government.

Name	Signature	Date
Dr. Githinji Gitahi, MBS Chairman of the Board	…………………	21/12/23

6. Report of the Chief Executive Officer

The NCI -Kenya is a fully fledged semi-autonomous government agency within the Ministry of Health with a functional Board of Trustees providing overall leadership at the Institute and management consisting of nine (9) technical officers responsible for day-to-day management in the Institute. It is important to note that the officers were deployed from the Ministry therefore their personnel emolument is still under the Ministry of Health. There are, however, significant gaps due to lack of key support cadres to support the establishment of functions like legal, audit among others within the institute. In the FY 2022/23, the National Cancer Institute of Kenya participated in the MTEF process for the 2023/24 - 2024/25 period. Here, the Institute provided key performance targets, outputs and the funding requirement. The priorities of the NCI-Kenya were geared towards delivery of its mandate in line with the Cancer Prevention and Control Act, its contribution towards Universal health coverage and Institutional strengthening. Ensuring availability of cancer care services that meet a minimum quality standard and ensuring access to the services are key functions of the National Cancer Institute of Kenya.

In efforts to operationalize the Institute;

- The Institute was categorized as a Service State Corporation, Category PC 3B
- The Institute implemented its inaugural Strategic Plan 2020-2023
- Finalized its human resource instruments including the NCI-Kenya organizational structure, scheme of service and human resource policy

Key investments were made across various input areas including:

Awareness Creation and Public education

Despite an increase in the burden of cancer in Kenya, studies show a big proportion of these cancers are preventable through primary and secondary prevention efforts. The public is however largely unaware of key risk factors and the role of behaviour change in cancer prevention. In the FY 2022/23 The Institute prioritized public education and awareness creation on cancer and associated risk factors and activities around awareness were created through various Information Education and Communication approaches. In this context the institute;

- Contextualized cancer awareness messages to 10 vernacular languages namely Kikuyu, Kamba, Luhya, Luo, Maasai, Tharaka, Gusii, Borana, Taita and Kalenjin and procured spots on 10 vernacular FM stations for dissemination of these messages. It also went ahead and Procured services from one mainstream TV station to produce and run a TV feature on cancer and associated risk factors. With this initiatives, more than 15 million Kenyans were reached by cancer educative messages through various platforms.

- Developed a sensitization package on cancer prevention and control workplace programs in collaboration with all stakeholder
- Sensitized five focal persons across 22 MDAs to continue championing cancer prevention and control

Regulation and technical assistance

The National Cancer Institute provided technical assistance to ensure compliance to existing guidelines relating to the delivery of cancer care services. The Institute did through dissemination of guidelines and inspection visits, the institute inspected facilities to assess their capacity to provide cancer treatment and registered 71 cancer centres' attaining the minimum requirement.

Cancer registration

The collection and use of cancer data and information should be a routine by-product of the health care process at all levels. In the past two years, the Institute has been investing in the establishment of cancer registries within various counties to provide data that will be used to inform policy and practice across the continuum of care. The Institute expanded the central repository for the national cancer registry and establishment of additional eight (8) county cancer registries to strengthen the generation of data to inform cancer prevention and control activities

Capacity building

The NCI-Kenya is mandated to partner and build capacity of other institutions in the prevention and management of cancer in Kenya. During the year in review; NCI-K Conducted sensitization forums with 20 County Health Management Teams on policy, legal frameworks and operational guidelines in cancer prevention and control; Engaged 20 county health assemblies on resource allocation for cancer prevention & control and supported 5 counties namely Mombasa; Machakos; Nakuru; Turkana; Nyeri to develop county specific cancer control frameworks

Stakeholder coordination and Resource mobilization

As the lead agency in cancer prevention and control, the Institute has an obligation to engage all relevant stakeholders and provide the necessary coordination and oversight of all involved actors. Further, the Institute is expected to continually mobilize resources for cancer response both within Government and among non- state actors. The institute established a stakeholder coordination framework and mobilizing additional resources required to respond to the rising cancer burden. It also developed a partnership and resource mobilization policy.

Cancer research

The Institute supported an ongoing **study** on cervical cancer in collaboration with US-NCI and Nairobi County.

Inaugural National Cancer Summit

National Cancer Institute of Kenya (NCI-Kenya) together with her partners and stakeholders held the inaugural National Cancer Summit in Nairobi from 2nd February 2023 and culminating in the commemoration of World Cancer Day on 4th February2023.The summit brought together local and international key players and stakeholders from the public, private sector, development partners and communities to review the progress made, identify gaps and areas of learning from successful strategies towards revitalizing Cancer prevention and management.

