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REPORT

OF

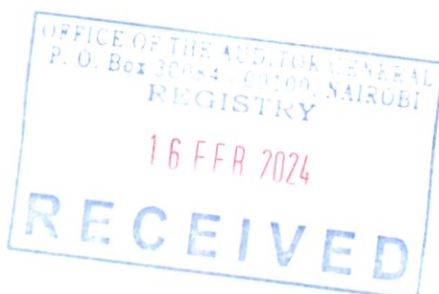
THE AUDITOR-GENERAL

ON

**HUMAN RESOURCE MANAGEMENT
PROFESSIONALS EXAMINATIONS
BOARD**

**FOR THE YEAR ENDED
30 JUNE, 2023**





HUMAN RESOURCE MANAGEMENT PROFESSIONALS EXAMINATIONS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

**HUMAN RESOURCE MANAGEMENT
PROFESSIONALS EXAMINATIONS BOARD
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For the year ended June 30, 2023**

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
HRMPEB	Human Resource Management Professionals Examinations Board
HR	Human Resource
CS	Company Secretary
CEO	Chief Executive Officer
CHRP	Certified Human Resource Professional
ICT	Information Communication Technology
HQS	Headquarters
SCAC	State Corporations Advisory Committee

B: Glossary of Terms

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

Comparative Year- Means the prior period

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2 KEY ENTITY INFORMATION AND MANAGEMENT

a. Establishment of the Entity

Established under Section 16 of the Human Resource Management Professionals (HRMP) Act No. 52 of 2012, the Human Resource Management Professionals Examinations Board (HRMPEB) is mandated to certify HR professionals in Kenya. The Board of Directors composition for examinations board consist of four persons who shall be qualified human resource professionals nominated by the Council, one of whom shall be appointed by the Council from amongst the members of the Institute as Chairperson of the Board; two persons nominated by the Cabinet Secretary of the Ministry for the time being responsible for education, one of whom shall be from Kenya Institute of Education and one from the Kenya National Examination Council; the Director of Personnel Management or a representative designated in writing by the Director of Personnel Management; one person nominated by the Commission for Higher Education; and one person nominated by the Attorney General.

b. Principal Activities

The principal activities are prescribe and regulate syllabuses of instruction for human resource management professionals' examinations; prepare and conduct examinations for persons seeking registration under the Act; make rules with respect to examinations; prescribe the fees and other charges payable with respect to such examinations; issue certificates to candidates who have satisfied examination requirements; make rules with respect to examinations; issue professional qualifying certificates and other awards to candidates who have satisfied examination requirements; investigate and determine cases involving indiscipline by students registered with the Examination Board; promote recognition of its examinations locally and internationally; do anything incidental or conducive to the performance of any of the preceding functions.

c. Key Management

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

Board of Directors

1. CS Sharon Kisire
2. CHRP Nicholas Kanisa
3. Samwel Kaumba
4. Jacob Omulo
5. Dr. Gladys Asuga
6. Prof. Hazel Gachunga
7. Emmanuel Mulwa
8. Mohamed Abdi
9. CHRP Margaret Nguu

Accounting officer/ CEO

Management

1. CHRP Margaret Nguu
2. Dr Jane Nguu
3. Masinde Luke,
4. George Nyakundi,
5. Mrs. Rebeccah Mureithi
6. Geoffrey Nyakwara,
7. CPA Leonard Korir
8. CPA Elizabeth Kimeu
9. James Sikuku
10. Laureen Aseka
11. Beatrice Odera

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d. Fiduciary Management

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

- | | |
|--|-----------------------|
| i. Ag. Chief Executive Officer | CHRP Margaret Nguu |
| ii. Manager, Test Development | CHRP Margaret Nguu |
| iii. Ag. Manager Examinations Administration | CHRP Margaret Nguu |
| iv. Principal Test Development Officer | Masinde Luke, |
| v. Principal ICT Officer | George Nyakundi, |
| vi. Senior Human Resource & Admin Officer | Mrs. Rebecca Mureithi |
| vii. Senior Planning and Strategy Officer | Geoffrey Nyakwara, |
| viii. Senior Accountant | CPA Leonard Korir |
| ix. Internal Auditor | CPA Elizabeth Kimeu |
| x. Supply Chain Management Officer | James Sikuku |
| xi. Corporate Communication | Laureen Aseka |
| xii. Quality Assurance and Accreditation Officer | Beatrice Odera |

e. Fiduciary Oversight Arrangements

The Board of Directors has formed an independent Audit Committee to oversee the management of HRMPEB and ensure compliance with relevant laws and regulations. The main function of the audit committee is supporting the Accounting Officer with regard to their responsibilities for issues of risk, control and governance and associated assurance but the responsibility over the management of risk, control and governance processes remains with the management of the concerned entity; and follow up on the implementation of the recommendations of internal and external auditors.

