



**Health
Professions
Council of Zambia**



HPCZ 2023 ANNUAL REPORT

“Promoting Compliance in Healthcare and Training Standards”





HPCZ 2023 ANNUAL REPORT

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CONTACT DETAILS:

HEAD OFFICE

No. 6640 Mberere Road, Olympia,

P.O. Box 32554 LUSAKA

Mobile line: 0770023624

E-mail: info@hpcz.org.zm

Website: www.hpcz.org.zm

NORTHERN REGION - NDOLA HUB

No. 6 Kenya Road North-Rise, NDOLA

Mobile line: 0963544729

NORTHERN REGION- KASAMA SUB-HUB

No. 1182 LUNZUA Road, Central Town, KASAMA

Mobile line: 0964836429

SOUTHERN REGION – LUSAKA HUB

No. 6640 Mberere Road, Olympia,

P.O. Box 32554 LUSAKA

Mobile line: 0972660669

SOUTHERN REGION- LIVINGSTONE SUB-HUB

No. 82 John Hunt Way off Airport Road, LIVINGSTONE

Mobile lines: 0963 708840/ 0979854292

Facebook: [Health Professions Council of Zambia-HPCZ](https://www.facebook.com/HealthProfessionsCouncilofZambia-HPCZ)

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ACRONYMS AND ABBREVIATIONS

8NDP	Eighth National Development Plan
ART	Anti-Retroviral Therapy
CPD	Continuing Professional Development
HPCZ	Health Professions Council of Zambia
ICT	Information Communication Technology
Jhpiego	Johns Hopkins Program for International Education in Gynecology & Obstetrics
LEX	Licensure Examinations
NHCS	National Health Care Standards
rHRIS	regulatory Human Resource Information System
VMMC	Voluntary Medical Male Circumcision

GLOSSARY

Accreditation	The approval granted by the Council to a licensed health facility to provide one or more medical services relating to the preventive, diagnostic or treatment techniques of a particular disease or organ class.
Council	Means the Health Professions Council of Zambia.
Health Care Service	Means a service provided by a health practitioner or health facility for the prevention, treatment and management of illness and the preservation of mental and physical wellbeing.
Health Facility	Any site, fixed or mobile, providing services for the prevention, diagnosis and treatment of disease or illness and includes a diagnostic centre, hospice and a hospital.
Health Practitioner	A person registered under the Health Professions Act in order to practice.
Health Profession	Means profession registrable under the Health Professions Act.
Internship	A defined period of work experience offered to graduates of approved health training programmes for a limited period of time in order for them to gain relevant skills and experience in their field of study.
Licensure Examination	Examination Administered to graduate health professionals to assess whether they possess the minimum attitudes, knowledge and skills necessary to perform tasks on the job safely and competently.
Practising Certificate	Means a certificate issued to a health practitioner to practice.



HPCZ PROFILE

Background: The Health Professions Council of Zambia (the Council) is a statutory regulatory body under the Ministry of Health established pursuant to the Health Professions Act No. 24 of 2009.

Mandate: The Council's general mandate includes:

1. Registration of health practitioners and regulation of their professional conduct;
2. Licensing and regulating all health facilities both public and private; and
3. Accreditation of health care services which are provided by health facilities.
4. Management and administration of Professional Licensure Examinations for health practitioners

Pursuant to **Section 4(1)** of the Act, the function of the Council are to:

1. Register members of the health profession and regulate the professional conduct of health practitioners;
2. Maintain appropriate practice standards among health practitioners that are consistent with the principle of self-regulation and the promotion of high standards of public health;
3. Develop, promote, maintain and improve appropriate standards of qualification in the health profession;
4. Promote the integrity, and enhance the status, of the health profession including the declaration of any particular health practice to be undesirable for all, or a particular category of, health practitioners;
5. License public and private health facilities, accredit health services and monitor quality control and assurance of health facilities and services;
6. Represent, coordinate and develop the health profession and promote its interest;
7. Develop, promote and enforce internationally comparable practice standards in Zambia;
8. Investigate allegations of professional misconduct and impose such sanctions as may be necessary;
9. Protect and assist the public in all matters relating to the practice of the health profession;
10. Advise the minister on matters relating to the health profession; and
11. Do all such things as are necessary or incidental to the performance of its functions under the act.



Our shared Mission: To regulate the professional conduct of health practitioners, health facilities and health training programmes to ensure quality healthcare services provision for the wellbeing of the people.



Our shared Vision: A model regulator of health practitioners and healthcare services



Our Shared Core Values: The conduct of staff of the HPCZ was guided by six (6) core values, namely: Integrity; Excellence; impartiality; Teamwork Accountability; and Transparency.



Our Goal Statement: “Promoting Compliance in Healthcare and Training Standards.”



Institutional Governance Structure: The Health Professions Council of Zambia (HPCZ) is governed by the Council on behalf of the Minister responsible for Health. The Council provides policy direction and ensures effective corporate governance principles are upheld. Pursuant to the Act, the Council comprises of **nineteen (19)** members. In line with **Section 4 (3) Part I Subsection 1 (1)** of the Act, the appointment of both the Council and its Chairperson is the prerogative of the Minister of Health.

The distinct roles and responsibilities of the Council, management and staff are aligned in the Act to avoid any possible overlap and prevent conflict of interest. The Council is assisted by various standing and adhoc committees whose roles, composition and responsibilities form part of the institutional governance framework.

Council Committees

The Council operates through the following committees:

The Council committees comprise:

1. Executive
2. Health Professions Registration
3. Health Facility Licensing and Accreditation
4. Training and Examinations
5. Finance and Administration
6. Audit Risk and Compliance
7. Legal and Technical Advisory
8. Projects and Special Assignments and;
9. Disciplinary.

The establishment of these committees is in line with **Clause 5 (1)** of the First Schedule the Act which provides that “The Council may, for the purpose of performing its functions under this Act, constitute a committee and delegate to the committee such functions of the Council as it considers necessary.”

FOREWORD

It is my pleasure to present to our stakeholders the 2023 Annual Report of the Health Professions Council of Zambia.

I wish to acknowledge the strategic oversight role played by fellow Council Members during the year under review. This included monitoring the regulatory performance of Management against the approved 2023 Action Plan.

The year 2023 was not without challenges in regulating the health sector. However, the Council remains confident that the measures undertaken during the year will significantly enhance the implementation of the Strategic Plan.

On behalf of the Council, I take this opportunity to sincerely thank all our stakeholders for the support rendered to HPCZ during the year under consideration.

Professor Mulindi Mwanahamuntu

BOARD CHAIRPERSON

REGISTRAR AND CHIEF EXECUTIVE OFFICER'S STATEMENT

On behalf of the Health Professions Council of Zambia, I wish to express my sincere gratitude to the members of staff for their invaluable contributions to the successful production of the 2023 Annual Report.

I wish to extend my appreciation to the Council Members for the policy direction provided during the year under review, which greatly assisted Management in achieving the objectives set out in the Strategic Plan 2022-2026. Further appreciation goes to our stakeholders for their invaluable support and contributions to the smooth operations of the Council.

In the year 2023, HPCZ achieved significant milestones. Among these were the completion of the restructuring process, recruitment of staff and the development of the Strategic Plan 2022-2026.

It is my pleasure to present to our stakeholders the 2023 Annual Report.



Professor Fastone M. Goma

REGISTRAR & CHIEF EXECUTIVE OFFICER

HEALTH PROFESSIONS COUNCIL OF ZAMBIA

MANAGEMENT TEAM

The Registrar who also serves as Chief Executive Officer, together with other senior members of staff, constitute the Management Team. The Registrar is responsible for day-to-day operations of the Health Professions Council of Zambia.

Management and staff remain committed to ***promoting compliance in healthcare and training standards in order*** to contribute to the Ministry of Health Vision of: ***“Equity of Access to Quality Cost-Effective Healthcare Services as Close to the Family as Possible.”***

During the year under review, the Health Professions Council of Zambia recorded achievements and addressed various challenges, as reflected in this report. These were realised through its two Directorates, four Hubs and four stand-alone Units operating under the oversight of the office of the Registrar.

Outlined below are the Directorates, Hubs and Units, respectively:

1. Office of the Registrar
2. Technical Services Directorate:
 - a. Inspections and Compliance Unit
 - b. Registration Unit
 - c. Training and Examination Unit
 - d. Northern Region
 - i. Ndola Regional Office
 - ii. Kalama sub-Regional Office
 - e. Southern Region
 - i. Lusaka Regional Office
 - ii. Livingstone sub-Regional Office
3. Administration Directorate:
 - a. Human Resources and Administration Unit
 - i. Human Resource and Administration Section
 - ii. Planning, Monitoring and Evaluation Section
 - iii. Record Management Section
 - b. Information Communication Technology Unit and
 - c. Public Relations Unit
4. Legal Unit
5. Internal Audit Unit
6. Procurement & Supplies Unit
7. Finance Unit

FOCUS AREAS FOR 2023

Strategic Themes:

The Council identified three strategic Themes as key areas of focus during the Strategic Plan period namely:

- (i) Operational Excellence resulting in High quality services;
- (ii) Health Practitioners Proficiency resulting in Competent and Ethical Health Practitioners; and
- (iii) Health Facility Excellence resulting in compliance to national healthcare standards.

These strategic Themes constitutes pillars of excellence upon which the Council will focus its programmes and activities in executing its mandate over the next five years.

HPCZ focus areas for the year 2023 were based on the ten Strategic Objectives of the Strategic Plan 2022-2026 as follows:

Table 1: Priorities for the Year 2023

Priority	Issue/Area
1	Implementation of the HPCZ Strategic Plan 2022-2026
2	Strengthen enforcement mechanism to ensure compliance to regulations by health facilities, practitioners, students, VMMC and ART sites, Internship sites and CPD Centers.
3	Roll-out and continued implementation of decentralised Council services.
4	Continued strengthening of our regulatory Human Resource Information System and data management.
5	Engagement with Cooperating Partners (JHPIEGO, Evidence for Health etc.)
6	Enhanced utilisation of developed online systems.
7	Job and Organisational Structure Evaluation.
8	Development and implementation of the HPCZ Strategic Plan M&E Framework 2022-2026.
9	Strengthen management and logistical support services to ensure efficient implementation of Council objectives.
10	Establish and acquire an automated/interactive customer service feedback system.



TECHNICAL SERVICES DIRECTORATE

1 TECHNICAL SERVICES DIRECTORATE

The Technical Services Directorate is responsible for registering practitioners, licensing health facilities, accreditation of health services, approval of Internship sites and Continuing Professional Development (CPD) providers. The Directorate is also responsible for approving curricula, index students, and administering licensure examinations.

1.1 Registration Unit

The Registration Unit is anchored on Strategic Theme: **“Health Practitioners Proficiency”** and based on Strategic Objective number 1: **“Enhance Regulation of Health Professional Conduct”** of the HPCZ Strategic Plan 2022-2026. The Unit is responsible for maintaining and updating registers of the Council and Practitioners’ compliance monitoring.

1.1.1 Registers for Practitioners

At the beginning of the year, the Council had **65** professional registers for health practitioners. During the year under review, **7** new registers were opened while **8** registers were closed leaving **64** active registers at the end of the year. The table below shows various professions registrable by the Council.