During the year under review, NCI Kenya successfully mobilized Ksh 121M through the 2022/23 MTEF budget process with 90% allocation realized through quarterly/monthly conditional grants advanced to the Institute. Allocation for the month of June 2023 was not received. In addition, during the 4th quarter of 2022/23 FY, NCI Kenya applied for additional funds through the parent Ministry geared towards enhanced cancer awareness and public education. As a result, the Institute received an additional Ksh. 114m. The Institute also established structures to enable the levying of fees for inspection and designation of cancer centres as one way of internal revenue generation. The Institute however faced some key challenges in the implementation of planned activities that impacted on its performance. These include:

- Failure to operationalize the Audit committee of the Board due to lack of an Internal Auditor within the Secretariat
- Lack of internal support systems such as finance and procurement systems contributing to delayed procurement of service delivery processes
- Delays in finalization of Human Resource Instruments and Salary structure hampered the recruitment of staff to NCI-Kenya to undertake appropriate functions within the institute.
- Limited human resource capacity within the Institute to conduct cancer research.

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

NCI-K has 2 strategic pillars/ themes/issues and four strategic objectives within the current Strategic Plan for the FY 2022/2023. These strategic pillars/ themes/ issues are as follows:

Institutional Strengthening

- Efficiency in the management of NCI-Kenya.
- Governance, oversight and coordination in cancer response.

Delivering on NCI- Kenya's Mandate

- Cancer data and information management.
- Cancer awareness and advocacy.

8. Corporate Governance Statement

The National Cancer Institute of Kenya (NCI Kenya) is a body corporate established under Section 4 of the Cancer Prevention and Control Act of 2012. The Institute is governed by the Board of Trustees as the apex decision making organ which sets the direction for good corporate governance underpinned by effective leadership, oversight and management accountability based on a sound and ethical foundation. The NCI Kenya Board acknowledges the significant role of good corporate governance guided by the State Corporations Act Cap 446, Leadership and Integrity Act 2012, Public Officers Ethics Act 2003, Cancer Prevention and Control Act of 2012, Health Act of 2017 and Mwongozo Code of Governance for State Corporations. This entails the processes and structures used to direct and manage the affairs of the Institute, the framework for internal controls and the respective roles of individual Board Members and management. In order to ensure the Institute is able to deliver on its mandate, the Board has overseen the development and implementation of the NCI Kenya Strategic Plan 2020-2023.

THE COMPOSITION OF THE BOARD OF TRUSTEES

The current Board inaugurated in July 2022 comprises ten [10] members; the Chairperson, four [4] independent members and five [5] members representing various governmental agencies as per the Cancer Prevention and Control Act of 2012. The Ag. Chief Executive Officer serves as the Secretary to the Board.

The Board is composed of an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. Members are principally free from any business relationship that could hamper their objectivity or judgment in terms of the business and activities of the organization. The roles of the Chairperson and the Chief Executive Officer are separate, with their individual responsibilities clearly defined. The Chairperson is an independent nonexecutive Board member and is responsible for leading the Board and ensuring its effectiveness. The Chief Executive is responsible for the execution of the NCI Kenya strategy, and the day-to-day operations of the Institute.

THE ROLE OF THE BOARD

The Board of Trustees provides leadership and strategic direction of the hospital. Its key responsibilities include:

(i) Development and oversight in the implementation of the Institute's strategic plan.
(ii) Review and approval of annual budgets.
(iii) Risk management and compliance by ensuring adequate systems of internal controls are in place.
(iv) Review of financial performance, expenditure, and commitments.
(v) Setting and periodically reviewing organizational key performance indicators as well as management performance; and
(vi) Supporting management to enhance stakeholder value.

To effectively discharge this role, the Board of Trustees has full access to the Chief Executive Officer and key members of the Institute's management team.

BOARD MEETINGS

The Full Board meets at least once every quarter (or more depending on the requirements of the business) and is guided by the annual Board ALMANAC. The members receive adequate notice and detailed reports in good time to facilitate informed deliberations and decision making. The Board promotes an environment of innovative thinking, consultation, cordial relations, information sharing, and openness in communication.

9. Management Discussion and Analysis

During the year under review, the institute fulfilled her mandate along the key functions of awareness raising, cancer services quality assurance, cancer research, stakeholder engagement and sound corporate governance. In addition, the Institute pursued the process of operationalization as a semi-autonomous agency through categorization by the State Corporation Advisory Committee.
Some of the key outputs achieved include:

- More than 15 million Kenyans were reached by cancer educational messages through various platforms.
- Develop a sensitization package on cancer prevention and control workplace programs in collaboration with all stakeholder
- Sensitize the 22 MDAs on the package and maintain a register of the focal persons championing cancer prevention and control
- Engaged service providers to provide technical support towards the establishment of County cancer control frameworks
- Development of audio-visual, print and digital cancer awareness materials for use in different platforms
- Establishment of County cancer control frameworks
- Expansion and maintenance of a central repository for the national cancer registry
- Automation of NCI-Kenya processes including the website; graphic design; hosting of registry data and a training platform
- National Cancer Institute of Kenya (NCI-Kenya) together with her partners and stakeholders held the inaugural National Cancer Summit in Nairobi from 2nd February 2023 and culminating in the commemoration of World Cancer Day on 4th February2023.The summit brought together local and international key players and stakeholders from the public, private sector, development partners and communities to review the progress made, identify gaps and

areas of learning from successful strategies towards revitalizing Cancer prevention and management..

