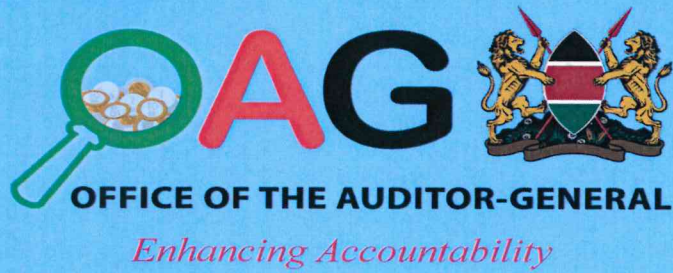


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE OF SUPPLIES
EXAMINATION BOARD**

**FOR THE EIGHTEEN (18) MONTHS
PERIOD ENDED 30 JUNE, 2022**



**KENYA INSTITUTE OF SUPPLIES EXAMINATION BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 18 MONTHS PERIOD ENDED
30TH JUNE 2022**

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

Table of Contents	Page
1. KEY KISEB INFORMATION AND MANAGEMENT	ii
2. THE BOARD OF DIRECTORS/COUNCIL	vii
3. MANAGEMENT TEAM	x
4. CHAIRMAN'S STATEMENT	xii
5. REPORT OF THE CHIEF EXECUTIVE OFFICER	xiv
7. CORPORATE GOVERNANCE STATEMENT	xix
8. MANAGEMENT DISCUSSION AND ANALYSIS.....	xxvi
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxxii
10. REPORT OF THE DIRECTORS.....	xxxiii
11. STATEMENT OF DIRECTORS'RESPONSIBILITIES	xxxv
12. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF KISEB	xxxvii
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE 18 MONTHS PERIOD ENDED 30 JUNE 2022	1
14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022.....	2
15 STATEMENT OF CHANGES IN NET ASSETS	4
16. STATEMENT OF CASH FLOWS FOR THE 18 MONTHS PERIOD ENDED 30 JUNE 2022	5
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE 18 MONTHS PERIOD ENDED 30 JUNE 2022	6
18. NOTES TO THE FINANCIAL STATEMENTS	8
19. APPENDIX I :PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS ...	30
20.APPENDIX II: PROJECTS IMPLEMENTED BY KISEB.....	31

1. KEY KISEB INFORMATION AND MANAGEMENT

(a) Background information

Kenya Institute of Supplies Examination Board (KISEB) is a body corporate established by the Supplies Practitioners Management (SPM) Act No.17 of 2007 of the laws of Kenya.

(b) Principal Activities

The Examinations Board is mandated to conduct examinations for professional supplies certification and in particular to—

- prescribe and regulate syllabuses of instruction for professional supplies certification for persons seeking registration under the Act;
- prepare and conduct examinations for persons seeking registration under the Act;
- prepare regulations to be made by the Institute regarding the standard of proficiency to be gained in each examination for a diploma, degree or other award; and make rules with respect to such examinations;
- prescribe the fees and other charges payable with respect to such examinations;
- issue professional qualifying certificates and other awards to candidates who have satisfied the examination requirements;
- investigate and determine cases involving indiscipline by students registered with the Examinations Board;
- liaise with the Ministry of Education in accreditation of institutions offering the examination of the Board for the purpose of carrying out examinations;
- promote recognition of its examination in foreign countries;
- perform such other functions as may be necessary for proper administration of this Act.

Our Qualifications

KISEB offers two qualifications, namely:

- Certified Procurement and Supply Professional of Kenya (CPSP-K)
- Associate in Procurement and Supply of Kenya (APS-K).

The examinations are administered three times a year in April, August and December to KISEB students in Kenya and in foreign countries through a strategic partnership with Kasneb.

(c) Key Management

KISEB day-to-day management is under the following key organs:

- Board of Directors
- Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Secretary & Chief Executive Officer	Dr. Fred Ongisa
2.	Examinations Coordinator-Operations	Ms. Regina Kariuki
3.	Senior Finance Assistant	Ms. Abigael Chesir
4.	Head of Procurement	Mr. Festus Mutai
5.	Examinations Coordinator-Test Development	Mr. Cyprian Airo
6.	ICT Officer	Mr. Eston Macharia
7	Marketing & PR Officer	Mr. Sebastian Mwalili

(e) Fiduciary Oversight Arrangements

KISEB is headed by a Board of Directors whose mandate is actualised through four committees.

Curriculum Development, Examination and Quality assurance (CDEQA) Committee	<ul style="list-style-type: none"> • The principal responsibility of the committee is development of syllabuses which comply with global standards • Review and recommend strategies for management of examinations, • Receive and consider examiners' reports and guide the release of results • Advise the board on matters incidental to the management and administration of examinations. • Review and recommend rules and regulations regarding the standard of proficiency to be gained in each examination. • Review and consider applications for exemptions and credit transfers. • Review and approve list of qualifying candidates who have satisfied the examination requirements for award of certificates and other awards.
Corporate Services Committee	<ul style="list-style-type: none"> • To assist the full board in overseeing formulation, review and implementation of financial policies and procedures. • To receive and review budgets from management, and recommend to the full Board for approval.

	<ul style="list-style-type: none"> • To review and recommend proposed projects and work plans to the full board for approval. • To review and recommend quarterly and annual financial reports prepared by the management to the full Board for approval • Receive and review capital assets disposal inventory and recommend to the full Board for approval and disposal. • Review, consider and recommend to the Board for approval all the Human Resource policies relating to terms and conditions of service for employees. • Oversee, monitor and evaluate implementation of all the approved human resource policies by the management. • Review and recommend Human Resource Management Committees' reports on discipline, training and any other human resource report for Board's approval. • Receive and review changes proposed by management on the organization structure, performance management system, compensation guidelines and recommend to the Board for approval. • Advise the Board on the criteria for identifying, recruiting and appointment of managerial staff and recommend candidates to the full board for approval • Ensure in consultation with the Board and the CEO that succession plans are in place at all levels and review such plans regularly. • Review recommendations regarding any other issues related to Human Resource Management.
Marketing, Resource Mobilization and Accreditation Committee	<ul style="list-style-type: none"> • Advising on formulation, implementation and review of communication, marketing, accreditation and resource mobilization policies, strategies and plans. • Advising on development and implementation accreditation programmes and strategies. • Providing guidance on the application of customer-focused marketing strategies that will achieve increased readership levels. • Offering expertise on formulation, strengthening and sustenance of partnerships with stakeholders to enhance service delivery to the public <p>Advising on development and implementation of Corporate Identity Manual to realize consistent reinforcement of KISEB brand</p>
Audit, Risk Management and Governance Committee	<ul style="list-style-type: none"> • Assisting the Secretary /Chief Executive Officer in enhancing internal controls in order to improve efficiency, transparency and accountability. • Reviewing audit issues raised by both internal and external auditors. • Enhancing communication between management, internal and external audit and fostering an effective internal audit function. • Reviewing and approving the audit charter where applicable and the internal audit annual work plans. • Reviewing the internal and external audit findings and recommendations and proposing corrective and preventive action where necessary. • Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics. • Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and

	<p>transparency in consultation with the Secretary/Chief Executive Officer.</p> <ul style="list-style-type: none">• Conduct Risk Based Audits (RBA) to provide reasonable assurance that risks management processes and structures put in place by management are functioning effectively and recommending appropriate risk mitigation measures where necessary.• Review and evaluate Annual Appropriation Accounts and Statements of assets & Liabilities before they are submitted to Controller and Auditor General by finance department.
--	--

KISEB Headquarters

P.O. Box 22873 - 00505
KISM Towers, 11th Floor
Ngong Road,
Nairobi, KENYA

KISEB Contacts

Telephone: (254) 726 244 828 / 0769878228
E-mail: info@kiseb.or.ke / examinations@kiseb.or.ke
Website: www.kiseb.or.ke

KISEB Bankers

National Bank of Kenya
Ngong Road
P.O. Box 21922-00505
Silkwood Office Suites
Nairobi, Kenya

Independent Auditors

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

Principal Legal Adviser

The Attorney General

State Law Office






Harambee Avenue






P.O. Box 40112


City Square 00200

Nairobi, Kenya


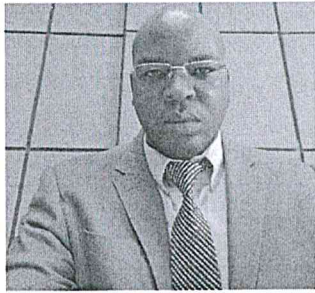



2. THE BOARD MEMBERS




 Dr Wasike Walubengo	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board Chairman KISM May 6th 2020 PhD PPM, MBA, BPSCM, CIPS</p>
 Prof. Urbanus N Mutwiwa	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KEPSA June 10th 2020 PhD HS, MHE, BSC</p>
 Pauline Obonyo Opiyo	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member PPRA July 7th 2020 MSC, BA, CIPS, CFE</p>
 Dr. Gillian Mwaniki	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KICD June 10th 2020 PhD BA, MBF, MSc, B.Ed.</p>
 Susan Linda Ingari	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KISM May 6th 2020 MBA, B.Ed., CIPS, IDSCM</p>

 <p>PETER N MWANGI</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KISM May 6th 2020 MBA, BCOM, CIPS</p>
 <p>DICK DANAJELE</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KISM May 6th 2020 MBA, BPSM, DPSM</p>
 <p>MARK KEMBOI KANDA</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KISM May 6th 2020 MBA, BPSM, DPSM</p>
 <p>LEONARD O. ADHIAMBO</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KNEC June 10th 2020 M.Ed., B.Ed.,</p>
 <p>CPA HEZRON NJOROGE</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member CUE July 15th 2020 MSc, BBA, CPA</p>

 <p>LAZARUS MULWA</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member UoN May 6th 2020 MBA, BCOM</p>
---	---