Table 2: Professional Registers for Health Practitioners

No.	Register Name	Register Index	Status
1	Medical Doctors	3	Active
2	Dental Surgeons	4	Active
3	Pharmacists	5	Active
4	Environmental Health Officers	6	Active
5	Environmental Health Technologists	7	Active
6	Physiotherapists	8	Active
7	Occupational Therapists	9	Active
8	Radiography Technologists	10	Active
9	Medical Laboratory Technologists	11	Active
10	Medical Laboratory Technicians	12	Active
11	Dental Technologists	13	Active
12	Clinical Officers - Ophthalmology	14	Active
13	Clinical Officers – Psychiatry	14	Active
14	Clinical Officers - Anaesthesia	14	Active
15	Clinical Officers General /Psychiatry/Anaesthetist	14	Active
16	Clinical Officers General	14	Active
17	Dental Therapists	15	Active
18	Optometrists	16	Active
19	X-Ray Assistants	17	Active
20	Pharmacy Technologists	18	Active
21	Medical Licentiates	19	Active

No.	Register Name	Register Index	Status
22	Orthopaedic Technologists	20	Active
23	Specialists	21	Active
24	Emergency Care Officers	22	Active
25	Biomedical Scientific Officers	23	Active
26	Dental Hygienists	24	Active
27	Pharmacologists	25	Active
28	Osteopathists	26	Active
29	Podiatrists	27	Active
30	Audiologists	28	Active
31	Physiotherapy Technologists	29	Active
32	Radiation Therapy Technologists	30	Active
33	Radiation Therapists	31	Active
34	Medical Physicists	32	Active
35	Community Oral Health Educators	33	Active
36	Advanced Paramedical	34	Active
37	Advanced Paramedical - Psychiatry	34	Active
38	Advanced Paramedical - Ophthalmology	34	Active
39	Advanced Paramedical - Dermatovenereology	34	Active
40	Advanced Paramedical - Anaesthesia	34	Active
41	Advanced Paramedical - Clinical Audiology & Public Health Otology	34	Active
42	Nutrition Technologists	35	Active
43	Othortists/Prosthetists	36	Active
44	Clinical Psychologists	37	Active
45	Pharmacy Dispensers	38	Active
46	Community Health Assistants	39	Active
47	Dental Laboratory Scientists	40	Active
48	Radiographers	41	Active
49	Dental Assistants	42	Active
50	Environmental Health Officers	43	Active
51	Sonographers	44	Active
52	Sonography Technologists	45	Active
53	Public Health Scientists	46	Active
54	Ultrasound Technologist	47	Active
55	Laboratory Scientist	48	Closed
56	Science Laboratory Technician	49	Closed
57	Science Laboratory Technologist	50	Closed

No.	Register Name	Register Index	Status
58	Public Health Technologists	51	Closed
59	Public Health Technician	52	Closed
60	Nutritionists/Dieticians	53	Active
61	Health Promotion Officer	54	Closed
62	Health Promotion Technologist	55	Closed
63	Health Promotion Technician	56	Closed
64	Chiropractors	57	Active
65	Clinical Technologists - Respiratory Pulmonology	58	Active
66	Clinical Technologists - Cardiology	58	Active
67	Clinical Technologists - Cardiovascular Perfusion	58	Active
68	Clinical Technologists - Critical Care	58	Active
69	Clinical Technologists – Nephrology	58	Active
70	Clinical Technologists – Neurophysiology	58	Active
71	Clinical Technologists - Reproductive Biology	58	Active
72	Clinical Technologists - Operation Theatre	58	Active
73	Clinical Technologists - Cardiovascular Technology	58	Active
74	Clinical Anaesthetist Officers	59	New
75	Dialysis Therapist	60	New
76	Medical Biophysicists	61	New
77	Speech Therapist	62	New
78	Plastic Surgeons	63	New
79	Supernumerary	64	New
80	Mental Health And Clinical Psychiatry Officers	65	New

1.1.2 Registration of Health Practitioners

During the year under review HPCZ registered 8,668 practitioners on its various registers.

The table below illustrates the 2023 registration per registration types (Full, Provisional, Temporary, Specialist, and Limited).

Table 3: 2023 registration per registration types

Registration Type	Count
Provisional Registration	5,388
Temporary Registration	158
Full Registration	2,650
Specialist Registration	169
Limited Registration	303
Totals	8,668

1.1.3 Issuance of Certificate of Status

A Certificate of Status may be issued to a health practitioner who needs registration with another regulatory authority or training institution, or for employment purposes. During the year 2023 there were **114** certificates of status issued to health practitioners.

1.1.4 Practicing Certificates

During the year under review, 39,019 non- specialist health practitioners obtained their Annual Practicing Certificates out of 45,622 while 615 specialist health practitioners renewed their certificates out of 990.

Table 4: Trends in Issued Practicing Certificates from 2022 to 2023

Year	2020	2021	2022	2023
Total	26, 319	25, 230	33, 148	39,019

1.1.5 Student Indexing

In the year 2023, the Council indexed **11,618** students from various health training institutions. The table below shows students indexed for the year 2023 per qualification.

Table 5: Distribution of Student Indexing by Qualification for the year 2023

No.	Qualification	Total
1	Certificate	197
2	Diploma	5232
3	Advanced Diploma	26
4	Bachelor's Degree	6152
5	Master's Degree	11
Grand Total		11,618

1.2 Training and Examination Unit

The Training and Examination Unit was anchored on Strategic Theme 2: “**Health Practitioners Proficiency**” and based on Strategic Objective number 1: “**Enhance Regulation of Health Professional Conduct**” of the HPCZ Strategic Plan 2022-2026.

The Unit facilitates the approval of curricula for training health professionals and administration of licensure examinations for newly graduated candidates.

1.2.1 Approval of Curricula for Health Training Programs

Under the year in review, the Council approved 17 curricula for training programs at Diploma (6), Degree (8), and Postgraduate level (3). The Council also approved 2 fellowship training programs.

At the end of the year the cumulative number of approved curricular for training programmes and fellowship training programmes totaled to 243 and 23, respectively.

1.2.2 Professional Licensure Examination

HPCZ conducted two sessions of licensure examinations in February and November 2023 with a combined total number of 5, 369 candidates a pass rate of 61.5% and 62.3% respectively. The table below is a breakdown of LEX candidates by profession per session. See table 6 below for the details;

Table 6: 2023 Professional Licensure Examination Results per Session

S/n	Profession	FEBRUARY 2023						NOVEMBER 2023	
		Exam-ined	Pass	Fail	Pass Rate	Exam-ined	Pass	Fail	Pass Rate
1.	Medical Doctors	250	221	29	88.4%	503	274	229	54.47%
2.	Dental surgeons	7	2	5	28%	27	7	20	25.93%
3.	Dental Therapists	40	40	0	100%	24	24	0	100.00%
4.	Dental Technologist	7	3	4	42.9%	6	3	3	50.00%
5	Dental Assistants	5	4	1	80%	6	3	0	100.00%
6.	Biomedical Scientific Officers	74	55	19	74.3%	52	32	20	61.54%
7.	Medical Laboratory Technologists	161	153	8	95%	139	58	81	41.73%
8.	Optometrists	2	2	0	100%	9	7	2	77.78%
9.	Optometry Technologists	18	14	4	77.8%	18	15	3	83.33%
10.	Environmental Health Officers	33	29	4	87.9%	90	49	41	54.44%
11.	Public Health Scientist	28	24	4	85.7%	120	69	51	57.50%
12.	Environmental Health Technologist	119	62	57	52.1%	233	121	112	51.93%
13.	Community Health Assistants	95	91	4	95.8%	85	76	9	89.41%
14.	Nutritionist & Dieticians	2	2	0	100%	10	2	8	20.00%
15.	Nutrition Technologists	30	29	1	96.7%	74	42	32	56.76%
16.	Pharmacists	196	61	135	31.1%	201	136	65	67.66%
17.	Pharmacy Technologists	37	18	19	48.6%	231	197	34	85.28%
18.	Physiotherapists	10	6	4	60%	36	35	1	97.22%
19.	Physiotherapy Technologists	10	6	4	60%	68	58	10	85.29%
20.	Clinical Ophthalmic Officers	-	-	-	-	2	0	2	0.00%

S/n	Profession	FEBRUARY 2023						NOVEMBER 2023	
		Exam-ined	Pass	Fail	Pass Rate	Exam-ined	Pass	Fail	Pass Rate
21.	Advanced Paramedical Ophthalmology	-	-	-	-	1	0	1	0.00%
22.	Clinical Anaesthetic Officers	-	-	-	-	18	14	4	77.78%
23.	Medical Licentiates Practitioners	86	38	48	44.2%	120	114	6	95.00%
24.	Clinical Officer General	604	258	346	44.2%	1156	638	518	55.19%
25.	Clinical Officer Psychiatry	22	18	4	81.4%	34	28	6	82.35%
26.	Emergency Care Officers – Diploma	8	8	0	100%	12	8	4	66.67%
27.	Emergency Care Officers - Degree	1	1	0	1	-	-	-	-
28.	Radiation Therapists	4	3	1	75.0	1	1	0	100.00%
29.	Sonographers	2	1	1	50%	1	1	0	100.00%
30.	Sonography Technologist	1	1	0	100%	-	-	-	-
31.	Radiographers	15	7	8	46.7%	26	22	4	84.62%
32.	Radiography Technologists	31	11	20	35.5%	134	103	31	76.87%
33.	Medical Physicists	1	1	0	100%	-	-	-	-
34.	Clinical Neuro-Psychologists	2	2	0	100%	2	2	0	100.00%
35.	Dialysis Therapists	-	-	-	-	2	2	0	100.00%
36.	Clinical Technologists	-	-	-	-	5	5	0	100.00%
37.	Laboratory Scientist	19	9	10	47.0%	-	-	-	-
38.	Science Laboratory Technology	4	3	1	75.0%	-	-	-	-
	Totals	1,926		742	61.5%	3,443	2,146	1,297	62.33%

1.3 Inspections and Compliance Unit

The Inspection Unit was anchored on Strategic Theme: “*Health Facility Excellence*” and based on Strategic Objective number 2: “*Enhance Regulation of Health Facilities and services*” of the HPCZ Strategic Plan 2022-2026.

The Unit is responsible for inspection and Licensing of health facilities, accreditation of health services, approval of internship sites and Continuing Professional Development (CPD) providers.

1.3.1 Licensing of Health Facilities

a) Private Health Facilities

At the beginning of the year under review, the Council had **745** active private health facilities on its register operating countrywide. During the year under review, the Council licensed **153** new private health facilities compared to **118** licensed in 2022.

During the same period, the Council had recorded **twenty-eight (28)** private health facilities that closed voluntarily for various reasons leaving a balance of **870** active private health facilities giving an annual net increase in active private facilities of **125 (16.8%)**. The increase in new private health facilities demonstrates a continued increase in private investment/participation in the health sector.

During the year under review **745** private health facilities were expected to renew their licence however, **723** health facilities renewed representing **97%** renewal rate. The remaining **22 (3%)** facilities that did not renew their license either voluntary closed or were closed by the Council for non-compliance.

During the year under review, the Council inspected **293** out of **745** licensed health facilities. Out of the 293 inspected private health facilities, **80%** were deemed compliant, **11%** were found to be partially compliant and ordered to take remedial measures, while **1%** were found to be non-compliant and were issued notices of violation resulting in subsequent resolution of the identified violations as provide for under **Section 50** of the Act. The main issues identified in private facilities include noncompliance with data reporting requirements, absence of the latest standard treatment guidelines and protocols, and insufficient Continuing Professional Development (CPD) training for staff. The overall compliance rate of private health facilities with National Healthcare Standards averaged at **89%**. Further details on compliance monitoring per province are illustrated in Figure 1.