- A regulation and compliance advisory committee was established to facilitate the inspections, accreditations and designations of cancer treatment centres.
- Nineteen (19) County Health Management Teams were sensitized on the need for investment in cancer interventions and provided with technical support in line with the mandate of the Institute.
- A total of 92 facilities were inspected to assess their capacity to provide cancer treatment across 22 counties with 71 cancer centers attaining the minimum requirement.
- Expansion of a central repository for the national cancer registry and establishment of additional county cancer registries to strengthen the generation of data to inform cancer prevention and control activities
- Increasing public awareness on cancer risk factors and available services across the continuum of care
- Development of a quality care assurance framework to guide regulation of cancer care across the care spectrum
- Developing the human resource capital in the institute to ensure delivery of its mandate
- Stakeholder engagement to enhance resource allocation and prioritization of cancer activities.

10. Environmental and Sustainability Reporting

The National Cancer Institute of Kenya exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) *Sustainability strategy and profile*

The National Cancer Institute has prioritized the establishment of partnerships and collaborations with various stakeholders as a critical strategy for sustainable service delivery. Within its organizational structure, there is a fully-fledged Department on Partnerships and Coordination that is charged with the responsibility of creating collaborations with public, private and civil-society entities. In addition, the Institute has identified different platforms for additional income generation to supplement the conditional grant allocations from Exchequer. This includes levying fees for registration of cancer centres as well as writing grant proposals for additional funding towards programmatic activities as well as research.

ii) ***Environmental performance***

The Institute is yet to operationalize an organizational environmental policy. However, the Institute signed a Memorandum of Understanding with the Kenya Forestry Services that will enable the two Institutions partner in the areas of forest conservation and awareness creation on cancers. In addition, the Institute has committed to annual tree planting exercises within its Performance Contract.

iii) ***Employee welfare***

The Institute achieved the categorization by the State Corporation Advisory Committee in August 2022 as Service State Corporation, Category PC 3B. The Human Resource Policy Manual and all other required HR instruments were finalized in June 2023 and organizational structure was approved by the Public Service Commission in September,2023. This will enable the NCI-K to conduct recruitment, retention and development of the NCI staff. In addition, the organization's Annual Work Plan and Budget have specific allocations for recruitment and staff training to build the leadership and management capacity.

iv) ***Market place practices-***

a) ***Responsible competition practice.***

   The Institute is in the service sector with its main mandate being coordination and regulation of cancer prevention and control activities. While playing this regulatory role, NCI has adopted a consultative and collaborative approach working closely with other regulatory agencies within the health sector and has been actively involved in joint health inspection activities.

b) ***Responsible Supply chain and supplier relations***

   The institute engages suppliers using open tender and request for qualifications. Supplier are paid upon delivery of goods and services, commissioning and inspection certifies are issued. NCI Kenya is still dependent on the parent Ministry of Health in carrying out procurement-related activities. The Institute endeavours to process and avail all the relevant documentation as required to enable efficient payment to suppliers for all goods and services supplied.

c) ***Responsible marketing and advertisement***

The Institute has not been involved in any direct advertisement campaigns but has rather leveraged on its participation in awareness and advocacy activities to enhance its visibility.

d) ***Product stewardship***

NCI has been keen on protecting consumer rights and has worked directly with cancer patients and survivors during the development of various policy documents including the Cancer Policy 2019-2030 and the Institute's own Strategic Plan 2020-2023.

v) ***Corporate Social Responsibility / Community Engagements***

During the 2021/22 financial year, the Institute donated PPEs to service providers and cancer survivors who were at a high risk of contracting the infection during outreaches. This also provided an opportunity to educate the survivors on how to protect themselves and supported screening for HIV NCD's and cancers during communities' outreaches in various counties.

11. Report of the Directors

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

i) Principal activities

The principal activities of the NCI-K are

i. To strengthen governance, oversight and coordination of cancer response in Kenya to ensure effective partnerships and coordination mechanisms
ii. To develop and manage an integrated cancer data surveillance system and promote cancer research to inform policy and practice
iii. To promote a multi sectoral and innovative approach in public education and awareness creation on cancer prevention and control
iv. To strengthen the NCI-Kenya institutional capacity to deliver on its mandate

ii) Results

The results of the NCI-Kenya financial performance for the year ended June 30, 2022, are set out on pages 1-5.

iii) Directors

The current Board inaugurated in July 2022 comprises ten [10] members; the Chairperson, four [4] independent members and five [5] members representing various governmental agencies as per the Cancer Prevention and Control Act of 2012 where the Ag. Chief Executive Officer serves as the Secretary to the Board. The current board served during the year under review. The details of the current Board are shown on page vii-x.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. However, Cancer Prevention and Control Act guides that the surplus is carried forward to the next financial year,

v) Auditors

The Auditor-General is responsible for the statutory audit of the *NCI-K* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The office of the Auditor General will carry out the audit of the *NCI-K* for the year/period ended June *30, 2023*, in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Board

....