3. MANAGEMENT TEAM

	<p>Name Dr. Fred Ongisa Position Ag. Secretary/CEO Appointed on November 13th 2020 Key Qualifications PhD SCM, CP3P, MSc PL, DPSM, B.Ed.</p>
	<p>Name Cyprian Airo Position Examinations Coordinator Appointed on July 1st 2021 Key Qualifications MSc PL, B.Ed., DEM, CIPS</p>
	<p>Name Sebastian Mwalili Position Marketing & PR Appointed on February 14th 2017 Key Qualifications BA, Communications & PR</p>
	<p>Name Regina Kariuki Position Examinations Coordinator (Operations) Appointed on February 13th 2013 Key Qualifications BA</p>
	<p>Name CPA Abigael Chesir Position Senior Finance Assistant Appointed on August 9th 2021 Key Qualifications BBM CPA-K</p>

	<p>Name Festus Mutai Position Senior Procurement Assistant Appointed on August 9th 2021 Key BPSM, MLS-SCM Qualifications</p>
	<p>Name Nicholas Wafula Position Finance Manager Acted from June 2020 to August 2022</p>
	<p>Name Graham Naibor Position Procurment Assistant Acted from June 2020 to August 2021</p>

4. CHAIRMAN'S STATEMENT

I am pleased to present a review of KISEB's key operational performance for the year ended 30th June 2022. The review also highlights our strategic priorities in the short and medium-term focusing on improving service to customers and ensuring sustainable growth. Our role as a national supply chain management professional certification is critical considering that skilled human resource is an enabler and a key driver for economic and social development. In this regard, the Board made remarkable progress in the quest to enhance KISEB capacity to fulfil its legal mandate. During the year, we prioritised development of ICT infrastructure, procurement of office equipment, review of policies and procedures and upgrade of the enterprise resource planning system. These projects will continue into 2022/23 financial year.

KISEB has over the months since inauguration of the Board made progress towards discharging its mandate of certifying procurement and supply chain management professionals. The Board strives to build on the foundation laid to deliver quality professional curriculum and certification programme for sustainable development. The year under review (1st January 2021-30th June 2022) was however a challenging period for the Board. The global COVID pandemic affected our operating environment adversely and overshadowed the positive developments in our business. Overall, the Board has achieved great milestones as summarised below.

Looking Forward

Following the expiry of the 2014-19 KISM Strategic Plan, the Board has developed the first KISEB Strategic Plan running from July 2021 to June 2026 to guide it over the next five years. The KISEB Strategic Plan 2021-2026 will serve as a strategic guide to position the Board as the authoritative examination and certification body in supply chain management. To this end, the Board has aligned its strategic direction with key national, regional and international development goals, notably the Big 4 Agenda, The Kenya Vision 2030, Third Medium Term Plan (MTP III), the United Nations' Sustainable Development Goals to ensure that KISEB has the desired impact in supporting sustainable economic development. Our inaugural five-year Strategic Plan projects greater impact in the supply chain management

profession through increased efficiency, competitiveness, financial sustainability and responsiveness.

KISEB will steer the development of supply chain management in Kenya in a way that supports national, regional and international development objectives. The Strategic Plan 2021-2026 encompasses seven key Strategic objectives: 1) To review and implement revised curriculum to produce a globally ethical and competent SCM professional; 2) To develop quality and relevant examinations for PSCM professionals; 3) To certify and re-certify procurement and supply chain professionals; 4) To provide quality curriculum support materials in supply chain management qualifications; 5) To promote KISEB qualifications nationally and internationally ; 6) To enhance operational effectiveness and efficiency; 7) To sustain income growth by 10% per annum and optimize costs.

In Conclusion

The Board and the Secretariat will continue to work together to strengthen the KISEB's internal controls and promote a culture of integrity and strive for highest ethical business standards.

Our concerted efforts will certainly improve service delivery to our customers and be the SCM certification provider of choice. As the Chairman of the Board, I am committed to providing leadership that espouses principles of good governance. On behalf of the Board and the Secretariat, I wish to express our appreciation to the Government, KISM Council and other stakeholders for their support during the period. I also thank the Secretariat who have continued to work diligently and exhibited resilience in challenging times. Lastly, I thank my fellow Board members and urge them to work zealously in the best interest of KISEB.

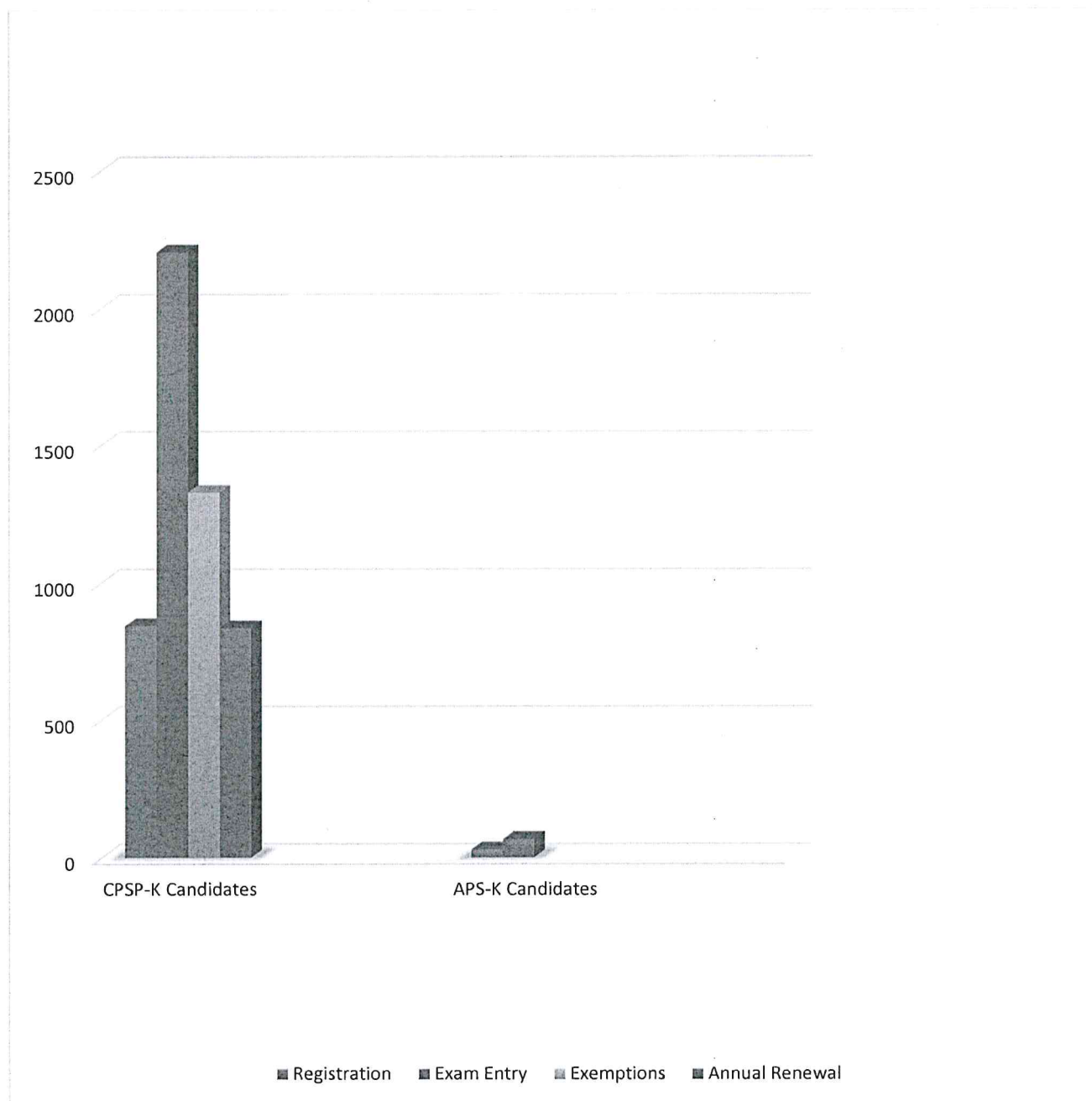
5. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present a review of KISEB's key operational performance for the year ended 30th June 2022. The review also highlights our strategic priorities in the short and medium-term focusing on improving service to customers and ensuring sustainable growth. Our role as a national supply chain management professional certification is critical considering that skilled human resource is an enabler and a key driver for economic and social development. In this regard, the Board made remarkable progress in the quest to enhance KISEB capacity to fulfil its legal mandate. During the year, we prioritised development of ICT infrastructure, procurement of office equipment, review of policies and procedures and upgrade of the enterprise resource planning system. These projects will continue into 2022/23 financial year.

Operational Performance

During the financial year 2021/22, KISEB derived its revenue from four (4) streams: Exam registration fees, exam entry fees, exemption fees and annual registration fees. The graph below shows the number of clients who patronised our products and services.

Revenue 2021/22	Stream	CPSP-K Candidates	APS-K candidates
Registration		844	30
Exam entry		2204	67
Exemptions		1328 units exempted	-
Annual renewal		835	-



To discharge its mandate and ensure financial sustainability, KISEB revised its curriculum, revised its exam administration policies and introduced a third exam session in August 2021. KISEB continues to leverage KASNEB’s exam administration network as it develops its internal capacity.