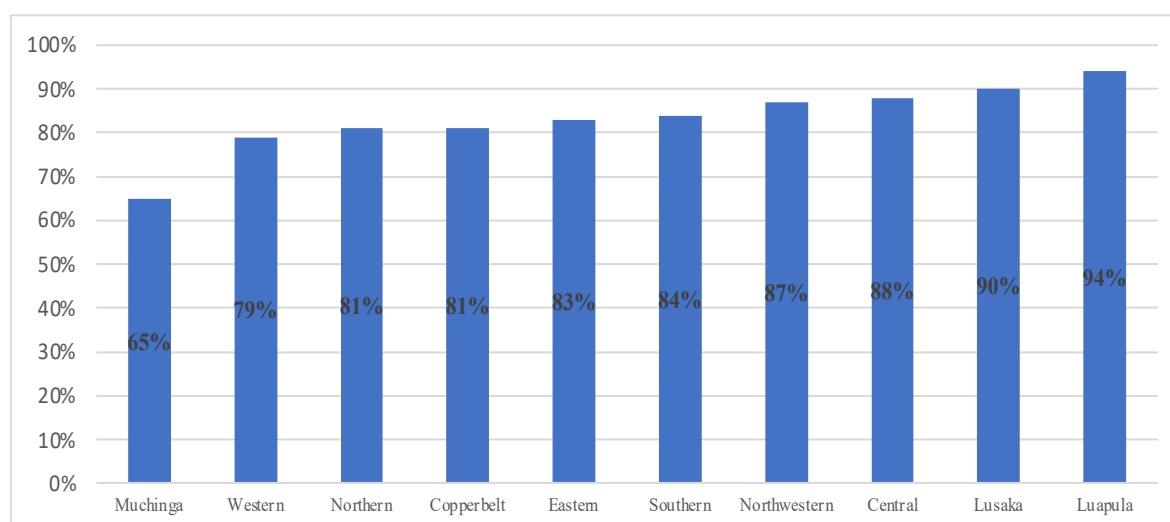


Figure 1: Compliance Status of Private Health Facilities in 2023

During the year under review, the Council conducted seven (7) reactive inspections in private health facilities for various reasons, including suspicion of the facility activities from members of the Public. Some of the cases are detailed in table 7 below:

Table 7: Details of the reactive inspections conducted at private health facilities

Case	Prompt for Inspection	Key Finding	Recommendation/ Action taken	Case Outcome
1.	Providing Ultrasound Services without qualified personnel	Allegation was confirmed. The Directors were warned, cautioned and urged to cease offering Ultra-Sound Services	The Directors were warned, cautioned and urged to cease offering Ultra-Sound Services	Case closed but site on
2.	Unlicensed Health facility	Allegation was confirmed. The Director was arrested, case prosecuted, and was charged and fined	The Director was arrested, case prosecuted, and was charged and fined	Case closed but site on
3.	Unlicensed health facility	Allegation was confirmed. The Director was arrested, case prosecuted, and pending court hearing	The Director was arrested, case prosecute	Case closed but site on
4.	Alleged operating beyond their scope service	Verify allegation of operating beyond their scope service	Allegation not substantiated	Case closed but site on
5.	Alleged operating beyond their scope service	Verify allegation of operating beyond their scope service	Allegation not substantiated	Case closed but site on
6.	Alleged no-compliance to standards	Allegation not substantiated	No further action	Case closed
7.	Alleged no-compliance to standards	Allegation confirmed	Facility closed but re-opened once	Case closed but site on

b) **Public Health Facilities**

A total of **3,106** Public Health Facilities operated countrywide, of which **1,893** were already licensed as at the beginning of 2023. During the year under review, **294** additional public health facilities were licensed, bringing the cumulative licensed public health facilities to **2,187**, representing **70.4%**.

In terms of provincial distribution of licensed public health facilities, Southern Province had the highest percentage of licensed facilities at 94%, while North-Western Province had the lowest rate with only 43%, as shown in the figure 2 below.

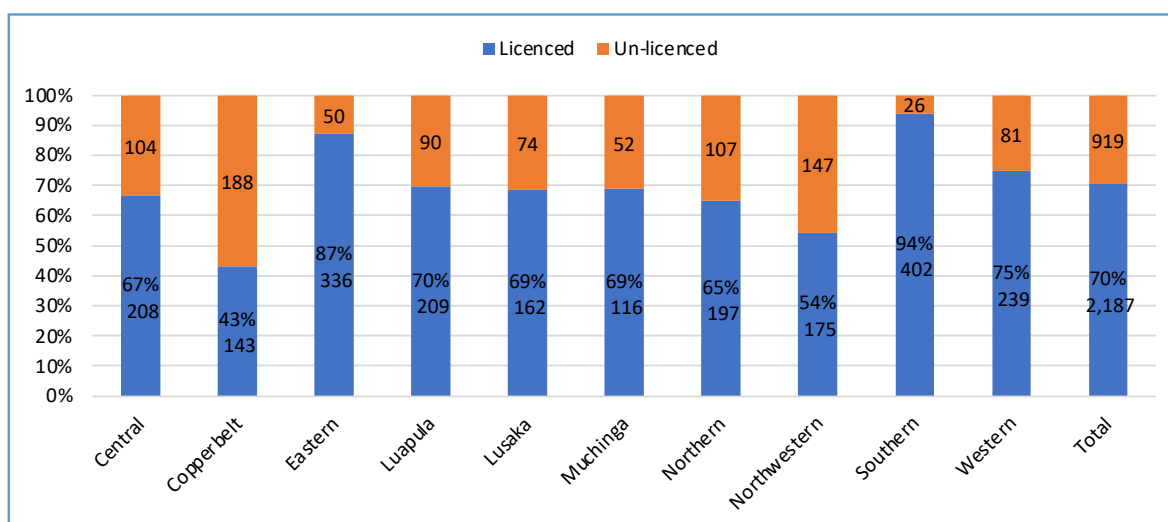


Figure 2: Proportional of licensed Public Health Facilities as of 31st December 2023

Regarding renewing public health facility licences, **1,893** licensed public health facilities were required to renew their licences for 2023. By the end of the year, **595** renewed their Licences representing **31.4%** compliance, leaving a balance of **1,298** pending renewals.

During the year under review, the Council inspected **477** out of **1,893** licensed health facilities. Among the **477** public health facilities inspected, **34%** demonstrated full compliance, while **48%** were deemed partially compliant and were instructed to implement remedial actions. Additionally, **13%** were found to be non-compliant, resulting in the issuance of violation notices under Section 50 of the Act. In response, the affected facilities submitted corrective action plans as required by law. Key issues identified in public facilities encompass noncompliance with licensing requirements, insufficient medicine stocks, understaffing, and inadequate infrastructure and equipment relative to service scope. The average compliance rate for private health facilities with National Healthcare Standards stands at **65.8%**. For a detailed breakdown of compliance monitoring across provinces, refer to Figure 3 below;

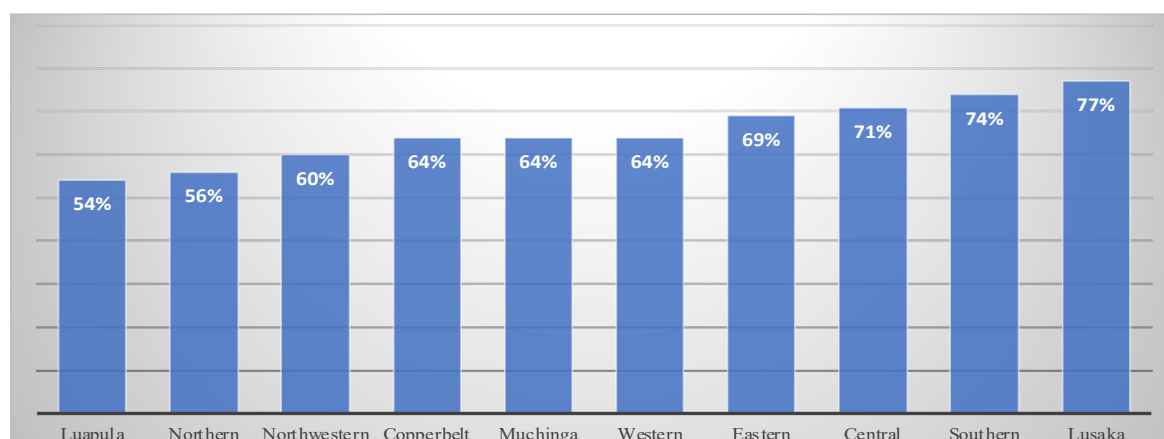


Figure 3: Compliance Status of Public health facilities for the year 2023

1.3.2 Accreditation of Health Services

Section 54 of the Health Professions Act No. 24 of 2009 of the Laws of Zambia mandates health facilities to seek accreditation for their healthcare services. The Health Professions Council of Zambia (HPCZ) specifies certain services for accreditation, including Anti-Retroviral Therapy (ART), Voluntary Medical Male Circumcision (VMMC), and Laboratory Services.

In the period under review, the Council discontinued the accreditation of ART and VMMC services. These services are now considered routine and integral components of the basic

healthcare package provided by all primary healthcare services. It is now expected that all licensed health facilities authorised to deliver general practice services should inherently include ART and VMMC services within the scope of their license class.

Furthermore, the Council resolved to include Kidney and other major organ transplant services as part of the accreditation requirements. These changes in accreditation focus are scheduled to take effect in the year 2024.

1.3.3 Approval of Internship Training Programmes

During the year under consideration, HPCZ embarked on the review of Guidelines for approval of internship programmes to include other disciplines namely Dental Surgeons, Pharmacists, Optometrists, Emergency Care Officers, and Advanced Paramedical Anaesthetists and Clinical Anaesthetists.

During the year under review, **twenty-two (22)** accredited internship sites were operating countrywide. HPCZ accredited **three (3)** new internship sites bringing the cumulative internship sites to **twenty-five (25)**.

Table 8: List of Approved Internship Sites for 2023

No.	Institution	District	Ownership
1	Konkola Mine Hospital	Chililabombwe	Private
2	Nchanga South Hospital	Chingola	Private
3	Chipata Central Hospital	Chipata	Public
4	Choma General Hospital	Choma	Public
5	Kabwe Central Hospital	Kabwe	Public
6	Kasama General Hospital	Kasama	Public
7	St. Francis Mission Hospital	Katete	Public
8	Kitwe Teaching Hospital	Kitwe	Public
9	Wusakile Mine Hospital	Kitwe	Private
10	Livingstone Teaching Hospital	Livingstone	Public
11	Roan General Hospital	Luanshya	Public
12	Levy Mwanawasa University Teaching Hospital	Lusaka	Public
13	Maina Soko Medical Centre	Lusaka	Public
14	Medland Hospital	Lusaka	Private
15	University Teaching Hospitals	Lusaka	Public
16	Mansa General Hospital	Mansa	Public
17	Mbala General Hospital	Mbala	Public
18	Mongu General Hospital	Mongu	Public
19	Monze Mission Hospital	Monze	Public
20	Malcolm Watson Hospital	Mufulira	Private
21	Ronald Ross General Hospital	Mufulira	Public
22	Arthur Davison Children's Hospital	Ndola	Public
23	Ndola Teaching Hospital	Ndola	Public
24	Kansanshi Mine Hospital	Solwezi	Private
25	Solwezi General Hospital	Solwezi	Public

During the year under review, **twenty-two (22)** internship sites were expected to renew their approval certificates, however, **twenty (20)** renewed, representing **90.9%** renewal rate. The two non-complaint sites' license conditions are under review.

During the year under review, the Council conducted compliance monitoring inspections of **13** internship sites out of the annual target of **19**, representing **68%** achievement. The inspections revealed challenges faced by some of the internship sites, which included; poor documentation of records, inadequate reference material in the library, a lack of appointment letters for internship coordinators and supervisors.

1.3.4 Continuing Professional Development Providers

During the year under review, the HPCZ did not approve any new CPD center/provider leaving the total number of CPD providers to five (05) by the end of the year. The table below provides details on the approved CPD sites.

Table 9: List of Approved CPD Providers in 2023

No.	Institution	Programme offered	Ownership	District	Status
1.	Bolton College of Health and Education Institute	Diploma in Public Health and Counselling	Private	Lusaka	Approved
2.	University of Zambia, School of Health Sciences	CPD for Pharmaceutical Practitioners	Public	Lusaka	Approved
3.	Lusaka Apex Medical University (LAMU)	CPD -Integrated PHC Practice in Physiotherapy and Environmental Health	Private	Kafue	Approved
4.	Lusaka Apex Medical University (LAMU)	CPD- Pharmaceutical Quality Practice	Private	Kafue	Approved
5.	Life Link Training	CPD-Emergency training	Private	Lusaka	Approved

In line with the Eighth National Development Plan (8NDP) 2022-2026 under Development Outcome 1: Improved Policy and Governance Environment and Strategy 1: Decentralize public service delivery systems, HPCZ continued operating from four hub offices as indicated below:

1. Northern Region
 - a) Ndola Hub Office
 - b) Kasama Hub Office
2. Southern Region
 - a) Lusaka Hub Office
 - b) Livingstone Hub Office

The Northern Region covers Copperbelt, Northwestern, Luapula, Muchinga and Northern Provinces whereas the Southern region covers Lusaka, Central, Eastern, Southern and Western Provinces. The Regional Offices were able to perform most functions of the Council except:

- Approval of the curriculum
- Registration of specialists
- Approval of licenses for health facilities
- Approval of Internship programmes
- Approval of CPD programme activities/training
- Accreditation of Health Services
- Review of Guidelines
- Investigation of Malpractice



ADMINISTRATION DIRECTORATE

2. ADMINISTRATION DIRECTORATE

The Administration Directorate was responsible for the management of human resource and provision of administrative and logistical support services in order to ensure smooth operations. The Directorate was also responsible for the Planning, Monitoring and Evaluation, Information and Communication Technology and Public Relations functions.