Name : Dr. Elias Melly

Secretary to the Board

12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the NCI-K financial statements, which give a true and fair view of the state of affairs of the *Entity* for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NCI-K; (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 NCI-K; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the NCI-K 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 State Corporations Act) . The Directors are of the opinion that the *Entity's* financial statements give a true and fair view of the state of *Entity's* transactions during the financial year ended June 30, 2023, and of the NCI-K financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the NCI-K, which have been relied upon in the preparation of the NCI-K financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern

OR

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR GENERAL ON NATIONAL CANCER INSTITUTE OF KENYA FOR YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Cancer Institute of Kenya set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of National Cancer Institute of Kenya as at 30 June, 2023 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 do not comply with the Cancer Prevention and Control Act No.15 of 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

1.1. Anomalies in the Financial Statements

The financial statements submitted for audit contained the following anomalies;

i. Page ii and ix erroneously refer to board of directors/council instead of Board of Trustees as per Section 6(1) of the Cancer Prevention and Control Act, 2012;

ii. The chairman's statement on page xvi, report of the directors on page xxvii and implementation status of Auditor General's recommendation on page 31 are not signed and dated; and,

iii. Page number 22 is repeated hence distorting entire page numbering.

In the circumstances, the financial statements presented for audit did not comply with reporting template prescribed by the Public Sector Accounting Standards Board.

1.2. Arithmetical Errors in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects actual on comparable basis receipts of Kshs.275,745,801 while recasting revealed Kshs.275,542,897 resulting to unexplained variance of Kshs.202,904.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

2. Unsupported Expenses

The financial statements submitted for audit under Note 9 reflects use of goods and services of Kshs.163,526,082. However, seven (7) components with a total amount of Kshs.161,775,258 had their schedules reflecting Kshs.128,355,123 resulting in an unexplained variance of Kshs.33,420,135 as shown below:-

Component	Financial Statements (Kshs.)	Schedules (Kshs.)	Variance (Kshs.)
Conferences and Delegations	23,062,879	14,966,229	8,096,650
Advertising	19,729,549	14,712,529	5,017,020
Bank Charges	147,628	65,887	81,741
Printing and Stationery	4,322,050	1,264,500	3,057,550
Cancer Education Materials	30,047,600	21,653,200	8,394,400
Training	3,533,556	633,000	2,900,556
Travel Accommodation and Daily Subsistence Allowance	80,931,996	75,059,778	5,872,218
Total	**161,775,258**	**128,355,123**	**33,420,135**

In the circumstances, the accuracy and completeness of the respective expenditure amounts could not be confirmed.

3. Unsupported Revenue

The statement of financial performance reflects public contributions and donations of Kshs.29,603,994 and rendering of services of Kshs.9,772,236 as disclosed in Note 7 and Note 8 to the financial statements respectively. However, these amounts were not supported by schedules.

In the circumstances, the accuracy and completeness of the total amount of public contributions and donations, and rendering of services of Kshs.39,376,230 could not be confirmed.

4. Unsupported Travel Accommodation and Daily Subsistence Allowances

The statement of financial performance reflects use of goods and services amount of Kshs.163,526,082 as disclosed in Note 9 to the financial statements. Included in this amount is travel accommodation and daily subsistence allowances amount of Kshs.80,931,996 out of which Kshs.24,468,072 was not supported with payments vouchers and their respective supporting documents.

In the circumstances, accuracy and completeness of travel accommodation and daily subsistence allowances amount of Kshs.24,468,072 could not be confirmed.

5. Unsupported Bank Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.27,372,282 as disclosed in Note 12 to the financial statements. The balance includes current account amount of Kshs.16,915,180 which was not supported by cashbook, certificate of bank balance and bank reconciliation statements.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.16,915,180 could not be confirmed.

6. Undisclosed Outstanding Imprest

The statement of financial position reflects receivables from non-exchange transactions of Kshs.124,500,000 as disclosed in Note 13 to the financial statements. However, the balance omitted outstanding imprests amounting to Kshs.8,141,287.

In the circumstances, the accuracy and completeness of receivables from non-exchange transactions of Kshs.124,500,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Cancer Institute of Kenya 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 adverse 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.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted receipts of Kshs.140,400,000 and actual on comparable basis of Kshs.275,542,897 resulting in over-collection of receipts of Kshs.135,142,897.

Similarly, the Institute spent an amount of Kshs.173,501,282 out of the approved expenditure budget of Kshs.85,994,000 resulting in an over-expenditure of Kshs.87,507,282. However, there was no evidence of approval of the over-expenditure.