6. STATEMENT PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

KISEB has four strategic pillars and seven objectives within the current Strategic Plan for the FY 2021/2022- FY 2025/2026. These strategic pillars are as follows:

1. Curriculum Development, Quality Assessment and Certification;
2. Corporate Positioning;
3. Institutional Strengthening;
4. Financial Sustainability

KISEB develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Board achieved its performance targets set for the FY 2021/2022 period for its four strategic pillars, as indicated in the diagram below:

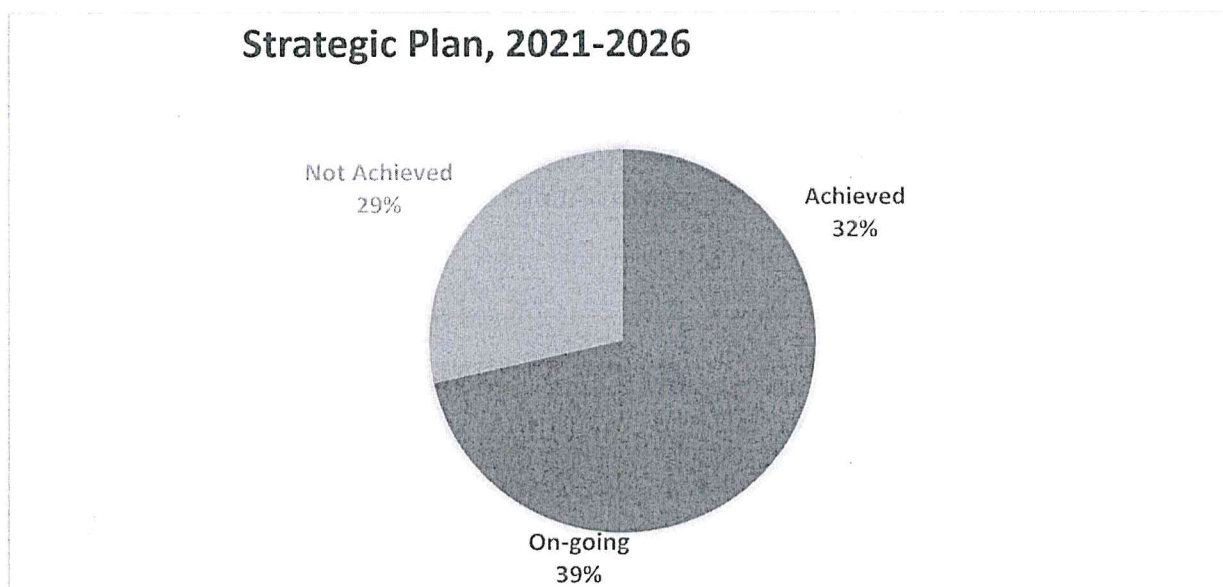
Strategic Pillar	Key Outputs for 2021/22	Key Performance Indicators	Status & Achievements 2021/22
Curriculum Development, Quality Assessment and Certification;	training needs assessment (TNA) documented/report	A TNA report	On-going
	Examination papers piloted Report on piloting	Number of examination papers piloted	40 (achieved)
	Trainers' capacity building workshop held, approved trainers programme	1 workshop annually	1 (achieved)
	Accredited curriculum, Accreditation certificate	Accredited curriculum, Accreditation certificate	1 (Achieved)
	Database of candidates mentored,	Number of student clinics and mentorship programmes	Achieved
	Research report	1 research in SCM undertaken	Not achieved
	Electronic and non-electronic support	Number of subscribers	33 (On-going)

Strategic Pillar	Key Outputs for 2021/22	Key Performance Indicators	Status & Achievements 2021/22
	Communication policy and strategy developed	Adopted communication policy and strategy	Not achieved
	Service charter developed	Adopted service charter	Not achieved
	Customer service survey undertaken, customer service reports	Customer service reports, 1 survey annually	Achieved
	Marketing and promotional activities	Number of marketing and promotional activities annually	Achieved
	Recognition of KISEB qualifications	Marketing reports Number of stakeholders engaged Number of candidates	1 5 4200 on-going
	Corporate branding	Number of corporate branding activities	On-going
Financial Sustainability	Reduction in student dormancy and absenteeism	Percentage of dormant and absentee students reactivated	10%
	business development policy implemented	Approved business development policy	Not Achieved
	Resource mobilisation framework developed and implemented	Resource mobilisation framework	Not achieved
	Annual GoK grants allocation	GoK Printed estimates, Management accounts	Achieved
	Cost containment initiatives adopted	Number of cost containment initiatives identified	On-going
	Internal controls	Quarterly reports	On-going

Strategic Pillar	Key Outputs for 2021/22	Key Performance Indicators	Status & Achievements 2021/22
	materials disseminated	Number of support materials disseminated	
	Established electronic resource centre	Established electronic resource centre	Not Achieved
	Certificates issued to candidates within the year of sitting	Certificates issued to 90% of the candidates within the year of sitting	Achieved
	Establish proficiency tests for clients in key SCM competencies	1 proficiency test/year	Not achieved
	Award ceremony held annually	Award ceremony held annually	Achieved
	Approved policy framework	Approved accreditation policy	Achieved
	Accredited training institutions	Number of accredited training institutions	72 (on-going)
Institutional strengthening	ICT policy, ICT disaster recovery plan developed	Approved ICT policy and disaster recovery plan	Not Achieved
	ICT infrastructure	% of ICT infrastructure acquired	49% (On-going)
	Organisational structure reviewed and implemented	Approved structure Number of staff recruited	On-going
	Recruit, train and place staff	Number of staff recruited, trained and placed	7 (On-going)
	Board performance report	Number of meetings, Number of engagements, Almanac, record of Board activities	30 (Achieved)
KISEB Positioning	Corporate branding	Number of corporate branding activities	On-going

Strategic Pillar	Key Outputs for 2021/22	Key Performance Indicators	Status & Achievements 2021/22
	Compliance with approved budget	Quarterly reports	On-going
	Compliance with approved Procurement and asset disposal plans	Procurement and asset disposal plans developed	Achieved

Summary of implementation of strategic objectives



7. CORPORATE GOVERNANCE STATEMENT

The Kenya Institute of Supplies Examination Board (KISEB) is statutory examinations body. KISEB is established by and derives its mandate and accountability from Section 13 of the SPM Act, 2007. KISEB is committed to maintaining the highest standards of integrity, professionalism and ethics in all its operations.

Composition of the Board

The Board consists of five persons nominated by the Kenya Institute of Supplies Management; one person nominated by the Public Procurement Regulatory Authority; one person nominated by the Kenya Institute of Curriculum Development; one person nominated by the Kenya National Examinations Council;

one person nominated by Kenya Private Sector Alliance (KEPSA) and one person nominated by the local universities.

Name of the Board Member	Board Position	Board Committees			
		Curriculum Development, Examinations and Quality Assurance	Corporate Services	Marketing, Accreditation and Resource Mobilisation	Audit and Risk Management
Dr Wasike W. Walubengo	Chairman				
Ms. Pauline Obonyo Opiyo	Member		Member	Member	
Mr. Mark Kanda	Member		Chair	Member	
Mr. Dan Ajele	Member				Chair
Mr. Peter Njoroge Mwangi	Member		Member	Chair	
Ms. Linda Susan Ingari	Member	Chair	Member		
Prof. Urbanus Mutwiwa	Member	Member		Member	
Dr. Gillian Mwaniki	Member	Member			Member
Mr. Leonard Adhiambo	Member	Member			Member
Mr. Hezron Njoroge	Member	Member	Member		
Mr. Lazarus Munyao Mulwa	Member			Member	Member

The Board has a formal schedule of agenda items due for deliberations. The members of the Board are given appropriate and timely information to enable them to provide and maintain full and effective direction and control over strategic,

financial and operational issues of KISEB. The Board is not involved in the conduct of day-to-day business as this is the responsibility given to the Secretary by law.

Name of the Board Member	Total number of Board meetings (18months)	Board Committee Meetings			
		Curriculum Development, Examinations and Quality Assurance	Corporate Services	Marketing, Accreditation and Resource Mobilisation	Audit and Risk Management
Dr Wasike W. Walubengo	15/15				
Ms. Pauline Obonyo Opiyo	10/15		7/12	4/6	
Mr. Mark Kanda	14/15		12/12	6/6	
Mr. Dan Ajele	12/15				
Mr. Peter Njoroge Mwangi	9/15		2/12	2/6	
Ms. Linda Susan Ingari	13/15	11/13	11/12		
Prof. Urbanus Mutwiwa	14/15	11/13		6/6	
Dr Gillian Mwaniki	15/15	10/13			
Mr. Leonard Adhiambo	11/15	5/13	1/12		
Mr. Hezron Njoroge	14/15	8/13	7/12		
Mr. Lazarus Munyao Mulwa	13/15			5/6	

KISEB Board Committees

The Board has established various Committees which have formal Terms of Reference approved by the Board and reviewed on an ongoing basis by the Board.

The officers with the delegated authority of the Chief Executive Officer prepare the agenda and the Committee papers and provides Secretarial Services to the Committees.

Curriculum Development, Examination and Quality Assurance (CDEQA) Committee

The Committee consists of five non-executive members of the Board. The principal responsibility of the Committee is development of syllabuses which comply with global standards. Other roles include: review and recommend strategies for management of examinations, receive and consider examiners' reports and guide the release of results; advise the board on matters incidental to the management and administration of examinations; review and recommend rules and regulations regarding the standard of proficiency to be gained in each examination; review and consider applications for exemptions and credit transfers; review and approve list of qualifying candidates who have satisfied the examination requirements for award of certificates and other awards.

CDEQA Committee			
Name	Role	Appointment Date	Attendance registers 2021/22
Ms Linda Susan Ingari	Chairperson	28 th May 2020	11/13
Prof. Urbanus Mutwiwa	Member	2 nd October 2020	11/13
Dr Gillian Mwaniki	Member	28 th July 2020	10/13
Mr. Leonard Adhiambo	Member	28 th July 2020	5/13
Mr. Hezron Njoroge	Member	28 th July 2020	8/13

Corporate Services Committee

This committee consists of five members all of whom are non-executive members of the Board. The committee was chaired by Mr. Mark Kanda. This committee has oversight on all financial issues including budgets, financial reporting process and controls and procurement, human resource matters including recruitment, management succession. The committee met twelve times during the financial year.