2.1 Human Resources and Administration Unit

The Human Resource and Administration (HRA) Unit is anchored on Strategic Theme: “**Operational Excellence**” of the Health Professions Council of Zambia (HPCZ) Strategic Plan 2022-2026. The HRA Unit is made up of three sections; Human Resource and Administration, Records Management, and Planning, Monitoring and Evaluation.

The first section, HRA is based on Strategic Objective number 6: “**Enhance Human Resource**” and Strategic Objective number 7: “**Improve Institutional Infrastructure and Equipment**”. The principal function of the HRA section was to manage and develop human resources in order to enhance the institutional performance. It also provided administrative and logistical support services for the effective operations of the institution.

The other two sections, Records Management and the Planning, Monitoring and Evaluation are centered on Strategic Objective 5: “**Improve Operational Systems**” of the HPCZ Strategic Plan 2022-2026. The Planning, M&E section is responsible for coordinating and facilitating the preparation of institutional annual plans to ensure smooth implementation of HPCZ activities. Further, it also monitors and evaluates institutional activities to ensure adherence to implementation plans and informed decision making. The Records Management section is responsible for the provision of records management services in order to ensure safe storage and retrieval of information.

The key highlights for 2023 under each section are listed as follows:

2.1.1 Human Resource and Administration Section

- i. Conducted the Rationalisation and Harmonisation of the HPCZ conditions of service.
- ii. Coordinated Staff Annual Performance Appraisals for the year ended 2022.
- iii. Conducted recruitment of staff based on the approved HPCZ Structure. As at 31st December 2023 the structure was at 100% scale.
- iv. Commenced a Job Evaluation Exercise which was still underway by end of the year.
- v. Established an Integrity Committee for the Council.
- vi. Procured three (03) motor vehicles to enhance Council operations.
- vii. Formulated Quarterly Infrastructure Maintenance Plan aimed at maintaining and improving Council infrastructure.
- viii. Reappointed all the members of staff into the restructured HPCZ organizational structure as at 1st June 2023.
- ix. Facilitated the Continuous Professional Development (CPD) for 36 members of staff during the year under review
- x. Coordinated the awarding of nine (09) members of staff during the 2023 Labor Day commemorations.

2.1.2 Planning, Monitoring and Evaluation Section

1. Developed the Monitoring and Evaluation Plan for the 2022-2026 to track the implementation of the HPCZ Strategic Plan 2022-2026.
2. Monitored the execution of the HPCZ 2023 Action Plan and produced quarterly reports.
3. Monitored the implementation of Jhpiego funded rHRIS activities and generated success stories on rHRIS online system use.
4. Facilitated the development of the 2024 Action Plan to ensure efficient use of institutional resources.
5. Conducted 2022 annual review of Strategic Plan 2022-2026.

2.1.3 Records Management Section

1. Developed the Records Management Policy.
2. Facilitated the filing of HPCZ records for easy retrieval of information.

2.2 Public Relations Unit

The Public Relations (PR) Unit is anchored on Strategic Theme: “**Operational Excellence**” and is based on strategic objective number 4: “**Enhance Information dissemination**” in line with Health Professions Council of Zambia (HPCZ) Strategic Plan 2022-2026.

The principal function of the PR unit was to create and enhance awareness of HPCZ existence, mandate and all other activities required to promote a positive image of the institution.

The key highlights of achievements for the PR unit during the year 2023 are as follows:

2.2.1 Public Awareness

- a) Aired 15-episode live studio program on radio phoenix.
- b) Featured on five (5) Radio interviews (Millennium Radio x2, Radio Phoenix, ZNBC Radio 2, Chimwemwe Radio).
- c) Aired two (2) special radio programs on rural community stations (Oblate Radio Liseli, Icengelo).
- d) Featured on seven (7) TV programs (ZNBC TV1’s The Update, Millennium TV Agricultural Show highlights, ZNBC Agricultural Show highlights, ZNBC TV2 and TV3 Newsroom Analytical, ZNBC TV2 Topic Current Affairs Program).

2.2.2 Stakeholder Engagement

- i. Conducted seven (7) student sensitisation and orientation programmes in four (4) universities and three (3) colleges.
- ii. Facilitated eight (8) Media briefings and issued eight press statements during the period under review.

2.2.3 Customer Care Services

The Unit was responsible for attending to all queries through institutional Phone lines, Facebook and telegram.

2.2.4 Corporate Social Responsibility (CSR)

HPCZ was among the sponsors of the following Conferences:

- i. Pharmaceutical Society of Zambia (PSZ) Scientific Conference in Livingstone.
- ii. Zambia Medical Association (ZMA) Scientific Conference
- iii. Zambia Medical Licentiate Practitioner Association (ZMLPA)
- iv. Zambia Dental Association
- v. Resident Doctors Association of Zambia
- vi. Zambia Society of Physiotherapy (ZSP)
- vii. Zambia Institute of Environmental Health (ZIEH)

2.2.5 Commemoration of International and National Events

The Council participated in the commemoration of both International and National event, namely: Women's Day, Labour Day, Zambia International Trade Fair, Public Service Day, Lusaka Agricultural and Commercial Show, Independence Day and World AIDS Day.

2.3 Information and Communication Technology Unit

The Information Communication Technology (ICT) Unit was anchored on Strategic Theme: “**Operational Excellence**” and is based on strategic objective number 5: “**Improve operational systems**” in line with Health Professions Council of Zambia (HPCZ) Strategic Plan 2022-2026.

The ICT Unit was responsible for provision of services to support the deployment and implementation of ICT systems to guarantee the HPCZ’s business continuity.

The key highlights of achievements for the ICT unit during the year 2023 are listed as follows:

1. An electronic inspections tool for Class A level 3 health facilities was developed to foster inspectors to conduct inspections, generate reports, analyse and make recommendations for approval of a particular health facility instantly while in the field. In addition, the developed system supports an electronic signature which facilitates efficiency in signing electronically. The earlier system was paper-based and manually done, which led to the lengthy issuing and processing of health facility licenses.
2. HPCZ developed the Mobile Application that would be used in the field and offline where there is not internet service for synchronization to the main database later. The tool provides flexibility for online service provisioning in the remote places of the country. As a result, the Health Professions Council of Zambia can work remotely using the system.
3. An Online CPD provider registration platform that enables CPD training providers to submit an application for programme accreditation by the Council was developed.
4. Facilitated the quarterly maintenance of all computer equipment’s and peripherals to Ndola, Livingstone and Kasama hubs.
5. Development of the hub reporting module on the rHRIS to enhance the reporting capabilities was done. This module is to allow all hubs to keep track of all activities done at the particular hub. This tool served a great deal to ensure accountability, easier record tracking and reporting.
6. Installed IP telephony and CCTV at the head office in a bid to enhance physical security at the office premises and communication among members of staff.
7. Developed rHRIS linked risk management module for tracking risks associated with HPCZ business processes.

3. PROCUREMENT & SUPPLIES UNIT

The Procurement and Supplies Unit's (PSU) overall objective was to ensure that goods and services were procured through a transparent, accountable, competitive, and fair bidding process in line with the Public Procurement Act No. 8 of 2020 and the 2011 Public Procurement Regulations.

During the year under review, HPCZ procured various goods and services to facilitate smooth operations.

1. The PSU prepared and facilitated the development of the 2023 Procurement Plan which was approved by the Procurement Committee. The plan was uploaded on the Electronic Government Procurement System and was subsequently approved by the Zambia Public Procurement Authority (ZPPA).
2. The Procurement Supplies Unit facilitated Ten (10) Procurement Committee meetings to evaluate and approve various Contracts/Purchase Order award recommendations. This translated into 83% achievement rate against the planned twelve (12).
3. The Unit held twelve (12) Procurement Evaluation Committee meetings out of the targeted 12 for the year 2023, translating into 100% achievement rate.

4. LEGAL UNIT

The Legal Unit is anchored on Strategic Objective 1 of the Council's Strategic Plan 2022-2026 to '*Enhance Regulation of health professional conduct.*'

The Unit is responsible for investigating all complaints, providing legal services and enforcement of the Act.

During the period under review, the following achievements were attained:

1. Disciplinary Matters - The Unit investigated a total of **42** complaints out of which **26** had been referred to the Disciplinary Committee for determination. Further, **9** out of the 42 complaints were closed following preliminary determination of no professional misconduct while **7** complaints were referred to other relevant regulatory bodies for determination on jurisdictional grounds.
2. Review of the Act - Following various stakeholder engagements on the review of the Act, the draft Health Professions Bill 2023 was validated for purposes of enactment during the year under review. After the validation exercise, the Unit facilitated the submission of drafting instructions to the Ministry of Health.
3. Prosecution of offences under the Act - A total of **9** prosecutions were initiated for a variety of offences under the Act. The offences related to practicing without valid registration and operating unlicensed health facilities among others.

5. INTERNAL AUDIT UNIT

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve on organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It is anchored on Strategic theme: Operational Excellence while the Unit's Strategic Objective was to Enhance Financial Management of the 2022 to 2026 HPCZ Strategic Plan.

During the year, the Internal Audit Unit conducted the following activities in line with the 2023 Action Plan:

1. Audit Review of Registration Compliance Inspections in Central Province - An audit of compliance inspections of registrable health practitioners in 11 Local Authorities and 8 Training Institutions for practitioners and student indexing. The audit was conducted to provide assurance on the conduct and quality of inspections carried out by the responsible departments as part of the review of the functions of internal controls.
2. Coordination of the Risk Management Module - A risk electronic management module linked to the rHRIS was developed in line with the Public Finance Management Act No. 1 of 2018, this was meant to ensure efficient assessment and reporting of Council risks.
3. Review of the process of registration, licensing and accreditation of health facilities - The Unit conducted an audit of the process of registration, licensing of health facilities and accreditation of health services. This is in order to provide assurance that the Council was achieving its objectives in the most efficient and effective manner as enshrined in its Act and standard operating procedures.
4. Audit of Operations in the Regional Offices - The audits were carried out to determine the existence and effectiveness of controls in the regional offices.
5. Review of implementation of Risk and Risk Management practices – The Unit facilitated the rolling out of risk management practices to assist management effectively implement risk management in the Council.
6. Review of the Licensure Examination process - A review of the Licensure examination process was carried out at the various stages to provide assurance to the Council that controls existed and risks were anticipated and mitigated by management.
7. Financial Systems Review- A review of the financial systems at Headquarters and across the regional offices was carried out in the payroll systems, payments, cash and bank, revenue, fixed assets and stocks.

6. FINANCE UNIT

The Finance Unit is anchored on Strategic Objective 3 “**Enhance financial management**” of the HPCZ Strategic Plan 2022-2026. The Strategic theme of the Finance Unit is based on “**Operational Excellence**”. The Unit is responsible for financial and management accounting functions to ensure efficient and effective utilization of resources and provide timely financial information for decision making. It is also responsible for coordination and facilitation of the preparation of institutional budgets to ensure smooth implementation of the Council activities.