The over-collection of receipts and over-expenditure may imply weaknesses in formulating the budget.

2. Pending Accounts Payable

The statement of financial position reflects trade and other payables of Kshs.22,493,943 as disclosed in Note 15 to the financial statements as at 30 June, 2023. The management has attributed this to unpaid supplies and unpaid audit fees.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Budget Imbalance

The statement of comparison of budget and actual amounts reflects final budgeted receipts of Kshs.140,400,000 and final expenditure budget of Kshs.85,994,000 resulting in budget imbalance of Kshs.54,406,000. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget revenue and expenditure appropriation shall be balanced.

In the circumstances, Management was in breach of the Law.

2. Long Outstanding Audit Fees

The statement of financial position reflects trade and other payables balance of Kshs.22,493,943 out of which Kshs.1,392,000 relates to audit fees which have been outstanding for more than one (1) year. Management has not provided satisfactory explanation for failure to settle the long overdue audit fees. This is contrary to the Public Audit Act, 2015 Section 41(c) which states that, "the funds of the Office of the Auditor-General shall consist of audit fees charged at the rates prescribed by the Auditor-General."

In the circumstances, Management is in breach of the Law.

3. Failure to Withhold and Remit Tax to Kenya Revenue Authority

The statement financial performance reflects use of goods and services amount of Kshs.163,526,082. Review of expenditure records including payment vouchers revealed supplies of Kshs.45,701,248 whose corresponding 2% withholding VAT amounting to Kshs.914,025 was not withheld and remitted to Kenya Revenue Authority. This is contrary to Section 42A of the Tax Procedures Act, 2015 which gives powers to the Commissioner to appoint a person to withhold two (2) per cent of the taxable value on purchasing taxable supplies at the time of paying for the supplies and remit the same directly to the Commissioner. In addition, board expenses of Kshs.9,975,200 includes Kshs.1,880,500 being withheld tax deductions on board payments but there was no evidence that it was remitted contrary to Income Tax Act CAP 470 Section 37(5).

In the circumstances, Management was in breach of the law.

4. Excess Board of Trustees Composition

The statement financial performance reflects board expenses of Kshs.9,975,200 (2022 – Kshs.1,042,400) resulting to an increase by Kshs.8,932,800. In addition, review of board records revealed that the Institute had ten (10) board members. This was contrary to chapter 1(1.1.3) of the Mwongozo code of governance which requires board membership of all state corporations to have between Seven (7) and Nine (9) members.

In the circumstances, Management was in breach of the law.

5. Holding of Multiple Imprests

Review of imprest records revealed that seven (7) staff held multiple imprests amounting to Kshs.8,141,287. This was contrary to Regulation 93(4) of the Public Finance Management (National Government) Regulations, 2015 which states that "Before issuing temporary imprests under paragraph (2), the Accounting Officer shall ensure that— (b) the applicant has no outstanding imprests." In addition, the imprest had not been surrendered and were long overdue. This was contrary to Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station.

In the circumstances, Management was in breach of the law.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Board Meetings

The statement financial performance reflects board expenses of Kshs.9,975,200 as disclosed in Note 10 to the financial statements. However, the following unsatisfactory matters were observed;

1.1 Excess Board Meetings

It was noted that the board held seven (7) full board meetings, seven (7) finance and strategy committee meetings and seven (7) technical committee meetings. These meetings surpassed the maximum number of six (6) meetings allowed without approval from Cabinet Secretary. In addition, human resources committee and audit committee held only three (3) and two (2) meetings respectively. This was contrary to Head of the Public Service Circular REF: OP/CAB.9/1A by dated March 11, 2020 - on part A on board meeting which states that "For avoidance of doubt, the board meetings shall be restricted to a minimum of four (4) as provided in the state corporations Act and capped at a maximum of six (6) for each financial year or as may be specified in the respective enabling legal instruments.

In the circumstances, the overall governance of the Institute could not be confirmed.

1.2 Failure to Provide Confirmed Board Minutes

The board held twenty-six (26) meetings out of which only twenty (21) board minutes were provided for audit out of which seventeen (17) minutes were not signed and there no evidence of confirmation of these minutes. This is contrary to Annexure I-E (8) (e) of Mwongozo, which provides that; "Minutes must be drawn up for every board and committee meeting with resolutions highlighted therein. The meeting should be circulated to all board members as soon as possible after the meeting. Upon confirmation, the minutes should be signed by the Chairperson and added to the records of the organization."

In the circumstances, the overall governance of the Institute could not be confirmed.

2. Failure to Prepare Almanac and Annual Work Plan

During the year under review, the Board operated without an approved Almanac and annual Board work plan. This was contrary to chapter 1 (1.9) of the Mwongozo code of governance which requires board members to have an annual work plan to guide their activities.

In the circumstances, the overall governance of the Institute could not be confirmed.