Corporate Services Committee			
Name	Role	Appointment Date	Attendance registers 2021/22
Mr. Mark Kanda	Chairman	28 th May 2020	12/12
Ms Pauline Opiyo	Member	28 th July 2020	7/12
Hezron Njoroge	Member	28 th July 2020	7/12
Mr. Peter Njoroge	Member	28 th May 2020	2/12
Ms Linda Susan Ingari	Member	28 th July 2020	11/12

Marketing, Accreditation and Resource Mobilisation (MARM) Committee

MARM Committee consists of five members all of whom are non-executive members of the Board. The main focus of the committee is to raise KISEB's relevance and visibility to appropriate standards through implementation of marketing, accreditation and resource mobilization strategies. The committee met once during the period under review.

Marketing, Accreditation and Resource Mobilisation (MARM) Committee			
Name	Role	Appointment Date	Attendance registers 2021/22
Mr. Peter Mwangi	Chairperson	28 th May 2020	2/6
Prof. Urbanus Mutwiwa	Member	2 nd October 2020	6/6
Mr. Lazarus Mulwa	Member	28 th July 2020	5/6
Ms Pauline Opiyo	Member	2 nd October 2020	4/6
Mr. Mark Kanda	Member	28 th May 2020	6/6

Audit and Risk Management Committee

The Committee consists of four non-executive members of the Board. The Audit Risk and Risk Management Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Board's process for monitoring compliance with laws and regulations. In addition, the Committee continuously evaluates the effectiveness of the risk Management processes to ensure that adequate risk

management strategies are being implemented. The Committee was not able to meet in the period under review.

Audit and Risk Management Committee			
Name	Role	Appointment Date	Attendance registers 2021/22
Mr. Dan Ajele	Chairperson	28 th May 2020	0
Dr Gillian Mwaniki	Member	2 nd October 2020	0
Mr. Leonard Adhiambo	Member	2 nd October 2020	0
Mr. Lazarus Mulwa	Member	2 nd October 2020	0

Ad-Hoc Board Committees

The following were the Ad hoc Committees in the financial year 2021/22.

- I. Ad Hoc Committee on KISM-KISEB MoU
- II. Strategic Planning Technical Committee
- III. Ad Hoc Committee on Recruitment of Examiners

Management Structure

The position of the Secretary/Chief Executive Officer is set out in Section 14 of SPM Act 2007. The Secretary provides technical and secretarial services as well as corporate governance and logistical support to the Board. He facilitates efficient policy making interface with policy implementation. In conjunction with the Chairman, the Board Secretary ensures good and timely information flow among the Board members, the Board Committees and Management. All members of the Board access the Secretariat services.

Internal Controls

The Management has put in place a system of internal control mechanisms to ensure the reporting of complete and accurate accounting information. Procurement of goods and services is strictly done in accordance with the Public Procurement and Disposal Act, 2015 and Regulations 2020.

In all KISEB operational areas, workflows have been structured in a manner that allows adequate segregation of duties.

Conduct of Business and Performance Reporting

The business of KISEB was conducted in accordance with a carefully formulated strategy, annual business plans and approved budget that is aligned to clear objectives. Currently KISEB has a 5-year Strategic Plan 2021-2026, anchored on 4 pillars. KISEB believes that through implementation of the annual corporate scorecard it will deliver on its objectives which are aligned to Big 4 Agenda, Vision 2030 and Africa Agenda 2063. Performance against the objectives is reviewed on a quarterly basis and reports filed with the respective authorities.

Compliance with Laws

As at the end of the financial year 2021/2022, the Board is satisfied that to the best of its knowledge, the organization has complied with all applicable laws and that business was conducted in accordance with the set laws and regulations. No Board member or employee acted or committed any indictable offence under the Anti-Corruption laws nor has any Board member or employee been involved or been used as conduit for money laundering or any other activity incompatible with the relevant laws. The requirements of the Mwongozo guidelines have been complied with. The Board members are updated on changes in laws and regulations, policies, and practices through facilitation to attend relevant seminars and conferences for effective and efficient management of the Board.

Ethics and Code of Conduct

KISEB Board members and employees are expected to act with integrity, courtesy and equity in all their dealings with each other and with all our stakeholders as guided by KISEB Board Charter and Employee code of conduct that binds them. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization. The Code sets out clear behavioural requirements and where these are not met, there are consequences. It is distributed to all employees and directors who are required to comply with it to ensure adherence to the code of corporate governance; the Board members are governed by a Board Charter.

Engagement with stakeholders

The Board recognizes the importance of maintaining transparency and accountability to its shareholders and works to ensure that all stakeholders are treated equitably. Stakeholder forums are held on an annual basis to consult on areas that would improve service delivery and create efficiency.

8. MANAGEMENT DISCUSSION AND ANALYSIS

a) KISEB Mandate and Strategic Plan

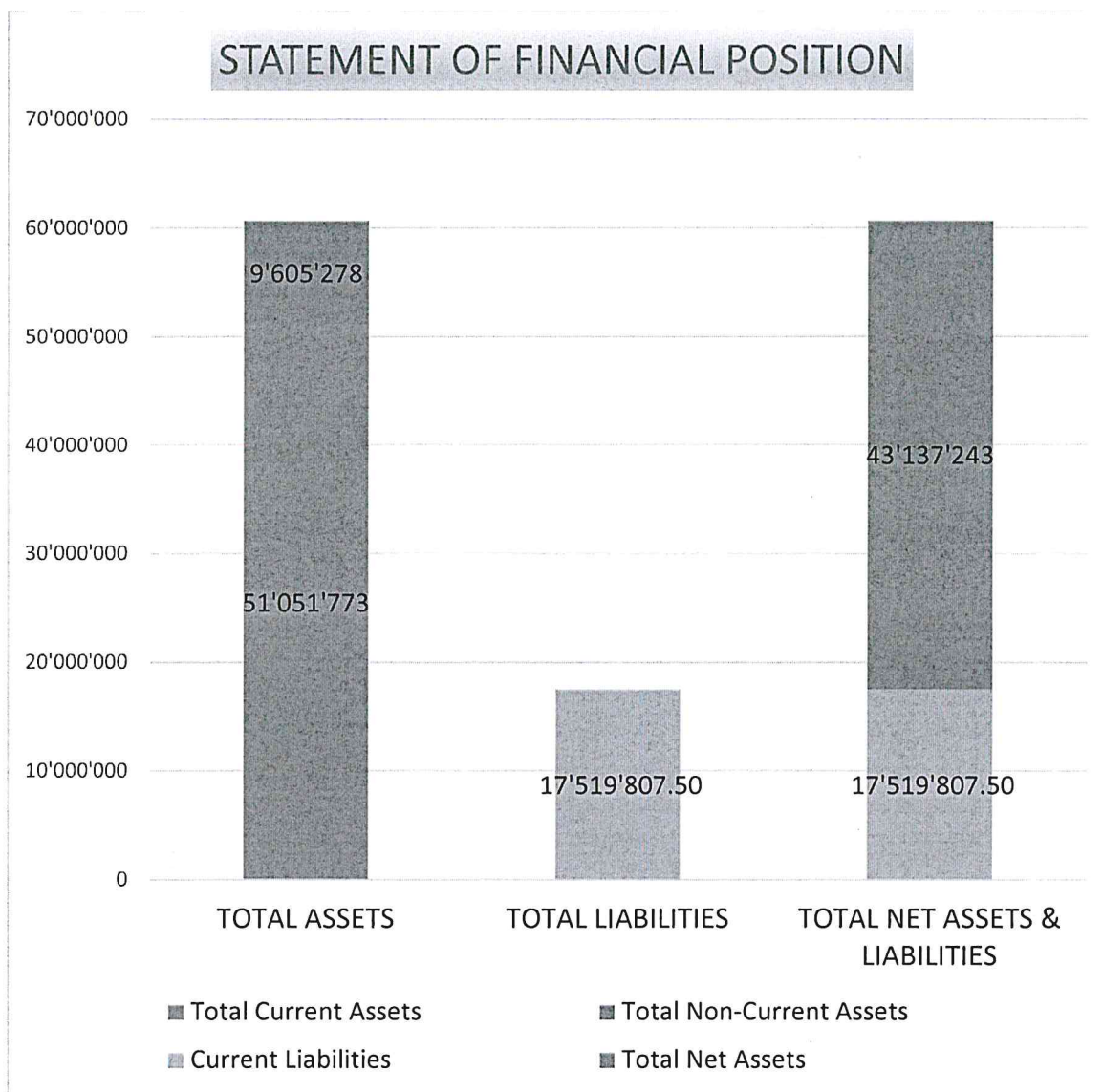
The rationale for developing this corporate strategic plan is anchored on the legal and institutional framework, which gives KISEB the mandate and a critical role in driving national and global development agenda through empowering professionals globally. This first Corporate Strategic Plan (2021-2026) is aligned to the national development agenda in Kenya Vision 2030 and Sustainable Development Goals to the national aims of education in Kenya.

The four strategic objectives that the Board strives to achieve its vision and objectives are;

1. Curriculum Development, Quality Assessment and Certification;
2. Corporate Positioning;
3. Institutional Strengthening;
4. Financial Sustainability.