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f. Headquarters

Mwalimu Towers 1st Floor
Hill Lane, Off Mara Road – Upper hill
P.O. Box 23733-00100
NAIROBI, KENYA

g. Contacts

Telephone: (254) 799016630/0710 560 560
Email: info@hrmpeb.or.ke
Website: www.hrmpeb.or.ke

h.

1. NCBA Bank Kenya PLC Upper Hill
P.O. Box 44599-00100
Nairobi, Kenya
2. Kenya Commercial Bank Capital Hill
P.O. Box 46360-00100
Nairobi, Kenya

i. Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O.Box 30084-00100
Nairobi, Kenya

j Principal Legal Advisor

The Attorney General
State Law Office
Harambee Avenue
P.O.Box 40112-00200
Nairobi, Kenya

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3. THE BOARD OF DIRECTORS

CS Sharon Kisire- Chairperson



Commissioner C.S. Sharon Kisire FIHRM, HSC holds a Bachelor's Degree and a Master's degree in Sociology. She is an ongoing doctorate student. She is a Certified Public Secretary (CPS-K) and the chief examiner for KASNEB, CPS examinations. She has authored several HR and motivational books.

Commissioner C.S. Sharon Kisire is an experienced Organizational behaviour and HR Professional with a wealth of knowledge and experience in all aspects of Organizational management.

C.S Sharon holds several awards on Excellency in Human Capital Management. Sharon started her HR career at Mater Hospital as Deputy HR Manager and later transited to National Oil Corporation (NOCK) in the position of HR & Administration Manager. From there she moved on to Kenya Wildlife Service (KWS) in the position of Director, Human Capital.

Her last employment was with Safaricom as Director Resources from where she left to run her consultancy firm offering Human Resources solutions.

Mr. Nicholas Kanisa- Board Member



Mr. Kanisa earned his MSc in HRM degree from JKUAT, BSc. in HRM degree from Moi University, HND in HRM from Cambridge, Dip. In HRM from Moi University and is a serious Practicing Member of Institute of Human Resource Management in good standing. He is currently serving as Principal Human Resource Officer with Teachers Service Commission at TSC HQS and previously served since 2008 as Sub County HR Officer in these sub counties; Trans Nzoia East, Kwanza and Central Pokot.

Mr. Kanisa is also a director in charge of Training and Advocacy in TEVIRA (Television and Radio listeners Association of Kenya) a not for profit media consumer protection body. Member, Kenya Red Cross and he have also worked for Madison Insurance Company Limited in Sales and Rona Insurance Agency as Marketing Manager.

Mr. Nicholas Kanisa is an independent director representing the Institute of Human Resource Management (IHRM). He also the chair of the Finance, HR, and Strategy Committee of HRMPEB.

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THE BOARD OF DIRECTORS (Continued)



Mr. Samwel Kaumba- Board Member

Mr. Samwel Odiwuor Kaumba is an Advocate of the High Court of Kenya with over 12 years' experience in the practice of law in Kenya, regionally and internationally. Mr. Kaumba holds LLB (Hons) from the University of Nairobi and MPPA from Kenyatta University. He currently serves as a Senior State Counsel in the Office of the Attorney-General and Department of Justice.

His key areas of practice and application of law include: Constitutional and Administrative Law; Commercial Litigation and Arbitration; Public Law and Governance; Public Procurement Law, Public Private Partnerships; Regulatory compliance; Government related transactions advice; Bilateral and Multi-lateral agreements; Negotiating and drafting of regional integration instruments; and consideration of project implementation arrangements.

Mr. Samwel Kaumba is an independent director appointed by the office of the Attorney General. He is a member of the Audit and Risk committee of HRMPEB.



Prof. Hazel Gachunga- Board Member

Prof. Hazel Gachunga is specialized in Human Resource, Performance Management, Organizational Behaviour and Change Management. She teaches and consults extensively both nationally and internationally in the areas listed and especially change management. Prof Hazel Gachunga has been appointed as a visiting lecturer at the University of Western Australia and the Strathmore University Business School.