The key milestones recorded by the Finance Unit in 2023 were as follows:

1. The Unit effectively coordinated the audit of the 2022 financial statements and operations. The audit for the 2022 financial statements and operations was completed and the financial statements were unqualified.
2. The Unit facilitated the development of the Strategic Plan 2022-2026 and Action Plan 2024.
3. The Unit conducted a comprehensive technical review of financial records and putting up monitoring controls for the hubs.
4. The Unit performed a technical evaluation and review of PMEC practitioner input deductions for the issuance of 2024 practicing certificates.
5. The Unit reviewed and updated the Finance and Procedures Manual which was approved by the Council.
6. The Unit evaluated different investment opportunities with financial institutions, ultimately allocating over K105 million in short-term fixed deposits. These investments yielded the Council a return of more than K1.73 million in 2023.
7. The Unit collaborated with external funding partners and received funding in excess of Five hundred thousand Kwacha.
8. The Unit secured an Asset Finance Facility with Stanbic Bank for the acquisition of four vehicles.
9. The Unit facilitated the liquidation of various liabilities such as:
 - i) Settlement of the Construction Loan obtained from ZANACO for construction of the HPCZ head office.
 - ii) Facilitated the funding and execution of 84% of the Planned 2023 activities in the Action Plan.
 - iii) Timely settlement of all statutory obligations in the fiscal year 2023.

The financial statements of the Council for the financial year 2023 were unqualified. In the opinion of the auditors the financial statements present fairly, in all material respects, the financial position of Health Professions Council of Zambia (HPCZ) as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) (modified to take into account the nature of the organisation) and the requirements of the Health Professions Act No. 24 of 2009.

Below are the financial statements for 2023.



HEALTH PROFESSIONS COUNCIL OF ZAMBIA

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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GENERAL INFORMATION

31 December 2023

Country of Incorporation	Zambia
Nature of business	Health Professions Council of Zambia (HPCZ/the Council) is mandated to implement the following core functions: (a) Register health practitioners and regulate their professional conduct (except nurses who are registered and regulated under a different Act); (b) License and regulate all health facilities both public and private; and (c) Accredite health care services which are provided by health facilities.
Registered office	Head Office (New) and Lusaka Hub Plot No. 6640 Mberere Road Olympia Extension Lusaka
Business address	Head Office (New) and Lusaka Hub Plot No. 6640 Mberere Road Olympia Extension Lusaka
Bankers	ABSA Bank Plc Stand No. 2374 Kelvin Siwale Road P.O Box 31936 Lusaka Stanbic Bank Plc Stanbic House Plot No. 2375 Addis Ababa Drive P.O Box 31955 Lusaka Zambia National Commercial Bank Plc Head Office, Chainda Place Plot No. 2118/2119 Cairo Road P.O Box 33611 Lusaka
Auditors	AMG Global Chartered Accountants (Zambia) No. 6, Lagos Road Rhodes Park P.O Box 37893 Lusaka

REPORT OF THE COUNCIL
31 December 2023

The Council Members submit their report and audited financial statements for the year ended 31 December 2023.

1. Background and Principal Activity

(a). About HPCZ

The Council under the Health Professions Act No. 24 of 2009 (HP Act/the Act) is mandated to implement the following core functions: (a) Register health practitioners and regulate their professional conduct (except nurses who are registered and regulated under a different Act); (b) Licence and regulate all health facilities both public and private; and (c)Accredit health care services which are provided by health facilities.

(b). Mandate

The Council is established under the Health Professions Act No. 24 of 2009 which continues the existence of the Medical Council of Zambia and renamed it as the Health Professions Council of Zambia (HPCZ/the Council).

Principal functions include the following:

- register members of the health profession and regulate the professional conduct of health practitioners;
- maintain appropriate practise standards among health practitioners that are consistent with the principle of self-regulation and the promotion of high standards of public health;
- develop, promote, maintain and improve appropriate standards of qualification in the health profession;
- promote the integrity, and enhance the status, of the health profession including the declaration of any particular health practise to be undesirable for all, or a particular category of, health practitioners;
- licence public and private health facilities, accredit health services and monitor quality control and assurance of health facilities and services;
- represent, coordinate and develop the health profession and promote its interest;
- develop, promote and enforce internationally comparable practise standards in Zambia;
- investigate allegations of professional misconduct and impose such sanctions as may be necessary;
- protect and assist the public in all matters relating to the practise of the health profession;
- advise the Minister on matters relating to the health profession; and
- Do all such things as are necessary or incidental to the performance of its functions under the Act.

REPORT OF THE COUNCIL (Continued)

31 December 2023

(c). Core Values

Vision	“A model regulator of health practitioners and healthcare services.”
Mission	“To regulate the professional conduct of health practitioners, health facilities and health training programmes to ensure quality healthcare services provision for the wellbeing of the people.”
Shared Core Values	: Integrity. We will do what we say we will do. We will uphold professional and ethical business practices. Our interactions with stakeholders will be done transparently for mutual benefits. We will ensure honesty, integrity and respect to all. : Excellence. We are creative, bold and believe in continuous learning. We strive to deliver the highest quality and value possible through reasonable, easy and relevant approaches as we execute our mandate. : Impartiality. We ensure that our decision-making process is not perceived as discriminatory by creating an environment of honest, open dialogue; and with intentional effort to remove any biases. : Accountability. We take responsibility for all our actions and ensure transparency in our engagements with all stakeholders. : Teamwork. We accomplish our tasks through partnership with our stakeholders including our clients. Within ourselves, as members of staff, we can count on each other to get things done, share resources and perspectives, and enhance creativity underpinned by mutual trust and unity of purpose. : Transparency. We believe in delivering excellent services and value to our stakeholders. We take time to understand stakeholders’ needs and always strive to surpass their expectations.

REPORT OF THE COUNCIL (Continued)

31 December 2023

(d). Place of Business

The addresses of the Council are:

Head Office (New) and Lusaka Hub

Plot No. 6640
Mberere Road
Olympia Extensions, Lusaka

Southern Hub

No. 82 John Hunt Way
Off Airport Road
Central Business District
Livingstone

Copperbelt Hub

Plot No.6, Kenya Road
Northrise, Ndola

Northern Hub

No. 2247, Off Mwamba Road
Central Town, Kasama

2. Accounting Framework

Because the Council is a Public Interest Entity, it reports its financial performance and position in accordance with the International Financial Reporting Standards (“IFRSs”).

3. Summary of Financial Results

	2023 ZMW	2022 ZMW
3.1 Operating results		
Income	76 441 452	71 022 234
	<u> </u>	<u> </u>
Operating expenses	89 122 895	59 596 488
	<u> </u>	<u> </u>
Net financing income	(437 486)	16 377
	<u> </u>	<u> </u>
(Deficit)/surplus for the year	(13 118 929)	11 442 124
	<u> </u>	<u> </u>
3.2 Property and Equipment		
Acquisitions (cost)	8 190 674	2 016 545
	<u> </u>	<u> </u>
Disposal (carrying amount)	-	-
	<u> </u>	<u> </u>

REPORT OF THE COUNCIL (Continued)

31 December 2023

4. Property, Plant and Equipment**(a) Acquisitions**

The Council purchased assets at a cost of ZMW8 190 674 (2022: ZMW2 016 545).

(b) Disposals

The Council disposed four (4) motor vehicles during the year. The motor vehicles had nil book values. Total proceeds from the disposals amounted to ZMW360 708 (2022: ZMW 434 639).

5. Council Members

HPCZ is led by a purpose driven passionate and experienced leadership focused on delivering on the organization's vision and mission.

Name	Position	Organisation
Prof. Mulindi Mwanahamuntu	Chairperson	MoH
Brig. Gen. (Dr) Mwiinga Sheyo	Member	Min of Defense - ZAF
Dr. Elliot Kafumukache	Member	UNZA School of Medicine
Eng. Milner Maluza Makuni	Member	Min of Science and Technology
Ms. Esnart Mwape	Member	Pharmaceutical Society of Zambia
Ms. Patience Musonda	Member	Min of Justice
Mr. Makomani Siyanga	Member	ZAMRA
Dr. Chrispin Moyo	Member	ZMA
Dr. Nalumino Sayela	Member	Zambia Dental Association
Mrs. Doreen Shempela	Member	CHAZ
Mr. Mutale Mubanga	Member	Biomedical Society of Zambia
Mr. Jones Neba	Member	Clinical Officer Association of Zambia
Mr. Kennedy Chishimba	Member	Zambia Institute for Environmental Health
Dr. Chipu Muyovwe	Member	Faculty of General Practitioners
Dr. Musaku Mwenechanya	Member	UTH
Ms. Vivian Chiwila Chikoti	Member	MOH (Resigned)
Mr. Dennis Siampwizi	Member	MOH

At date of signing the Annual Financial Statements the Council Members (Board) above were appointed by the Minister as per the provisions of the First Schedule, Part I of the Health Professions Act No. 24 of 2009.

REPORT OF THE COUNCIL (Continued)

31 December 2023

6. Management

Below is our Senior Management Team (“SMT”).

(a) Identities

Name	Position
Prof. Fastone M. Goma	CEO/Registrar
Dr Muhumpu Kafwamfwa	Deputy Registrar - Technical Services (<i>Appointed July 2023</i>)
Mutinta Moonga Musaila	Deputy Registrar - Administration (<i>Appointed July 2023</i>)
Derrick M Chilembo	Manager-Finance - (<i>Appointed November 2023</i>)
Estelle Nkhuwa	Manager - Procurement (<i>Appointed November 2023</i>)
Benjamin Mwila	Acting Director - Finance and Planning (<i>To October 2023</i>)
Manase K. Chipako	Acting Director - Corporate Services (<i>To June 2023</i>)
Jon M. Kasalika	Acting Director - Registration (<i>To June 2023</i>)
Fyatilani Chirwa	Acting Director - Inspectorate (<i>To June 2023</i>)
Llyod Kapambwe Bwalya	Manager - Legal Services
Mulemwa Muwanei	Manager - Internal Audit

(b) Disclosure to Auditors

Each of the Members and Senior Managers at the date of approval of this report confirms that:

- (i). So far as the Members are aware, there is no relevant audit information of which the Council’s auditors are unaware; and
- (ii). The Members have taken all the steps that they ought to have taken as Members to make themselves aware of any relevant audit information and to establish that the Council’s auditors are aware of that information.

7. Corporate governance

The Members are committed to high standards of corporate governance which are fundamental to discharging their leadership responsibilities. The Members commit to apply integrity, principles of good governance and accountability throughout their activities.

8. Charitable Donations

The Council made charitable donations amounting to ZMW296 300 (2022: ZMW 322 699) during the year

9. Employees

The total remuneration paid to employees at the close of the financial period was ZMW50 343 593 (2022: ZMW35 411 601) and the average number of employees during the year was 115 (2022: 166).

10. Health and Safety

The Members are aware of their responsibilities towards health and safety of employees and have accordingly put in place appropriate measures to safeguard the health and safety of the employees.

REPORT OF THE COUNCIL (Continued)

31 December 2023

11. Risk Factors

The Council's future performance and results could be materially different from expected results depending on the outcome of certain potential risks and uncertainties. The reported results of the Council are also sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The Council's approach to risk management, including its financial risk management objectives and policies and information on its exposures to credit, currency, liquidity and cash flow risk, is discussed in the Risk Management section on Note 17.

12. Risk Management and Control

The Council through its normal operations is exposed to a number of risks, the most significant of which are credit, operational, liquidity and compliance risks. The Council's risk management objectives, policies and strategies are discussed in the Accounting Policies. Exposures are discussed in the notes to the financial statements.

13. Related Parties

The Council has a common enterprise relationship with stakeholders. Other related party relationships and material balances that the Council has with its related parties are disclosed on Note 18 to the financial statements.

14. Borrowing powers

Borrowing capacity is determined by the Members in terms of the Council, from time to time.

15. Events after the reporting period

The Members are not aware of any material event which occurred after the reporting date and up to the date of this report.

16. Going concern

The Members believe that the Council has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Members have satisfied themselves that the Council is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Members are not aware of any new material changes that may adversely impact the Council. The Members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Council.

17. Auditors

In accordance with the provisions of the First Schedule, Part II S12 (2) of the Health Professions Act No. 24 of 2009, the auditors, Messrs AMG Global Chartered Accountants (Zambia), have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed.

REPORT OF THE COUNCIL (Continued)

31 December 2023

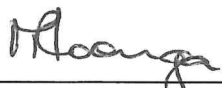
18. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the Members on.....
No authority was given to anyone to amend the financial statements after the date of issue.