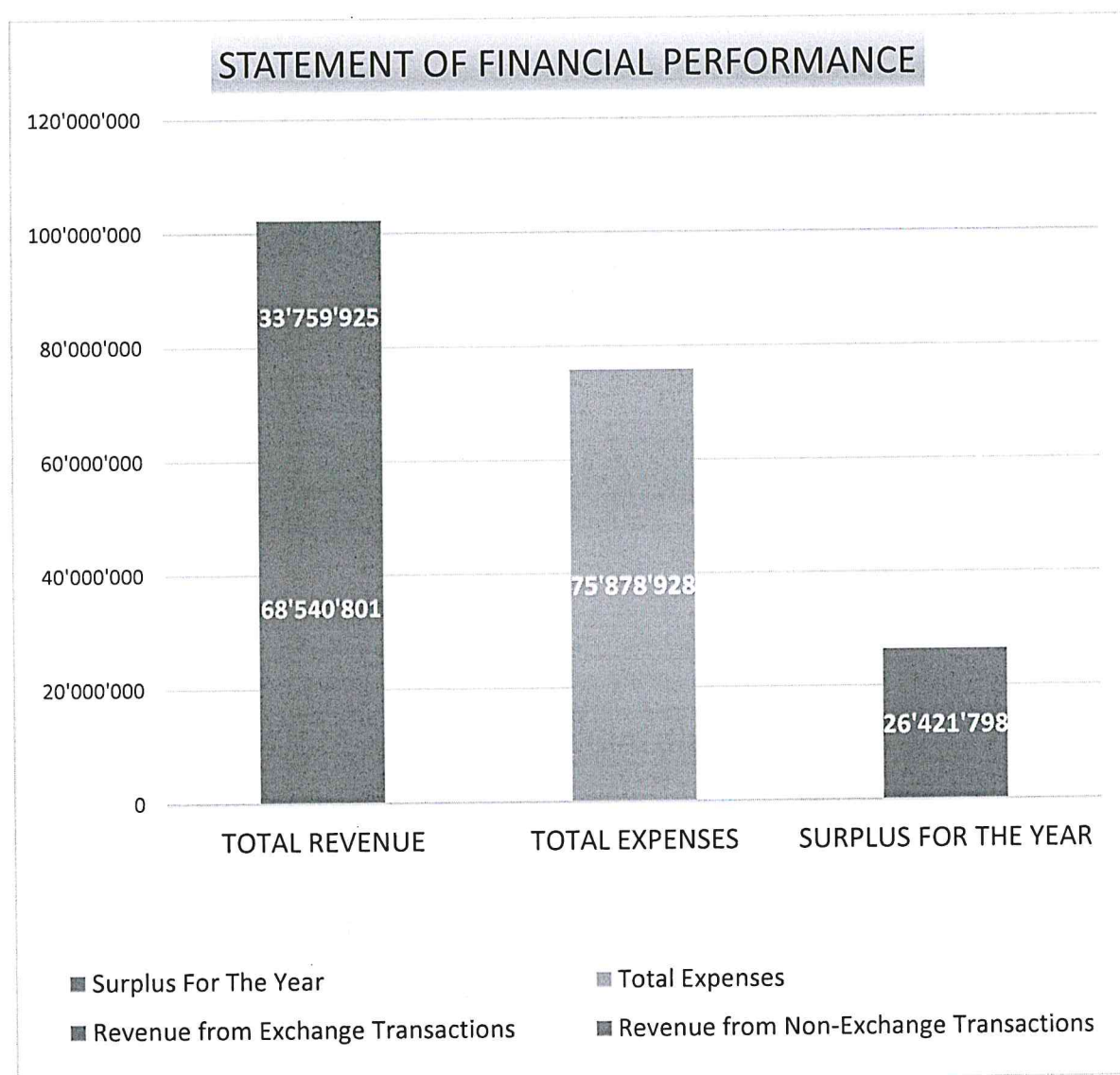
b) Operational and Financial Performance of KISEB

As at 30th June 2022 the Board's assets had grown to Kshs 60,657,051. In the same year KISEB received revenues from CPSP-K registration fees, examinations fees, exemption fees and annual renewal fees totalling Kshs 33,759,925. KISEB also received funds from the exchequer totalling Kshs. 50 million and Kshs. 18,540,801 from KISM.



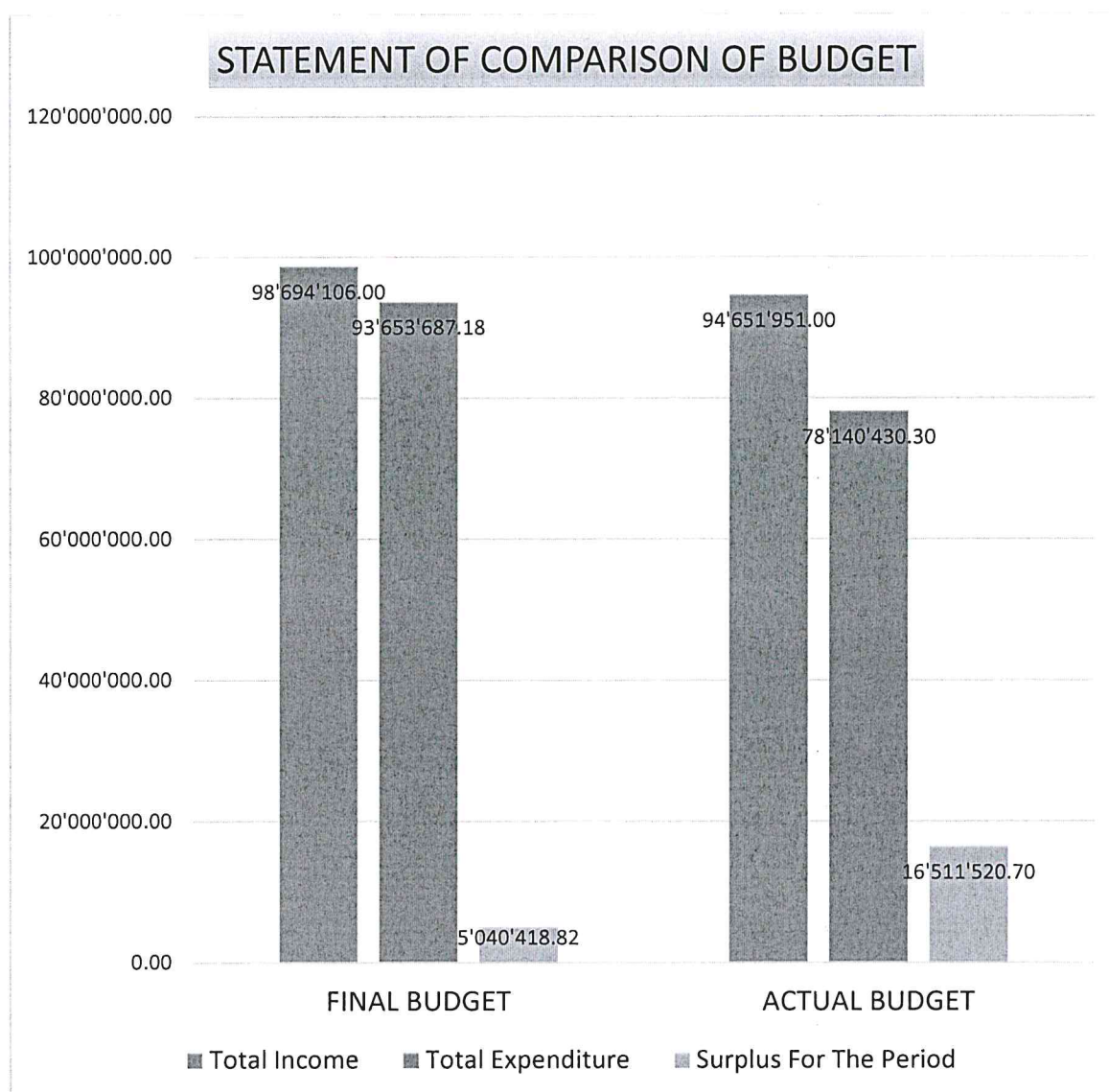
c) Incomes and Expenditure for the period 2021 / 2022

The income received for the FY 2021/2022 is Kshs 102,300,726 and the expenditure is Kshs 75,878,928 thus, achieving an accounting surplus of Kshs 26,421,798.



d) Budget Utilization

The incomes received during the period was Kshs 102,300,726 while the expenditure incurred was Kshs 75,878,928 resulting into a budget surplus of Kshs 26,421,798. Ksh 4,992,750 is deferred income from student fees paid from 19th March to June 30th 2022 for the August Examinations. In line with Section 13(h) of the Supplies Practitioners Management Act 2007, Kshs 10,093,778 for professional development levy has been provisioned. The failure to get approvals to recruit staff slowed the utilisation of the budget. There has been an upward growth in all the activities of the Board.



e) Compliance with statutory requirements

All statutory compliance and requirements have been complied with. KISEB was able to meet its statutory obligations during the year under review remitting Kshs 3,479,020 to the Kenya Revenue Authority in tax payments, Kshs 187,750 to the NHIF and Kshs 14,200 to the NSSF.

f) Key projects and investment decisions being planned/implemented.

KISEB commenced the digitization of all its operations in the 2021/2022 financial year and is working towards the adoption of online examination administration which will be financed through Appropriation in Aid (AIA). In the year under review, KISEB launched the student self-service portal, examiners portal, e-board and staff

portal which are expected to improve efficiency and convenience. The portals are integrated to KISEB ERP Microsoft Dynamic system.

g) Enterprise Risk Management

Risk is the potentiality that expected and unexpected events may have an adverse impact on the achievement of the Board's objectives. Risk management is an integral part of the Board's Strategic management. The Board Audit and Risk Management Committee is responsible for monitoring compliance with the policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Board. This Committee will be operationalised in 2022/23 financial year by recruiting an internal audit on a part-time basis.

Key risks facing KISEB.