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

Responsibilities of Management and the Board of Trustees

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue 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 Institute 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 Board of Trustees is responsible for overseeing the Institute'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

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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with 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 Institute'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 Institute to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institutes to express an opinion on the financial statements.

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2023

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

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	236,166,667	163,610,000
Public Contributions and donations	7	29,603,994	1,507,860
Total Revenue from non-exchange transactions		**265,770,661**	**165,117,860**
Revenue from exchange transactions			
Rendering of services	8	9,772,236	0
Total Revenue from exchange transactions		**9,772,236**	0
Total Revenue		**275,542,897**	**165,117,860**
Expenses			
Use of goods and services	9	163,526,082	159,053,688
Board Expenses	10	9,975,200	1,042,400
Depreciation and amortization expense	11	2,767,049	1,825,471
Total expenses		**176,267,331**	**161,921,559**
Surplus/ (deficit) before tax		**99,274,566**	**3,196,302**
Taxation			
Surplus/(deficit) for the period/year		**99,274,566**	**3,196,302**
Net Surplus for the year		**99,274,566**	**3,196,302**

The notes set out on pages 25 to 29 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

………………………………	………………………………	………………………………
Name: Dr. Elias Melly	**Name: Lawrence Mwenda**	**Name: Dr. Gitahi Githinji**
Accounting Officer	**Head of Finance**	**Chairman of the Board**
	ICPAK M/No:9445	
Date	**Date**	**Date**

15 Statement of Financial Position as at 30 June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	27,372,292	82,910,920
Receivables from Non-Exchange Transactions	13	124,500,000	0.00
Total Current Assets		**151,872,292**	**82,910,920**
Non-Current Assets			
Property, Plant and Equipment	14	12,348,695	10,634,744
Total Non- Current Assets		**12,348,695**	**10,634,744**
Total Assets		**164,220,987**	**93,545,664**
Liabilities			
Current Liabilities			
Trade and Other Payables	15	22,493,943	51,093,186
Total Current Liabilities		**22,493,943**	**51,093,186**
Net Assets		**141,727,044**	**42,452,478**
Surplus as at 30th June 2022		42,452,478	39,256,176
Surplus as at 30th June 2023		99.274,566	3,196,302
Total Net Assets		**141,727,044**	42,452,478
Total Net Assets and Liabilities		**164,220,987**	**93,545,664**

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

…………………………………	…………………………………	…………………………………
Name; Dr. Elias Melly	**Name; Lawrence Mwenda**	**Name; Dr. Githinji Gitahi**
Accounting Officer	**Head of Finance**	**Chairman of the Board**
	ICPAK Member No:9445	
Date	**Date**	**Date**

16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Retained earnings	Total
	Kshs	Kshs
As at July 1, 2022	42,452,478	42,452,478
Surplus for the year	99,274,566	95,316,187
As at June 30, 2023	141,727,044	137,768,665

17. Statement of Cash Flows for the year ended 30 June 2023

		2022/2023	2021/2022
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	236,166,667	163,610,000
Other income: Donations	7	29,603,994	1,507,861
Rendering of services	8	9,772,236	**0**
Total receipts		**275,542,897**	**165,117,861**
Payments			
Use of goods and services	9	163,526,082	159,053,688
Board Expenses	10	9,975,200	1,042,400
Total payments		**173,501,282**	**160,096,088**
Net cash flows from/(used in) operating activities		**102,041,615**	**5,021,773**
Cash flows from investing activities			
Purchase of PPE and Intangible assets	14	(4,481,000)	(8,332,471)
Net Cash flows from investing activities		**(4,481,000)**	**(8,332,471)**
Cash flows from Financing activities			
Increase(decrease) in current liabilities		(28,599,243)	51,093,186
Increase in Deposits/Debtors		(124,500,000)	
Net Cash flows from Financing activities		**(153,099,243)**	51,093,186
Net increase/(decrease) in cash & Cash equivalents		**(55,538,628)**	**(3,310,698)**
Cash and cash equivalents at 1 July 2022		**82,910,920**	35,128,432
Cash and cash equivalents at 30 June 2023	12	**27,372,292**	**82,910,920**

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	*Adjustments*	*Final budget*	*Actual on comparable basis*	*Performance difference*	*% of utilization*
	Kshs	*Kshs*	*Kshs*	*Kshs*	*Kshs*	
	a	*b*	*C=(a+b)*	*d*	*e=(c-d)*	*f=d/c*100*
Revenue						
Transfers from Other Governments entities	140,000,000	0.00	140,000,000	236,166,607	(96,166,607)	169%
Public Contributions and Donations	0.00	0.00	0.00	29,603,994	(29,603,994)	0.00%
Rendering of services	400,000	0.00	400,000	9,772,200	(9,372,200)	2494%
Total receipts	**140,400,00**	**0.00**	**140,400,00**	**275,745,801**	**(135,345,801)**	**196%**
Expenses						
Use of Goods and Services	79,494,000	0.00	79,494,000	163,526,082	(84,032,082)	206%
Board Expenses	6,500,000	0.00	6,500,000	9,975,200	(3,475,200)	153%
Total Expenditure	85,994,000	0.00	85,994,000	173,501,282	(87,507,282)	202%
Surplus for the period	54,406,000	0.00	54,406,000	102,244,282	(47,838,519)	
Capital Expenditure	5,500,000	0.00	5,500,000	4,481,000	1,019,000	81%