19. Acknowledgements

Thanks, and appreciations are extended to all our Council members, staff, service providers, health professionals and all stakeholders for their continued support in the realisation of the Council mandate as per the Health Professions Act No. 24 of 2009.

On behalf of the Council:



Registrar and Chief Executive officer

Date: 31/12/25

STATEMENT OF THE RESPONSIBILITIES OF THE COUNCIL MEMBERS'
31 December 2023

The Members are required, in terms of the Health Professions Act No. 24 of 2009 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRSs). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRSs and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Members acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Members are of the opinion, based on the information and explanations given by Management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Members have assessed, in the light of current and anticipated economic conditions, the Council's ability to continue as a going concern. The Members confirm they are satisfied that the Council has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing the financial statements.

The Members have reviewed the Council's cash flow forecasts for the year ending 31 December 2024 and, in the light of this review and the current financial position, they are satisfied that the Council has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Council's financial statements. The financial statements have been examined by the Council's external auditors and their report is presented on pages 10 to 13.

The financial statements, set out on pages 13 to 42 which have been prepared on the going concern basis, were approved by the Council on 31.12.25 and were signed on its behalf by:



PERMANENT SECRETARY- ADMINISTRATION



REGISTRAR

HEALTH PROFESSIONS COUNCIL OF ZAMBIA

INDEPENDENT AUDIT REPORT 31 December 2023

We have audited the financial statements of Health Professions Council of Zambia, set out on pages 13 to 42, which comprise the statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Health Professions Council of Zambia (HPCZ) as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) (modified to take into account the nature of the organisation) and the requirements of the Health Professions Act No. 24 of 2009.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters to report on during the current period.

Other matter

The financial statements of the Council for the year ended 31 December 2022 were audited by another auditor, Mbochi and Partners Chartered Accountants, who issued an unqualified opinion.

Other information

The Members are responsible for the other information. The other information comprises the Members' Report as required by the Health Professions Act No. 24 of 2009, which we obtained prior to the date of this report. Other information does not include the audited annual financial statements and our auditor's report thereon.

Our opinion on the audited annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the audited annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDIT REPORT
31 December 2023

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and in the manner required by the Health Profession Act and for such 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.

In preparing the financial statements, Management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events that achieves fair presentation.

INDEPENDENT AUDIT REPORT

31 December 2023

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Council, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of the Health Professions Council of Zambia as of 31 December 2023 have been, in all material respects, properly prepared in accordance with the provisions of the Health Professions Act No. 24 of 2009.



AMG Global
Chartered Accountants



Dr Friday Nyambe
Practicing Certificate Number: M/PC NO.0001549
Partner signing on behalf of the firm

Date 14 January 2026

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

		2023 ZMW	2022 ZMW
	Note		
Fee income	2	73 023 237	65 977 642
Other income	3	3 418 215	5 044 592
Total operating income		<u>76 441 452</u>	<u>71 022 234</u>
Operating expenditure			
Cost of sales	4	(514 882)	(1 359 384)
Staff costs	5	(51 031 019)	(35 508 694)
Other operating costs	5	(20 838 021)	(16 103 751)
Registration, Compliance and Fee related expenses	5	(16 738 973)	(6 624 658)
Total operating expenditure		<u>(89 122 895)</u>	<u>(59 596 487)</u>
Operating (deficit)/surplus		<u>(12 681 443)</u>	<u>11 425 747</u>
Net financing income	6	(437 486)	16 377
Total comprehensive (deficit)/surplus		<u><u>(13 118 929)</u></u>	<u><u>11 442 124</u></u>

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

		2023 ZMW	2022 ZMW
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	8	30 469 098	27 388 593
Right of Use Assets	9	4 436 367	1 339 959
		<u>34 905 465</u>	<u>28 728 552</u>
Current assets			
Inventories	10	1 125 229	1 020 052
Trade and other receivables	11	5 029 565	3 329 209
Short-term investments	12.2	6 000 000	37 500 000
Cash and bank balances	12.3	17 308 170	12 085 279
		<u>29 462 264</u>	<u>53 934 540</u>
Total assets		<u>64 368 429</u>	<u>82 663 092</u>
EQUITY AND LIABILITIES			
Equity			
General Reserves		4 370 182	4 370 182
Retained earnings		13 965 713	27 084 642
Total equity		<u>18 335 895</u>	<u>31 454 824</u>
Non-current liabilities			
Borrowings	13	-	2 279 965
Lease liability - Non current	14	2 363 684	410 296
		<u>2 363 684</u>	<u>2 690 261</u>
Current liabilities			
Lease liability - Current	14	946 246	345 878
Employee benefits	15	4 753 803	2 459 965
Trade and other payables	16	37 968 801	45 712 164
		<u>43 668 850</u>	<u>48 518 007</u>
Total liabilities		<u>46 032 534</u>	<u>51 208 268</u>
Total equity and liabilities		<u>64 368 429</u>	<u>82 663 092</u>

The financial statements on pages 13 to 42 were approved by the Council on 31/12/25 and were signed on its behalf by:

Isatika

} PERMANENT SECRETARY- ADMINISTRATION

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	General reserves ZMW	Retained income ZMW	Total ZMW
Balances as at 31 December 2021	4 370 182	15 642 518	20 012 700
Total comprehensive surplus for the year	-	11 442 124	11 442 124
Balances as at 31 December 2022	4 370 182	27 084 642	31 454 824
Total comprehensive deficit for the year	-	(13 118 929)	(13 118 929)
Balances as at 31 December 2023	4 370 182	13 965 713	18 335 895

HEALTH PROFESSIONS COUNCIL OF ZAMBIA

STATEMENT OF CASH FLOWS for the year ended 31 December 2023



		2023 ZMW	2022 ZMW
NET CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Operating cash flows			
Operating (deficit)/surplus		(12 681 443)	11 425 747
Adjustments for items not affecting cash flows:			
Depreciation on property, plant and equipment	8.2	684 420	587 275
Depreciation on Right of Use Assets	9.2	1 171 551	1 390 597
(Profit)/loss on disposal of PPE		(360 708)	(434 639)
Reclassification of PPE to expenses		157 790	-
Net operating cash flows before reinvestment in working capital		(11 028 390)	12 968 980
(Increase)/decrease in inventories		(105 177)	40
Increase/(decrease) in accounts receivables		(1 700 356)	607 144
Increase in employee benefits		2 293 838	941 992
(Decrease)/increase in accounts payables		(7 743 363)	2 670 696
Net cash flows from operations		(18 283 448)	17 188 852
Returns on investments and servicing of finance			
Net financing income	6	(437 486)	16 377
Net cash flows from operating activities		(18 720 934)	17 205 229
NETCASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Right of Use Assets		(4 267 959)	-
Purchase of property and equipment		(3 922 715)	(2 016 545)
Proceeds from disposal of PPE		360 708	434 639
Lease assets adjustments resulting from change in lease payments-		-	42 334
Net cash flows from investment activities		(7 829 966)	(1 539 572)
NET CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from lease liabilities		4 692 037	-
Repayments of borrowings		(2 279 965)	(1 858 110)
Repayments of lease liabilities		(2 138 281)	(684 834)
Lease liability adjustments resulting from change in lease payments		-	(96 894)
Net cash flows from financing activities		273 791	(2 639 838)
(Decrease)/increase in cash and cash equivalents		(26 277 109)	13 025 819
Cash and cash equivalents at the beginning of the year		49 585 279	36 559 460
Cash and cash equivalents at the end of the year	12	23 308 170	49 585 279

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

The principal accounting policies of the Council, which are set out below, are consistently followed in all material respects.

1.0 BASIS OF MEASUREMENT

Basis of preparation

The audited annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations issued and effective at the time of preparing these audited annual financial statements and the Health Professions Act No. 24 of 2009 of the laws of Zambia.

These financial statements were prepared under the historical cost convention, except for financial assets classified as fair value through profit or loss (FVTPL).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Council takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Zambia Kwacha (ZMW), which is also the Council’s functional currency.

1.1 JUDGEMENT AND ESTIMATES

The preparation of financial statements in compliance with IFRS requires Management to make certain critical accounting estimates. It also requires Management to exercise judgment in applying the Council’s accounting policies. The areas involving critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are:

- The classification of financial assets and liabilities;
- Whether assets are impaired; and

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

- The classification of financial assets at FVTPL, which includes assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest on the principal amount outstanding.

2.1 FOREIGN CURRENCIES

In preparing its financial statements, the Council's foreign currency transactions are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss.

1.3 PROPERTY, PLANT AND EQUIPMENT**(a) Leased Assets**

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the organisation will obtain ownership by the end of the lease term.

(b) Owned Assets

Items of property, plant and equipment are stated at cost, as deemed cost, less accumulated depreciation (see (b) below) and impairment losses (see (d)). The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use.

(c) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and machinery as follows:

(i).	Computer Equipment	5 years
(ii).	Furniture & Fittings	5 years
(iii).	Motor Vehicles	4 years
(iv).	Office Equipment	5 years
(v).	Buildings	50 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the income statement.

(d) De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is de-recognised.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(e) Impairment

At each reporting date, the Council assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Council makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.4 LEASES

The Council assesses whether a contract is or contains a lease, at inception of the contract. The Council recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Council recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Council uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- (i). Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- (ii). Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- (iii). The amount expected to be payable by the lessee under residual value guarantees;
- (iv). The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- (v). Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS**31 December 2023**

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Council re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- (i). The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- (ii). The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- (iii). A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

1.5 FINANCIAL INSTRUMENTS**Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS**31 December 2023**

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets***Financial assets at amortised cost***

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Council's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

This category also contains equity investments. The equity investments were measured at cost less any impairment losses under IAS 39, as it was deemed that its fair value could not be estimated reliably.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Council accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is hold to collect the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset. This category includes listed securities and debentures, that were previously classified as 'available-for sale'.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

Impairment of financial assets

IFRS 9's new impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss' (ECL) model. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Council first identifying a credit loss event. Instead the Council considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Council's financial assets fall into this category. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Guidance note: Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Trade and other receivables and contract assets

The Council makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Council uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Financial assets at fair value through other comprehensive income

The Council recognises 12-month expected credit losses for financial assets at FVOCI. As most of these instruments have an outstanding credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Council assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Council relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Council only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Council would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Council considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results. Should any of these indicators imply a significant increase in the instrument's credit risk, the Council recognises for this instrument or class of instruments the lifetime ECL.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Council's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Council's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Council designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Derivative financial instruments and hedge accounting

The Council applies the new hedge accounting requirements in IFRS 9 prospectively. All hedging relationships that were hedging relationships under IAS 39 at the 31 December 2018 reporting date meet the IFRS 9's criteria for hedge accounting at 1 January 2022 and are therefore regarded as continuing hedging relationships. Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the reporting periods under review, the Council did not have any hedging investments.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

1.6 PROVISIONS

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

1.7 INTEREST BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

1.8 EMPLOYEE BENEFITS

- Retirement Benefit Obligations - The Organisation and all its employees contribute to the National Pension Scheme Council (“NAPSA”), which is a defined contribution social security scheme. Contributions to NAPSA are recognised as an expense when employees have rendered service entitling them to the contributions.
- Other Entitlements - The estimated monetary liability for employees’ accrued gratuity pay entitlement at the reporting date is recognised as an expense accrual.

1.9 CONTINGENT LIABILITIES

Contingent liabilities are initially measured at fair value. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

1.10 OFFSETTING

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.11 FINANCIAL RISK MANAGEMENT

The Council’s activities expose it to a variety of financial risks. The most important types of risk are currency risk, credit risk, liquidity risk, market risk and other operational risk. Policies and exposures on risks and financial instruments are discussed in the notes to the financial statements.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

1.12 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities are representative of the Council's position at 31st December 2023 and are in the opinion of the Members not significantly different from their respective fair values due to generally short periods to maturity dates.