KISEB identified several key risks that are likely to impede the implementation of its objectives.

i) Pandemic Risk: The country continued to face the risk of COVID -19 pandemic that affected the normal working environment forcing staff to adjust and work from home. The clients were not able to receive service on a face-to-face interaction. This impeded on the timely achievement of the Board's strategic objectives. The mitigation measures that have been put in place involve; Re-engineering of workflow processes, enhanced automation of core business operations, Review of Human Resources Policies and procedures, maintaining a clean and conducive working environment, strengthening the safety & security for staff, clients and service providers, staff training on safety and security matters and implementation of both the corporate safety and security policy and Occupational Safety & Health Act (OSHA).

ii) Operational Risks: The Board receives volumes of records, documents and information from the students' other stakeholders during its operations. Clients' records and information need to always be maintained with utmost care. The mitigation measures that have been put in place to safeguard these records, documents and information under the custody of the Board include; automation of the key processes for improved archiving, storage and retrieval, acquisition of adequate secure and convenient storage facilities and office space, and consistent adherence to the principles of good records management

iii) Technology Risk: The increased leveraging on technology exposes the Board to increased cyber risk. To mitigate on the risks, the staff are connected through secure channels.

iv) Liquidity Risk: The Board's main source of funds is the examinations fees and Exchequer. The quarterly allocation that the Board has been receiving from the Exchequer are not disbursed in timely manner. The mitigation measures that the Board has put in place include; prudent financial management, implementing cost management strategies and collaboration with strategic partners.

v) Reputational Risk: The Board's reputation is an invaluable and fragile asset that is broad and far reaching and includes image, goodwill, and brand equity. Reputational risk management supports value creation and seeks to deal effectively with potential future events that create uncertainty. The mitigation strategies that have been put in place include; an endeavour by the Board to have a clear understanding of the its mandate amongst the internal and external stakeholders, development of service charter and sharing it with all the stakeholders, rebranding, implementation of customer feedback, signing of MOU's with strategic stakeholders, communicating and enforcing the Board's code of conduct and ethics, and, developing and implementing the anti- corruption and whistle blowing policy.

vi) Strategic Risk: This is the current and prospective impact on revenues arising from adverse business decisions, or improper implementation of decisions. This risk is a function of the compatibility of Board's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. The Board faces several strategic risks from its environment which include: macro-economic changes, technological changes, key legislative and regulatory changes, major political events, human capital or social/demographic trends and changes.

The Board of Directors, with support of the Chief Executive Officer and Senior Management team, developed a five-year strategic plan to give direction to KISEB. The implementation of the strategic plan will be reviewed on a quarterly basis.

vii) Governance Risks: The risk mitigation measures on this risk include signing of the Board charter, strategic leadership and management training programs,

Professional trainings for various professionals within the Board; and, Board of Directors training on Corporate Governance and Risk Management.

h) Material arrears in statutory/financial obligations

The Board has no outstanding arrears and will continue planning its activities in a prudent manner to avoid pending bills.

i) The entity's financial probity and serious governance issues

The Board has no financial impropriety reported by either the internal or external auditor. The governance structures put in place continue to be enhanced to ensure any area that may be prone to exposure is addressed promptly.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

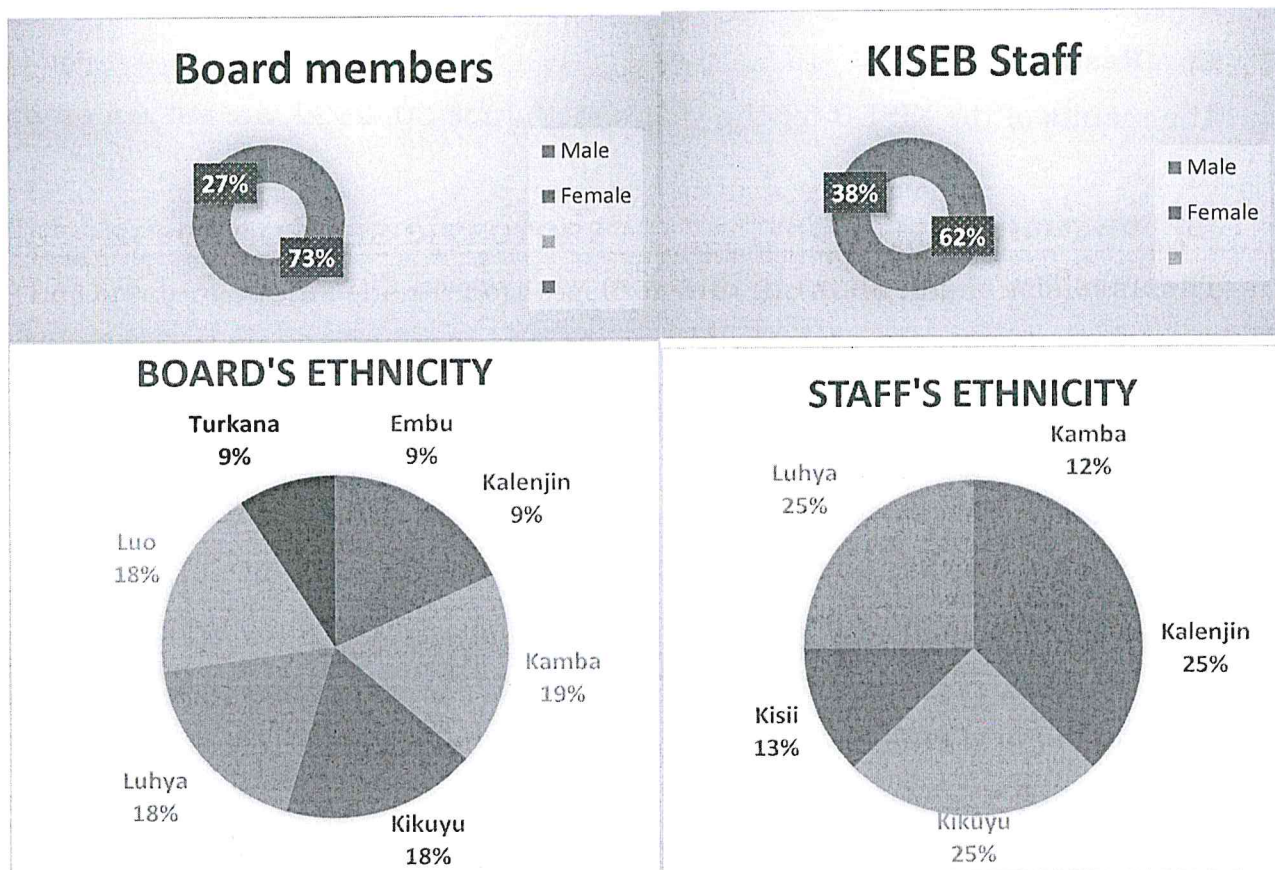
As the professional certification body in Kenya, KISEB remains committed to empowering the dreams of young professionals by sponsoring those dreams. In addition, KISEB takes part in the Corporate Social Investment (CSI) activities. During the year under review, KISEB sponsored supply chain associations in universities and colleges. KISEB gave awards to top supply chain students at Cooperative University, KCA University and JKUAT.

Employee Welfare

As at 30 June 2022, there were eleven (11) Non- executive Board members, one (1) senior management and seven (7) staff members. Out of the eight staff members, 62.5% were on permanent and pensionable terms and 37.5% were on fixed term contract.

KISEB recognizes the need to create a conducive work environment that enables all employees to experience the best work life balance and reach their maximum potential. As a way of enhancing employee's engagement, KISEB conducts several programs such team building, training and coaching celebration of staff birthdays, CEO round table deliberations with staff to drive involvement and participation. To enable staff, share their views and suggestion, the Board has put in place an online record of innovative ideas from employees.

Diversity of KISEB



10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the *KISEB's* affairs.

i) Principal activities

The principal activities of the KISEB are stipulated in the Supplies Practitioners Management Act 2007. The objective and the purpose for which Board was established is “to prescribe and regulate syllabuses of instruction for professional supplies certification for persons seeking registration as supplies practitioners”

Our Vision

The authoritative examination and certification body in supply chain management.

Our Mission

To provide the best-in-class research, certification, and career development in supply chain management for sustainable development.

Our Core values

Integrity, Credibility, Engaging, Future-oriented, Professionalism, Accountability.

ii) Results

The results of the KISEB for the year ended June 30, 2022, are set out on page 1-5

iii) Directors

The members of the Board of Directors who served during the year are shown on page vii-ix. During the year no director retired/ resigned and no new directors were appointed.

iv) Surplus remission

KISEB is not categorized as a regulatory entity and hence no remittance to the Consolidated Fund is due for the period.

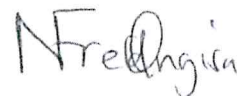
v) Auditors

The Auditor General is responsible for the statutory audit of the *KISEB* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *KISEB* for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Name Dr. Fred Ongisa

Signature



Secretary to the Board

11. **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the *State Corporations Act*, -Section 27 of *Supplies Practitioners Management Act, 2007* (require the Directors to prepare financial statements in respect of that *KISEB*, which give a true and fair view of the state of affairs of the *KISEB* at the end of the financial year/period and the operating results of the *KISEB* for that year/period. The Directors are also required to ensure that *KISEB* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *KISEB*. The Directors are also responsible for safeguarding the assets of the *KISEB*. The Directors are responsible for the preparation and presentation of the *KISEB*'s financial statements, which give a true and fair view of the state of affairs of the *KISEB* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *KISEB*; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the *KISEB*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *KISEB*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the *State Corporations Act*) the *Supplies Practitioners Management Act 2007*. The Directors are of the opinion that the *KISEB*'s financial statements give a true and fair view of the state of *KISEB*'s transactions during the financial year ended June 30, 2022, and of the *KISEB*'s financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the *KISEB*, which have been relied upon in the preparation of the

KISEB's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the *KISEB* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

KISEB's financial statements were approved by the Board on 24th February 2023 and signed on its behalf by:



Dr Wasike W. Walubengo
Chairman of the Board



Fred Ongisa, PhD, CP3P
Chief Executive Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF SUPPLIES EXAMINATION BOARD FOR THE EIGHTEEN (18) MONTHS PERIOD ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Institute of Supplies Examination Board set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2022, and statement of financial performance,

Report of the Auditor-General on Kenya Institute of Supplies Examination Board for the eighteen (18) months period ended 30 June, 2022

statement of cash flows, statement of changes in net assets, statement of comparison of budget and actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, the financial position of the Kenya Institute of Supplies Examination Board as at 30 June, 2022, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Public Finance Management Act, 2012 and the Supplies Practitioners Management Act, 2007.