19. Notes to the Financial Statements

1. General Information

NCI-K Entity is established by and derives its authority and accountability from Cancer Prevention and Control Act, 2012. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to advise the Cabinet Secretary on matters relating to the treatment and care of persons with cancer and to advise on the relative priorities to be given to the implementation of specific measures.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the NCI-K accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NCI-K. The financial statements have been prepared in accordance with the PFM Act, the State Corporations 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)

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
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

Standard	Effective date and impact:
	benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (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:** 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 guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) 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.
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector*. Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits.* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement.** Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

Notes to the Financial Statements (Continued)

ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.***

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. ***Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The NCI - K 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 *NCI -K* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 *NCI-K.*

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for the Current F/Y 2022/223 was approved by the National Assembly on 25th August 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of June 2023 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The *NCI-K* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *xxx* of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *NCI-K* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are 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 *NCI – K* and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (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.

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. 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *NCI-K*. 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 *NCI-K* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *NCI-K* 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 *NCI-K*. 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)

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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date

h) Research and development costs

The *NCI-K* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *NCI-K* 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

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 labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *NCI-K.*

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognized when the *NCI-K* 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 *NCI-K* 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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m)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.

n) Contingent assets

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

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. NCI-K has no reserves

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The *NCI-K* provides is under taking the process of having the human resources instruments approved and operationalise. Once they become operation relevant guidelines will be applied as per the law

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) 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.

t) Related parties

The NCI-K 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 NCI-K, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*

u) Service concession arrangements

The NCI-K analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the NCI-K 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 NCI-K also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Cash and cash equivalents

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

w) Comparative figures

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

x) 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, 2023

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the NCI-K 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. There has been no judgement made against NCI-K during the year under review

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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

a) The condition of the asset based on the assessment of experts employed by the Entity.
b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
c) The nature of the processes in which the asset is deployed.
d) Availability of funding to replace the asset.
e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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)

6. Transfers from Other Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional Grants		
Operational Grant	236,166,667	163,610,000
Total Unconditional Grants	**236,166,667**	**163,610,000**

7. Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Donations	29,603,994	1,507,861
Public Contributions and Donations	**29,603,994**	**1,507,861**

8. Rendering of Services

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Licensing Fees	9,772,236	-
Total Revenue from The Rendering Of Services	**9,772,236**	**-**

Notes to the Financial Statements (Continued)

9. Use of Goods

Description	2022-2023	2021-2022
	Kshs	Kshs
Conference and delegations	23,062,879	7,507,750
Advertising	19,729,549	11,336,722
Office administration	550,000	570,000
Bank charges	147,628	38,685
Printing and stationery	4,322,050	1,044,242
Information supplies – cancer education materials	30,047,600	60,442,600
Telecommunication	1,200,824	416,000
Training	3,533,556	24,408,920
Travel accommodation and daily subsistence allowance	80,931,996	53,288,769
Totals	**163,526,082**	**159,053,688**

10. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Expenses	9,975,200	1,042,400
Total	**9,975,200**	**1,042,400**

11. Depreciation

Description	2022-2023	2021-2022
	Kshs	Kshs
Depreciation expense	2,767,049	1,825,471
Total depreciation	**2,767,049**	**1,825,471**

Notes to the Financial Statements (Continued)

12. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
KCB Current Account	10,457,112	82,910,920
ABC Current Account	16,915,180	-
Total Cash And Cash Equivalents	**27,372,282**	**82,910,920**

13. Receivables from Non- Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Receivables from Non- Exchange Transactions	124,500,000	-
		-
Receivables from Non- Exchange Transactions	**124,500,000**	

Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

	Motor Vehicles	Furniture and Fittings	Computer Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Depreciation rate	**0.25**	**0.13**	**0.33**	
At 1-July 2021	-	3,146,600.00	2,719,500.00	5,866,100.00
Additions	5,407,421.00	-	2,925,050.00	8,332,471.00
				-
At 30 June 2022	**5,407,421.00**	**3,146,600.00**	**5,644,550.00**	**14,198,571.00**
				-
Additions	-	-	4,481,000.00	4,481,000.00
At 30 June 2022	**5,407,421.00**	**3,146,600.00**	**10,125,550.00**	**18,679,571.00**
Depreciation				
At 1-July 2021	-	636,845.75	1,101,510.30	1,738,356.05
Charge for the year	-	326,268.05	1,499,203.10	1,825,471.15
				-
At 30 June 2022	**-**	**963,113.80**	**2,600,713.40**	**3,563,827.20**
At 1-July 2022	-	963,113.80	2,600,713.40	3,563,827.20
Charge for the year	-	283,853.21	2,483,196.08	2,767,049.28
				-
At 30 June 2023	-	1,246,967.01	5,083,909.48	6,330,876.49
				-
At 30 June 2023	**5,407,421.00**	**1,899,632.99**	**5,041,640.52**	**12,348,694.51**
At 30 June 2022	**5,407,421.00**	**2,183,486.20**	**3,043,836.60**	**10,634,743.80**