1.13 REVENUE**Sale of Goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- (i). the Council has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii). the Council retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii). the amount of revenue can be measured reliably;
- (iv). it is probable that the economic benefits associated with the transaction will flow to the Council; and
- (v). the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (i). the amount of revenue can be measured reliably;
- (ii). it is probable that the economic benefits associated with the transaction will flow to the Council;
- (iii). the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- (iv). the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

When reliable information is obtained in subsequent periods that fee income shall be received on fees receivable in the year under review, the Council will recognise revenue and shall recognise a receivable balance in the Statement of Financial Position.

Unidentified or unknown deposits shall be recognised as income received in advance until such a time that an individual Health Professional or Practitioner is identified.

Unidentified or unknown deposits which are older than one year which cannot be traced to individual Health Professionals and Practitioners shall be recognised as Annual Fees.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

1.13 EXPENDITURES

(a) Financing Expenses

(i) Operating Lease Payments

Operating lease payments is recognised in the income statement over the period of the contract.

(ii) Net Financing Costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method.

(b) Administrative Expenses

Operating and administrative costs are accrued as incurred.

1.14 COMPARATIVES

Where necessary, corresponding figures have been reclassified to conform to changes in the presentation of the current period. No restatements and the respective disclosures were required in line with *IAS 8* Accounting Policies, Changes in Accounting Estimates and Errors.

1.15 NEW STANDARDS AND INTERPRETATIONS

A number of new standards, amendments to standards and interpretations are mandatory for the year ended 31 December 2023, and have been adopted by the Council where relevant to the Council's operations.

1.16 NEW RELEVANT STANDARDS ISSUED NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted, however, the Council has not early adopted them in preparing these financial statements.

Of those standards that are not yet effective, there are no standards which are expected to have a significant impact on the Council's financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

	2023 ZMW	2022 ZMW
2. FEE INCOME		
Subscriptions	-	8 200
Registration fees	11 564 316	16 868 470
Annual fees & renewals	46 071 732	45 161 824
Student indexing	4 928 930	2 177 825
Accreditation fees	886 782	482 380
Construction Liquidated Damages	1 907 517	-
Examination-Licensure	6 404 380	-
Training	691 034	884 226
Miscellaneous	832 220	651 960
Total fees	<u>73 286 911</u>	<u>66 234 885</u>
Less: Refunds	(263 674)	(257 243)
Net fee income	<u><u>73 023 237</u></u>	<u><u>65 977 642</u></u>
3. OTHER INCOME		
Sale of goods		
- Laboratory coats	466 860	1 499 470
- Patients Rights Charter	44 300	-
- Professional Code of Conduct Booklets	152 550	245 100
- National Health Care Standards Booklets	17 300	9 700
Interest received - Financial institutions	1 830 786	2 402 234
Interest received - Staff loans	222	687
Revenue grant (Note 6)	545 489	452 762
Profit on disposal of property and equipment	360 708	434 639
	<u><u>3 418 215</u></u>	<u><u>5 044 592</u></u>
4. COST OF GOODS SOLD		
Professional Code of Ethics Booklets and Guidelines	104 060	143 254
Patients Rights Charter	16 807	-
Laboratory coats	383 116	1 209 956
National Health Care Standards Booklets	10 899	6 174
	<u><u>514 882</u></u>	<u><u>1 359 384</u></u>

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

	2023 ZMW	2022 ZMW
5 ADMINISTRATIVE EXPENSES		
5.1 Other operating expenses		
Advertising	1 116 142	743 016
Auditors' remuneration	197 320	115 113
Bank charges	444 327	428 785
Computer expenses	871 671	1 190 580
Consultative Meeting expenses	3 529 588	1 949 513
Corporate Governance expenses	3 539 613	1 620 479
Depreciation-PPE (Note7.2)	684 420	587 275
Depreciation-ROUA (note 8.2)	1 171 551	1 390 597
Donations	296 300	322 699
Electricity and water	348 379	389 063
Funeral expenses	48 000	-
Fuel and Lubricants	395 966	65 027
Internet	784 733	251 067
Land rates	-	5 208
Motor vehicle expenses	628 643	916 042
Office expenses	199 165	280 510
Public Commemoration	343 181	462 316
Postage, fax and telephones	34 400	40 239
Printing and stationery	2 740 373	1 557 962
Repairs and maintenance	1 041 822	1 270 912
Security expenses	451 121	544 699
Travelling expenses	1 971 306	1 972 649
	<u>20 838 021</u>	<u>16 103 751</u>
5.2 Staff Costs		
Salaries and wages	36 717 157	23 030 978
Staff welfare	1 097 282	832 609
Medical expenses	850 724	764 033
Gratuity	2 204 205	3 929 246
Training	1 543 368	1 270 206
Overtime	2 145 421	202 326
NAPSA	1 206 938	926 096
NHIMA	186 191	152 164
Leave days	3 458 850	3 277 857
Workers compensation	57 354	43 106
Pension employer	1 563 529	1 080 073
	<u>51 031 019</u>	<u>35 508 694</u>

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

	2023 ZMW	2022 ZMW
ADMINISTRATIVE EXPENSES (continuation)		
5.3 Registration, Compliance and Fee Related Expenses		
Registration and monitoring	664 365	693 660
Affiliation and subscription	4 231	28 065
Compliance and inspection	3 350 425	2 545 148
Examination - licenses	7 682 947	376 709
Student indexing	22 185	60 000
Legal and investigations	5 014 820	2 921 076
	<u>16 738 973</u>	<u>6 624 658</u>
Total administrative expenditure	<u>88 608 013</u>	<u>58 237 103</u>

6. NET FINANCING INCOME/(COSTS)

Vehicle Asset Finance and ROU lease charges	437 486	-
Interest on borrowings	-	16 377
	<u>437 486</u>	<u>16 377</u>

7. REVENUE GRANT

Revenue grants from Jhpiego	<u>545 489</u>	<u>452 763</u>
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- (a) Revenue Grants received are for the sole purpose of conducting the activities of the Council.
- (b) Revenue grants represents a Fixed Amount Award (FAA) to support the further achievement of the purposes and results of the HRSA prime award by providing financial assistance to HPCZ in return for the Council's implementation of the activities and achieving the milestones as agreed with the grantor. The program goal is to accelerate achievement of 95-95-95 treatment targets through increasing the capacity, coordination absorption and retention of health workers and provide services to people living with HIV, TB, and other infectious and chronic diseases in HIV prevalence areas.
- (c) Amortised grant income represents capital asset grants, grant funds received from the Ministry of Finance and National Planning and Jhpiego respectively for the acquisition of assets. This is charged to income over the period necessary to match them with the costs for which they are intended to compensate, on a systematic basis:

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
31 December 2023
(d) REVENUE GRANT (continuation)

	2023 ZMW	2022 ZMW
(i) Movement in Deferred Revenue		
Balance at start of year	-	-
Received during the year	545 489	452 763
Transferred to income	(545 489)	(452 763)
Transferred to capital grant	-	-
Balance at end of year	<u>-</u>	<u>-</u>
(ii) Movement in Capital Grants		
Balance at start of year	-	-
Received during the year	-	-
Transferred to income	-	-
Transferred to capital grant	-	-
Balance at end of year	<u>-</u>	<u>-</u>
(iii) Total Amortisation		
Deferred revenue	545 489	452 763
Capital grant amortisation	-	-
Balance at end of year	<u>545 489</u>	<u>452 763</u>

The program objectives include:

- (i) Increased regulatory Council's and Zambia Ministry of Health capacities in Human Resources for Health (HRH) management through strengthened Human Resources Information System (HRIS) for decision making;
- (ii) Increase the number and capacity of nurses and midwives to prescribe Antiretroviral Therapy (ART), manage and provide ongoing support for PLHIV and provide Pre-exposure Prophylaxis (PrEP) to HIV negative individuals.; and
- (iii) Improve health care workers' HIV service delivery capacity through Continuing Professional Development (CPD) by building tele-mentoring platforms using technology in an HIV ECHO program.
- (iv) The total award value amounts to USD74,472 payable upon meeting specific milestones.

8. PROPERTY AND EQUIPMENT

	Leasehold Land and Buildings ZMW	Motor Vehicles ZMW	Furniture and fittings ZMW	Capital WIP ZMW	Total ZMW
8.1 Cost/valuation					
At 31 December 2022	1 470 027	4 961 862	6 742 468	23 872 059	37 046 416
Additions	-	-	2 227 126	1 695 589	3 922 715
Capitalisation of WIP	25 567 648	-	-	(25 567 648)	-
Disposals	-	(400 787)	-	-	(400 787)
Reclassification	(157 790)	-	-	-	(157 790)
At 31 December 2023	26 879 885	4 561 075	8 969 594	-	40 410 554
8.2 Depreciation					
At 31 December 2022	-	4 698 787	4 959 036	-	9 657 823
Charge for the year	-	117 325	567 095	-	684 420
Disposals	-	(400 787)	-	-	(400 787)
At 31 December 2023	-	4 415 325	5 526 131	-	9 941 456
8.3 Net book amount					
At 31 December 2023	26 879 885	145 750	3 443 463	-	30 469 098
At 31 December 2022	1 470 027	263 075	1 783 432	23 872 059	27 388 593

8.4 Capital Work in Progress Reclassified

The New Head Office Block at Plot. No. 6640, Mberere Road, Lusaka was occupied in 2022. However, the construction costs remained classified as Capital Work in Progress until the fourth quarter of 2023 after it was officially commissioned following the issuance of the completion certificate.

8.5 Assets Pledged as Security

The following assets were encumbered and were pledged as security for borrowings and lease obligations.

Property	Details	2023 ZMW	2022 ZMW	Type of Encumbrance
Buildings	Plot No. 6640 Mberere Road	6 879 885	1 470 027	Construction Loan

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

9. RIGHT OF USE ASSETS

	Office Building ZMW	Motor Vehicles ZMW	Total ZMW
9.1 Cost/valuation			
At 31 December 2022	5 021 165	-	5 021 165
Additions	-	4 267 959	4 267 959
At 31 December 2023	<u>5 021 165</u>	<u>4 267 959</u>	<u>9 289 124</u>
9.2 Depreciation			
At 31 December 2022	3 681 206	-	3 681 206
Charge for the year	613 534	558 017	1 171 551
At 31 December 2023	<u>4 294 740</u>	<u>558 017</u>	<u>4 852 757</u>
9.3 Net book amount			
At 31 December 2023	<u>726 425</u>	<u>3 709 942</u>	<u>4 436 367</u>
At 31 December 2022	<u>1 339 959</u>	<u>-</u>	<u>1 339 959</u>

9.4 Asset Pledged as security

The following assets are encumbered and are pledged as security for borrowings and lease obligations.

Motor Vehicles	Details	2023 ZMW	2022 ZMW	Type of Encumbrance
	4 Toyota Hilux 4x4 Double cab, 28000cc Executive, AT with Canopy Land 1 Toyota Land Cruiser Prado VX-L 2800cc, AT	2 889 634	-	Vehicle Asset Finance lease Obligations

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

	2023 ZMW	2022 ZMW
10. INVENTORY		
10.1 Analysis		
National Healthcare Standards	16 317	28 854
Lab coats	393 598	48 250
Consumables	548 454	847 466
Professional Codes of Ethics	160 505	95 482
Patients' Rights	6 355	-
	<u>1 125 229</u>	<u>1 020 052</u>
10.2 Movements of inventory during the year		
Opening inventory	1 020 052	1 020 092
Add: Purchases	620 059	1 359 344
Less: Cost of sales (Note 4)	(514 882)	(1 359 384)
Closing inventory	<u>1 125 229</u>	<u>1 020 052</u>
11 TRADE AND RECEIVABLES		
11.1 Analysis		
Trade receivables (Note 11.2)	356 926	361 933
Staff advances	692 463	592 283
ART sites	492 640	492 640
Health facilities fees	2 051 910	622 210
Training Institutions	324 127	314 245
Other receivables	1 111 499	945 898
	<u>5 029 565</u>	<u>3 329 209</u>
11.2 Trade receivables		
Gross amount	356 926	361 933
Less: Provision for expected credit losses	-	-
	<u>356 926</u>	<u>361 933</u>
11.3 The Council does not provide credit terms to Health Professionals and Practitioners. Fee income receivable consists of fee income attributable to the year under review and with reasonable information is deemed to be received in the subsequent period.		