Basis for Conclusion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of an Internal Audit Function and Meetings by Audit Committee

As previously reported, review of the internal control systems revealed that the Board did not have an Internal Audit Unit to perform risk assessment and evaluate operational effectiveness through in-depth analysis of Management operations and internal controls of the Board. Further, as revealed in the financial statements, the Audit and Risk Management Committee did not meet during the year under review.

In the circumstances, the Board might not have had oversight in safeguarding public resources under its control.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 March, 2023

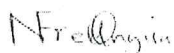
**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE 18 MONTHS
PERIOD ENDED 30 JUNE 2022**

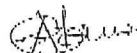
Description	Notes	January 2021- June 2022	2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Government grants	6	50,000,000	11,121,775
Other grant	6(a)	18,540,801	-
		68,540,801	11,121,775
Revenue from exchange transactions			
Fees	7	33,759,925	11,927,450
Total revenue		102,300,726	23,049,225
Expenses			
Use of goods and services	8	44,403,768	4,128,188
Employee costs	9	18,781,998	4,551,087
Board expenses	10	11,738,733	1,430,644
Depreciation expense	11	954,429	-
Total expenses		75,878,928	10,109,919
Share of Fees _SPMA 13(h)		-	3,578,235
Surplus before tax		26,421,798	9,361,071

The notes set out on pages 7 to 24 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Name: Dr. Fred Ongisa Name: Ms. Abigael Chesir Name: Dr. Wasike Walubengo







Date: 24th February 2023

Date: 24th February 2023

Date: 24th February 2023


14. **STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

Description	Notes	January 2021-June 2022	2020
		Ksh	Ksh
Assets			
Current Assets			
Cash and cash equivalents	12	40,294,309	-
Accounts receivables	13	735,282	-
Receivables from non-exchange transactions			
Inventories	14	661,111	
Funds Due from KISM	15	9,361,071	9,361,071
Total Current Assets		51,051,773	9,361,071
Non-Current Assets			
Property, plant and equipment	16	4,805,278	9,361,071
Intangible assets	17	4,800,000	-
Total Non- Current Assets		9,605,278	9,361,071
Total Assets		60,657,051	9,361,071
Liabilities			
Current Liabilities			
Trade and other payables	18	17,519,808	-
Total Liabilities		17,519,808	-
Net assets			
Reserves	19	7,354,374	9,361,071
Accumulated surplus		35,782,869	-
Total Net Assets		43,137,243	
Total Net Assets and Liabilities		60,657,051	9,361,071

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Name:

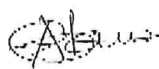
Dr. Fred Ongisa



Date: 24th February 2023

Name:

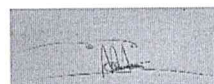
Ms. Abigail Chesir



Date: 24th February 2023

Name:

Dr. Wasike Walubengo



Date: 24th February 2023

**15.STATEMENT OF CHANGES IN NET ASSETS FOR THE 18 MONTHS
PERIOD ENDED 30TH JUNE 2022**

Description	Notes	Retained earnings	Reserves	Total
		Kshs	Kshs	Kshs
As at July 1, 2020		-	-	-
Surplus for the year		9,361,071	-	9,361,071
As at June 30, 2021		9,361,071	-	9,361,071
As at July 1, 2021		9,361,071	-	9,361,071
Surplus for the year		26,421,798	7,354,374	33,776,172
As at 30th June 2022		35,782,869	7,354,374	43,137,243

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Name:

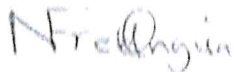
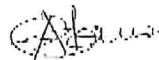

Dr. Fred Ongisa

Name:

Ms. Abigael Chesir

Name:

Dr. Wasike Walubengo

Date:24th February 2023

Date: 24th February 2023

Date:24thFebruary 2023

**16. STATEMENT OF CASH FLOWS FOR THE 18 MONTHS PERIOD ENDED
30 JUNE 2022**

Description		January 2021- June 2022	2020
	Notes	Kshs	
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	68,540,801	11,121,775
Fees	7	33,759,925	11,927,450
Total Receipts		102,300,726	23,049,225
Payments			
Use of goods and services	8(a)	28,280,353	4,128,188
Employee costs	9	18,781,998	4,551,087
Board expenses	10	11,738,733	1,430,644
Share of Fees _SPMA 13(h)			3,578,235
Total Payments		58,801,084	13,688,154
Net cash flows from/ (used in) operating activities		43,499,642	9,361,071
Cash flows from investing activities			
Purchase of property, plant, equipment	15(b)	(3,205,333)	-
Net cash flows from/ (used in) investing activities		(3,205,333)	-
Cash flows from financing activities			
Increase in capital funds			-
Net cash flows from / (used in) financing activities			
Net increase/(decrease) in cash and cash equivalents		40,294,309	-
Cash and cash equivalents at Beginning		-	-
Cash and cash equivalents at 30 JUNE		40,294,309	

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE 18 MONTHS
PERIOD ENDED 30 JUNE 2022**

	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	
	a	b	c=a-b	d=b/a
Revenue				
Transfers from other governments entities	62,500,000	50,000,000	12,500,000	80
Other grants	-	18,540,801	(18,540,801)	-
Other income (examination income)	36,194,106	33,759,925	2,434,181	93
Total income	98,694,106	102,300,726	(3,606,620)	
Expenses				
Use of goods and services	50,714,641	44,403,768	6,310,873	88
Employee costs	16,239,047	18,781,998	(2,542,951)	116
Board expenses	9,750,000	11,738,733	(1,988,733)	120
PPE	8,950,000	5,759,707	3,190,294	64
Intangible assets	8,000,000	4,800,000	3,200,000	60
Total expenditure	93,653,688	85,484,206	8,169,482	
Surplus for the period	5,040,418	16,816,520	(11,776,102)	-

Budget note

1. Prior to full operationalisation of the Board, the operations of KISEB were supported through the grant appropriated to KISM. The grant was expected to support operations including some of the payroll expenditures and Board allowances for the Board for a period up-to June 2021. The support returns are pending from the Institute to the level and extent of the expenditures appropriated from grants.
2. Use of goods and services, this is explained by business level
3. PPE spend was donor funded together with A-I-A but did not acquire all the assets planned. The same is to be provided for in the succeeding period
4. Intangible assets the ERP is a multi-period and so by the end of the period only a proportion of the milestones had been realised.
5. There were no reallocations made in the period ended 30th June 2022
6. Budget is not cash basis. The Board elected the IPSAS accrual which lays the basis for treatment of both the planned expenditure and actual expenditure.
7. The over expenditure in board expenses of Ksh (1,988,733) and employee costs of Ksh ((2,542,951) were incurred by KISM on behalf of KISEB which was not included in the budget.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

KISEB is established by and derives its authority and accountability from Supplies Practitioners Management Act. The KISEB is wholly owned by the Government of Kenya and is domiciled in Kenya. The KISEB's principal activity is to prescribe and regulate syllabuses of instruction for professional supplies certification for persons seeking registration as supplies practitioners.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the KISEB.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act the Supplies Practitioners Management Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented

3. Adoption of New and Revised Standards

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an KISEB's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an KISEB's risk management strategy and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting KISEB provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the KISEB;</p>

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the KISEB's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. **Early adoption of standards**

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

KISEB recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when

it is probable that the future economic benefits or service potential associated with the asset will flow to the KISEB and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the KISEB and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

KISEB recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Summary of Significant Accounting Policies

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the KISEB.

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the Board on 16/09/2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the KISEB upon receiving the respective approvals in order to conclude the final budget.

Summary of Significant Accounting Policies

KISEB budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the KISEB recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite

e) Impairment of financial assets

KISEB assesses at each reporting date whether there is objective evidence that a financial asset or an KISEB of financial assets is impaired. A financial asset or a KISEB of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the KISEB of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an KISEB of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

f) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The KISEB determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

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

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

h) Provisions

Provisions are recognized when KISEB has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where KISEB expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Nature and purpose of reserves

KISEB creates and maintains reserves in terms of specific requirements.

j) Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plan

KISEB provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an KISEB pays fixed contributions into a separate KISEB (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

l) Related parties

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

m) Service concession arrangements

KISEB analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the KISEB recognizes that asset when, and only when, it controls or regulates the

services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the KISEB also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of KISEB's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made: e.g.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. KISEB based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the KISEB. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

Useful lives and residual values

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

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

6. Transfers from Other Government Entities

Description	January 2021-June 2022	2020
	Kshs	Kshs
Unconditional grants		
Grants from National Treasury	50,000,000	11,121,775
Other Grants	18,540,801	-
Total government grants and subsidies	68,540,801	11,121,775

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

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers January 2021- June 2022	Prior year 2020
	Kshs	Kshs	Kshs	Kshs	Kshs
National Treasury	50,000,000	-	7,354,374	57,354,374	-
KISM	18,540,801	-	-	18,540,801	-
Total	68,640,801	-	7,354,374	75,995,175	-

The 18,540,801.07 is the amount which KISM catered for on behalf of KISEB.