Notes to the Financial Statements (Continued)

15. Trade and other Trade Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	20,637,943	49,701,186
Other payables – Audit fees	1,392,000	928,000
Provision of audit fees	464,000	464,000
Total trade and other payables	**22,493,943**	**51,093,186**

16. Events after Reporting period

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

17. Ultimate and Holding Entity

The Entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Health, State Department for Medical Services. Its ultimate parent is the Government of Kenya

18. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.Unsupported Training Expenses	The statement of financial performance reflects use of goods and services amount of Kshs. 159,053,688 which, as disclosed in NOTE 8 to the financial statements, includes training expenses amount of Kshs. 24,408,920 out of which Kshs. 1,571,400 was not supported by supplier quotations, evaluation reports and attendance register. In addition, the amount of Kshs. 159,053,688 under use of goods and services also includes Kshs. 53,288,769 incurred on travelling, accommodation, subsistence and other allowances out of which Kshs 1,167,500 lacked travelling support	The missing supporting documents were attached and verified	Resolved	-

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	documents like work tickets and air tickets. In the circumstances, the accuracy, completeness and propriety of the use of goods and services amount of Kshs.2,738,900 could not be confirmed			
2.Failure to Update Asset Register	The statement of financial position reflects a property plant and equipment balance of Kshs. 10,634,744 which, as disclosed in NOTE 12 to the financial statements, includes additions during the year of Kshs. 8,332,471. However, as at 30 June 2022, the fixed asset register had not been updated with the details of the additions relating to: nature or type of asset, date of purchase, supplier, cost, location, user, accumulated depreciation and net book value. This was contrary to Regulation 143(1) of the Public Finance Management (National	The fixed asset register has been updated with the details of the new additions	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In the circumstances, Management was in breach of the law.			
3.Lack of Internal Audit Committee and Internal Audit Unit	The Institute was established by the Cancer Prevention and Control Act (No. 15 of 2012) to coordinate and centralize all activities, resources and information related to cancer prevention and control in Kenya. However, during the year under review, the Institute did not have an Audit Committee as required by Regulation 166(2) of the Public Finance Management (National Government) Regulations, 2015. The Institute did not also have in place an Internal Audit as required by Regulations 166(1) of the Public	The ministry of Health has deployed an internal auditor with the current financial year to set up internal unit function and operationalize the audit committee The Institute is in the process of finalizing its	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Finance Management (National Government) Regulations,2015. In the circumstances, effective internal controls, risk management and governance could not be confirmed.	human resource instruments with planned recruitment at the beginning of FYI2022/23		

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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CHIEF EXECUTIVE OFFICER

Date:

Appendix II- Inter-Entity Confirmation Letter

National Cancer Institute of Kenya
NCI - KENYA

The *NCI-K* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)							
	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2023					Amount Received by NCI-K (KShs) as at 30th June 2022 (E)	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter–Ministerial (C)	Total (D)=(A+B+C)		
REC/0000090864	10.08.2022	11,666,667	0.00	0.00	11,666,667		

REC/0000090903	08.09.2022	11,666,667	0.00	0.00	11,666,667		
REC/0000093172	14.11.2022	11,666,667	0.00	0.00	11,666,667		
REC/0000093566	14.11.2022	11,666,667	0.00	0.00	11,666,667		
REC/0000094367	13.12.2022	11,666,667	0.00	0.00	11,666,667		
REC/0000095631	06.01.2023	11,666,665	0.00	0.00	11,666,665		
REC/0000096895	16.02.2023	11,666,667	0.00	0.00	11,666,667		
REC/0000098089	12.04.2023	10,000,000	0.00	0.00	10,000,000		
REC/0000097828	28.04.2023	10,000,000	0.00	0.00	10,000,000		
REC/0000099026	13.06.2023	10,000,000.00	0.00	0.00	10,000,000		
REC/0000099591	03.07.2023	10,000,000.00	0.00	0.00	10,000,000		
REC/0010014928	03.07.2023	0.00	114,500,000	0.00	114,500,000		
Total		121,666,667	114,500,000	0.00	236,166,667	163,610,000	(72,556,667)

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of NCI-K:

Name ...Lawrence Mwendo... **Sign** .... **Date** ...7/11/23...