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

	2023 ZMW	2022 ZMW
12. CASH AND CASH EQUIVALENTS		
12.1 Analysis		
Cash and bank balances (Note 12.3)	17 308 170	12 085 279
Short-term deposits (Note 12.2)	6 000 000	37 500 000
	<u>23 308 170</u>	<u>49 585 279</u>
12.2 Short term investments		
Atlas Mara (Now Access Bank)	6 000 000	-
INDO Zambia Bank	-	12 500 000
Zambia Industrial and Commercial Bank	-	15 000 000
Stanbic Bank	-	10 000 000
	<u>6 000 000</u>	<u>37 500 000</u>
12.3 Cash and bank balances		
ABSA Bank Kasama	960	-
ABSA Bank Grants ZMW	8 401	293 805
ABSA Bank Current ZMW	3 627 215	3 012 753
ABSA Bank Revolving Fund ZMW	13 876	177 241
Zambia National Commercial Bank Collections ZMW	4 390	11 660
Zambia National Commercial Bank Main ZMW	1 987 668	6 364 869
Stanbic Bank Ndola Hub	3 499	6 909
Stanbic Bank Livingstone Hub	3 737	62
Stanbic Bank Current	11 656 716	2 216 418
Petty cash	1 708	1 562
	<u>17 308 170</u>	<u>12 085 279</u>

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

	2023 ZMW	2022 ZMW
13. BORROWINGS		
13.1 Analysis		
Opening balance	2 279 965	4 138 075
Drawdown	-	-
Repayments	(2 367 813)	(2 588 420)
Interest payments	87 848	730 310
	<u>-</u>	<u>2 279 965</u>
13.2		
Borrowings consists of a secured medium-term loan facility for ZMW14,320,000 granted for construction of an Office Block on Stand No. is 6640 Mberere Road Olympia Extension Lusaka. The loan was provided by Zambia National Commercial Bank PLC ("ZANACO").		
The Council contributed 30% towards the total construction cost. The total construction cost was ZMW20,453,942 of which 30%, the Council's contribution, is ZMW6,136,182.60. The loan facility was on a draw down basis with interest being charged on the monthly accumulated balance.		
For the year under review interest was charged at an effective interest rate of 23% (2022: 23%)		
The loan was fully repaid during the year ended 31 December 2023.		
	2023 ZMW	2022 ZMW
14. LEASES LIABILITIES		
14.1 Analysis		
Leased office building	410 296	756 174
Vehicle Asset Finance	2 899 634	-
	<u>3 309 930</u>	<u>756 174</u>
14.2 Movement		
Opening balance	756 174	1 457 385
Additions	4 234 551	-
Lease payments	(2 138 281)	(684 834)
Finance charges	437 486	(16 377)
Closing balance	<u>3 309 930</u>	<u>756 174</u>
14.3 Maturity analysis		
Year 1	1 558 196	394 680
Year 2	3 114 605	410 296
Less: Future Interest	(1 362 871)	(48 802)
Present Value of lease obligation	<u>3 309 930</u>	<u>756 174</u>

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

	2023 ZMW	2022 ZMW
Payable in 12 months	946 246	345 878
Payable after 12 months	2 363 684	410 296
	<u>3 309 930</u>	<u>756 174</u>

14.4 Vehicle Asset Finance

The Council leases three (3) Hilux 4X4 double cab and one (1) Toyota Land Cruiser motor vehicles from Stanbic Bank Zambia Limited. The VAF facility is for a period of four (4) years and interest charged is linked to a margin of 21.5% per annum above the BOZ policy rate.

The Council's obligations are secured by the lessors' title to the leased assets for such leases. Insurance payments are borne by the Council.

14.5 Buildings

The Council leases its physical office/hubs with lease terms of one to three years renewable every year. The Council has renewed the hub leases over 2 yearly cycles and expects to lease the buildings for another 5 years.

	2023 ZMW	2022 ZMW
15. EMPLOYEE BENEFITS		
15.1 Analysis		
Leave pay provision (Note 15.2)	3 233 000	1 269 619
Gratuity payable (15.3)	1 520 803	1 190 346
	<u>4 753 803</u>	<u>2 459 965</u>
15.2 Movement of Leave Pay Provisions		
Opening balance	1 269 619	439 317
Charge for the year	3 372 850	3 277 857
Payments`	(1 409 469)	(2 447 555)
	<u>3 233 000</u>	<u>1 269 619</u>

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

	2023 ZMW	2022 ZMW
15.3 Movement of Gratuity		
Opening balance	1 190 346	1 078 656
Charge for the period	2 017 848	3 929 246
Payments`	(1 687 391)	(3 817 556)
	<u>1 520 803</u>	<u>1 190 346</u>
16 TRADE AND OTHER PAYABLES		
16.1 Analysis		
Trade payables	1 223 395	6 682 157
Fees received in advance (Note 16.2)	32 804 127	37 778 190
Withholding tax payable	26 605	26 605
Audit fees payable	175 740	96 424
Payroll related payables (Note 16.3)	3 738 934	1 128 788
	<u>37 968 801</u>	<u>45 712 164</u>
16.2 Fees Rceived in Advance		
Annual fees	1 147 504	1 446 724
Health service Accreditation Fees	77 340	273 212
Training programmes	292 910	95 860
Facility license fees	4 965 751	5 647 640
Subscription	26 320 622	30 314 754
	<u>32 804 127</u>	<u>37 778 190</u>

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

	2023 ZMW	2022 ZMW
16.3 Payroll Related Payables		
PAYE	1 252 126	726 789
NATSAVE short term	122 442	62 228
2 nd Tier Pension short term	1 967 209	138 589
HESLB Student short term	7 740	8 266
NAPSA	269 601	156 882
Purchase Accruals	-	3 903
PSMFC short term	77 141	6 344
NHIMA	42 675	25 787
	<u>3 738 934</u>	<u>1 128 788</u>

16.4 Fees are due on the last day of the year for subsequent licence periods. Fees received in advance are therefore fees collected in cash from Health Professionals and Practitioners for licence periods beyond the current year.

Trade payables and other payables principally comprise amounts outstanding for operating expenses and recurrent costs. The average credit period taken for trade purchases is 30 days

17. FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risk: market risk (including currency risk, interest rate risk, price and fair value risk), liquidity risk and credit risk:

(a). Credit Risk

The Council takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Council by failing to pay amounts in full when due. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As shown below, exposure to credit risk is represented by cash balances and amounts due on accounts receivables:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023 ZMW	2022 ZMW
Trade and other receivables	5 029 565	3 329 209
Cash and cash equivalents	23 308 170	49 585 279
	<u>28 337 735</u>	<u>52 914 488</u>

At the reporting date, other significant concentrations of credit risks lay in receivables, which consist of staff and sundry advances and prepayments. The nature of services offered by the Council means it does not have significant credit risk exposure to a single counterparty.

(b) Liquidity Risk

The Council's activities expose it to a variety of financial risk: market risk (including interest and liquidity risk). This is monitored on a daily basis by management and controlled as far as reasonably possible to minimise the risk of mismatches between current liabilities and current assets.

Due to the nature of the Council and the fees being receivable at the end of the preceding year, fees are recognised as income received in advance and are amortised in the relevant leviable year. Therefore, in determining current liabilities and debt, income received in advance is not included in the analysis of liquidity risk.

The table below summarises the Council's liquidity risks:

CASHFLOW PROJECTIONS - MATURITY GROUPINGS

	On demand ZMW	Due within 3 months ZMW	Due between 3 – 12 months ZMW	Due more than 12 months ZMW	Total ZMW
Financial assets as at 31 December 2023					
Trade and other receivables	-	-	5 029 565	-	5 029 565
Cash and cash equivalents	23 308 170	-	-	-	23 308 170
	<u>23 308 170</u>	<u>-</u>	<u>5 029 565</u>	<u>-</u>	<u>28 337 735</u>
Financial liabilities as 31 December 2023					
Lease liability	-	-	946 246	2 363 684	3 309 930
Employee benefits	-	-	4 753 803	-	4 753 803
Trade and other payables	-	-	5 164 674	-	5 164 674
	<u>-</u>	<u>-</u>	<u>10 864 723</u>	<u>2 363 684</u>	<u>13 228 407</u>
Liquidity gap	<u>23 308 170</u>	<u>-</u>	<u>(5 835 158)</u>	<u>(2 363 684)</u>	<u>15 109 328</u>
Financial assets as at 31 December 2022					
Trade and other receivables	-	-	3 329 209	-	3 329 209
Cash and cash equivalents	49 585 279	-	-	-	49 585 279
	<u>49 585 279</u>	<u>-</u>	<u>3 329 209</u>	<u>-</u>	<u>52 914 488</u>
Financial liabilities as 31 December 2022					
Lease liability	-	-	345 878	410 296	756 174
Borrowings	-	-	-	2 279 965	2 279 965
Employee benefits	-	-	2 459 965	-	2 459 965
Trade and other payables	-	-	7 933 974	-	7 933 974
	<u>-</u>	<u>-</u>	<u>10 739 817</u>	<u>2 690 261</u>	<u>13 430 078</u>
Liquidity gap	<u>49 585 279</u>	<u>-</u>	<u>(7 410 608)</u>	<u>(2 690 261)</u>	<u>39 484 410</u>

(d) Interest rate risk

This is the risk arising from the adverse movement in the value of future interest receipts or commitments resulting from movements in interest rates.

The interest rates for both interest receivable and payable from/to local financial institutions are generally pegged against the Bank of Zambia bank rate. The Council finances its operations through capital contributions from shareholders, external loans and from its own operations. Financing decisions and exposure to interest rate risk are managed by the Council's senior executives.

(e) Foreign exchange risk

The Council is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollar. Foreign exchange risk arises in the normal course of business during the year.

The Council does not hedge foreign exchange fluctuations.

The Council reviews its foreign currency exposure, including commitments on an ongoing basis. The Council expects its foreign exchange contracts to hedge foreign exchange exposure.

18. RELATED PARTIES

Related Party	Type of Relationship
18.1 Individuals with significant influence	Refer to Report of the Council (Page 5)
Ministry of Finance and National Planning	Provides grants to the Council
Ministry of Health	Parent Ministry

18.2 Members Key Management Personnel

Key Management	Refer to Report of the Council (Page 6)
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(a) Identification of Related Parties**(d) Transactions with Related Parties**

The financial statements include transactions with the Council's related parties.

	2023 ZMW	2022 ZMW
Remuneration of Key Management Personnel	7 821 376	6 694 302

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

19. CAPITAL MANAGEMENT

The Council's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to controlling interests and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Council monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The gearing ratios as at 31 December 2023 and 2022 were as follows:

	2023 ZMW	2022 ZMW
Total Debt	13 228 407	13 430 078
Less: Cash and cash equivalents	(23 308 170)	(49 585 279)
Net debt	<u>(10 079 763)</u>	<u>(36 155 201)</u>
Equity	<u>18 335 895</u>	<u>31 454 824</u>
Net debt to equity ratio	<u>(55%)</u>	<u>(115%)</u>

20. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2023 (2022: Nil)

22. CONTINGENT LIABILITIES

A contingent liability according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

We disclose that there are pending litigations against the Council whose outcome is unknown but which may result in the outflow of Council's resources in the form of legal fees and (or) claims in the event that the outcome is unfavourable for the Council. The details of the litigations are disclosed below.

21.1 Pending Litigation

The Council has the following cases pending:

1. **James Philip Mdala vs HPCZ.** The case involves an allegation of breach of statutory duty.

21.2 Likely Outcome

The likely outcome of the cases pending cannot be accurately predicted and therefore what is considered in our view of this matter in terms of the outcome is as follows:

1. **James Philip Mdala vs HPCZ** – From Equitas' objective evaluation, it is unlikely that the outcome of this matter will be unfavourable.

22. POST BALANCE SHEET EVENTS

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Council Members, to affect substantially the operations of the Council, results of those operations or the state of affairs of the Council in subsequent years.

23. COMPARATIVES

Comparative figures are restated or reclassified where necessary to afford a reasonable comparison.