7. Fees

Description	January 2021-June 2022	2020
	Kshs	Kshs
APS-K Examination Fees	93,000	-
CPSP-K Examination Fees	21,836,100	11,927,450
APS-K Registration Fees	90,500	-
CPSP-K Registration Fees	4,991,500	--
Annual Renewal Fees	2,200,100	
Re-Instatement Fees	11,000	-
Exemption Fees	4,535,250	-
Deferral Fees	2,475	-
Total	33,759,925	11,927,450

7. (a) Cash flows on Fees Revenues

Description	January 2021-June 2022	2020
	Kshs	Kshs
Fees	33,759,925	11,927,450
Account receivables	735,282	-
Total cash from fees	34,495,207	11,927,450

8. Use of Goods and Services

Description	January 2021-June 2022	2020
	Kshs	Kshs
Internet	128,104	-

Local Travel	408,553	-
Conferences and Workshops	1,640,520	-
Professional Subscription	54,069	-
Professional levy	10,093,778	-
Telephone Expenses	17,000	-
Postages Expenses	49,975	-
Car Hire / Taxi	28,500	-
Publicity and Advertisement Expenses	3,249,911	700,150
Newspapers and Periodicals	320,508	-
Bank Charges	171,344	-
Consultancy General Expenses	775,000	-
Printing and Stationeries Expenses	2,590,832	620,984
Occupational Audit Expenses	88,400	-
Miscellaneous Expenses	165,020	-
Office Expenses	1,318,596	223,554
Printing of Syllabus Expenses	22,600	-
Marketing & PR Expenses	729,449	79,000
Other Levies	317,238	-
Examination Setters Expenses	4,819,877	-
Examination Markers Expenses	4,892,630	-
Examination Moderators Expenses	5,083,504	-
Content Writer Expenses	2,660,000	-
Printing Examination Expenses	527,665	-
Exam Administration Expense	2,598,300	2,484,500
Printing Certificate Expenses	1,155,678	-
Curriculum Expenses	156,717	-
Other Expenses	290,000	20,000
Repairs and maintenance	50,000	-
Total	44,403,768	4,128,188

8 (a) Cash flows on use of goods and services

Description	January 2021-June 2022	2020
	Kshs	Kshs
Use of goods and services	(44,403,768)	-
Inventories	(661,111)	-
Receivables	(735,282)	-
Trade and other payables	17,519,808	-
Total	(28,280,353)	-

9. Employee costs

Description	January 2021-June 2022	2020
	Kshs	Kshs
Basic Salary	14,988,395	4,307,077
Acting Allowance	341,250	-
NSSF Employer Contribution	17,000	-
Pension Employer Contribution	214,283	244,010
Staff Subsistence Allowance	548,500	
Other Allowances	831,173	
Staff Welfare Expenses	591,914	
Staff Medical and Group Life	1,249,483	
Total	18,781,998	4,551,087

10. Board Expenses

Description	January 2021-June 2022	2020
	Kshs	Kshs
Board Members Training	698,528	-
Board Members Local Travel	619,120	-
Board Members Welfare Expenses	56,110	-
Board Members Conferences	529,350	-
Board Members Accommodation	3,914,650	-
Board Members Other Related Expenses	2,168,334	-
Sitting Allowance	2,880,000	910,000
Honoraria	640,000	-
Mileage	192,641	-
Telephone Allowance	40,000	-
Total	11,738,733	910,000

11. Depreciation Expenses

Description	January 2021-June 2022	2020
	Kshs	Kshs
Computer and Hardware	817,120	-
Office Printer	121,250	-
Furniture and Fittings	4,884	-
Office Equipment	11,175	-
Total	954,429	-

12. Cash and Cash Equivalents

Description	January 2021-June 2022	2020
	Kshs	Kshs
National Bank Current Account	31,350,370	-
National Bank Account	112,068	-
M-Pesa Paybill Account	8,831,871	-
Total cash and cash equivalents	40,294,309	-

13. Receivables

Description	January 2021-June 2022	2020
	Kshs	KShs
Fees Receivable	735,282	-
Total Accounts receivables	735,282	-

14. Inventories

Description	January 2021-June 2022	2020
	KShs	KShs
Consumables stores	661,111	-
Total	661,111	-

15. Funds Due from KISM

The 9,361,071 are funds for the FY 2020 which were not received by KISEB from KISM.

16. Property, Plant and Equipment

Description	January 2021-June 2022	2020
	KShs	KShs
Furniture & Fittings Cost	468,863	-
Office Equipment Cost	1,061,592	-
Computer and Hardware Cost	2,915,956	-
Office Printers	363,750	-
Total	4,805,277	-

(a) Property, Plant and Equipment Schedule

	Furniture and fittings	Computers and hardware	Office Equipment	Office Printers	Total
Rate	12.5%	30%	12.5%	30%	
Cost	Shs	Shs	Shs	Shs	Shs
As at 1 January 2021	-	-	-	-	-
Additions	468,863	3,733,076	1,072,767	485,000	5,759,707
Disposals	-	-	-	-	-
Depreciation					
Depreciation and impairment	4,884	817,120	11,175	121,250	(954,429)
Net Book Value	463,979	2,915,956	1,061,592	363,750	4,805,277

(b) Cash flows on Purchase of Property plant and equipment

Description	January 2021-June 2022	2020
	Kshs	Kshs
PPE	5,759,707	-
Intangible Assets	4,800,000	-
Asset Donated / purchased by 3 rd parties	(7,354,374)	-
Total cash on PPE acquisitions	3,205,333	-

17.Intangible Assets

Description	January 2021-June 2022	2020
	Kshs	Kshs
Cost		
At beginning of the year	-	-
Additions	4,800,000	-
At end of the year	4,800,000	-

18.Trade and Other Payables

Description	January 2021-June 2022	2020
	Kshs	Kshs
Trade payables	12,003,870	-
Withholding tax payable	523,188	-
Deferred income	4,992,750	-
Total	17,519,808	-

19.Reserves

Description	January 2021-June 2022	2020
	Kshs	Kshs
Asset grants	7,354,374	-
Total	7,354,374	-

20.Cash Generated from Operations

	January 2021-June 2022	2020
	Kshs	
Cash flows from operating activities		
Surplus for the year		-
Surplus before working capital changes	26,421,798	-
Adjust for depreciation	954,429	
Increase/Decrease in receivables	(735,282)	-
Increase/Decrease in payables	17,519,808	-
Increase/Decrease in inventories	(661,111)	-
Net cash flows from operating activities	43,499,643	-

• **Financial Risk Management**

KISEB activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The KISEB's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. KISEB does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The KISEB's financial risk management objectives and policies are detailed below:

i) Credit risk

KISEB has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the KISEB's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the KISEB's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2022				
Receivables from exchange transactions	735,282	735,282	-	-
Bank balances	40,294,309	40,294,309	-	-
Total	41,029,591	41,029,591	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the KISEB has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. KISEB has no significant concentration of credit risk so far.

The board of directors sets the KISEB's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the KISEB's directors, who have built an appropriate liquidity risk management framework for the management of the KISEB's short, medium and long-term funding and liquidity management requirements. The KISEB manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the KISEB under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Trade payables	-	-	-	17,519,808
Total	-	-	-	17,519,808

Financial Risk Management

iii) Market risk

KISEB has put in place an internal audit function to assist it in assessing the risk faced by KISEB on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the KISEB's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The KISEB's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the KISEB's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

KISEB has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

Financial Risk Management

There were no carrying amounts of the KISEB's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

b) Interest rate risk

Interest rate risk is the risk that the KISEB's financial condition may be adversely affected as a result of changes in interest rate levels. The KISEB's interest rate risk arises from bank deposits. This exposes the KISEB to cash flow interest rate risk. The interest rate risk exposure in the period under review was not realized or recognized since KISEB did not have any interest earning deposits invested.

Management of interest rate risk

To manage the interest rate risk, management intends to bank with institutions that offer favourable interest rates.

Sensitivity analysis

In the event the Board faces interest risk, KISEB shall its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the KISEB's market assumptions. KISEB had no financial and non-financial instruments recorded at fair value in the period under review

iv) Capital Risk Management

The objective of the KISEB's capital risk management is to safeguard the KISEB's ability to continue as a going concern. The KISEB capital structure comprises of the following funds:

	January 2021-June 2022
	Kshs
Retained earnings	26,421,798
Capital reserve	7,354,374
Total funds	33,776,172
Total Borrowings	NIL
Gearing	NIL

15. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the KISEB include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of KISEB, holding 100% of the *KISEB's* equity interest.

Other related parties include:

- i) The Parent Ministry;(National Treasury)
- ii) KISM (Kenya Institute of Supplies Management)
- iii) KISEB Board;

Surplus Remission

KISEB is not categorized as a regulatory entity and hence no remittance to the Consolidated Fund is due for the period.

Events after the Reporting Period

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

Ultimate and Holding KISEB

KISEB is a Semi- Autonomous Government Agency under the Ministry of National Treasury and Planning. Its ultimate parent is the Government of Kenya.

Currency

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

Change of Financial Reporting Period

The financial statement used by KISEB is a longer period of 18 months i.e from January 2021 to 30th June 2022.

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

This is the inception report for KISEB and as such there are no carry over unresolved audit issues/recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Catering services amount to 223,554	All expenditures have been explained and supported.	Resolved	NIL
2	Non-compliance with Financial Reporting Standards and Guidelines	KISEB has used the recommended financial reporting guidelines issued by.	Resolved	
3	Late submission of financial statements 2021/2022	The management submitted the financial statements on 28 th September 2022 to OAG, The National Treasury and Controller of Budget	Resolved	
4	Lack of internal audit function	KISEB has written to the National Treasury to second an internal auditor. KISEB has also requested the ministry to approve the HR instruments to enable it recruit an internal auditor.	Not Resolved	Ongoing

Chief Executive Officer

Date.....

APPENDIX II: PROJECTS IMPLEMENTED BY KISEB

Projects implemented by KISEB Funded by development partners and/ or the Government were not there in the period under review.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Nil					
2						