Prof Hazel is a holder of a split site Doctorate in Business Administration from the University of Nairobi/University of Sheffield and has undertaken the International Faculty Development Programme at the IESE Business School in Spain. She has also conducted extensive research and published in the areas of organizational change, performance management, work life balance, organizational justice, organizational commitment, organizational politics and leadership from the University of Sheffield, United Kingdom.

Hazel has been a lead consultant in the evaluation of companies for the Company of Year Awards (COYA/OPI) hosted by the Kenya Institute of Management. This has given her a wealth of exposure on leadership and change dynamics of winning companies in the East and Central African Region. She has been a key assessor for the Manager of the Year Awards (MOYA) and Chief Executive Officer (CEO) Award.

Prof. Hazel is an independent director appointed by the Institute of Human Resource Management (IHRM). She is the chairperson of the Examinations and Quality Assurance committee of HRMPEB. She is also a member of the Audit and Risk committee of HRMPEB.

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THE BOARD OF DIRECTORS (Continued)



Dr. Gladys Asuga, Ph.D.- Board Member

Dr Asuga is a holder of a PhD in Education leadership from the University of Newcastle in Australia, A Master's degree in Education Studies, A Master's degree in Curriculum Development and a higher Diploma in Human Resource Management. She has attended a number of courses in public service administration organized both locally and internationally. She has also conducted research in the field of leadership development and published a number of papers in international refereed journals.

Dr Gladys Asuga is an experienced organizational design and development human resource professional, a researcher and educationist with a wealth of knowledge in all aspects of strategic organization management and education leadership development. Her aim is to ensure that organizations are properly structured, employ the right balance of staff in terms of skill and experience, and that training and development opportunities are available to staff to enhance their performance and that of the organization.

Having worked in the public service for a number of years providing guidance to public service institutions in the area of public service transformation, Dr Asuga has a wealth of experience in Public Service Administration. Her other interests are in Educational leadership and management and the preparation and professional development of educational leaders.

Dr. Asuga is independent director representing the State Department of Public Service She is a member of HR and Strategy committee of the HRMPEB. She is also a member of the Examinations committee of the HRMPEB.



Mr. Mohamed Abdi- Board Member

CHRP Mohamed Aden is an astute Human Resources Executive with over 14 years of experience. He earned his Master's Degree from the University of Nairobi and a Bachelor's Degree in Business Management from Moi University. He is a Certified Human Resource Professional (CHRP-K) with higher national diploma as well as a diploma in human resource Management.

CHRP Mohamed Aden is currently the Head of Human Resources at Soliton Telmec Limited, a dynamic and reputable telecommunication engineering firm based in Nairobi with branches in Uganda, Rwanda and Djibouti. His expertise is in both operational and strategic talent management practices.

CHRP Mohamed Aden is a certified Human Resource Consultant with a focus on developing organizations, leaders and individuals. He has diverse HR background developed through experience in private companies, various industries and HR positions. A visionary with the unique ability to apply a range of technical and non-technical skills to any HR situation.

Mr. Mohamed Abdi is an independent director nominated by the Institute of Human Resource Management (IHRM). He is the chair of the Audit and Risk committee of the HRMPEB.

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THE BOARD OF DIRECTORS (Continued)



Mr. Emmanuel Mulwa- Board Member

Mr. Emmanuel Mulwa is currently the Head of Human Resource Management and Development at the Kenya Institute of Curriculum Development.

He holds a Master's degree in Human Resource Management (University of Manchester) and a Bachelor's (Honours) Geography and Government from University of Nairobi.

He has had extensive professional training in the field of Human Resource Management. He is a seasoned HR practitioner in the Public Service and a full member of the Institute of Human Resource Management (IHRM).

Mr. Emmanuel Mulwa is an independent director representing the Kenya Institute of Curriculum Development (KICD). He is a member of the HR committee of the HRMPEB.



Mr. Jacob Omulo- Board Member

Jacob Omulo holds a Bachelor's Degree in Education from Egerton University. He is a senior practitioner in Education having taught English as a Second Language at Secondary School level for 15 years and examined the subject at National Level for 8 years. He is widely experienced in Field logistics and Management of examinations.

He is also versed in Governance, having sat in the Boards of various Organizations and Charities in Kenya. He brings to HRMPEB useful experience in Management of Examinations.

Mr. Jacob Omulo is an independent director representing the Kenya National Examinations Council (KNEC). He is a member of the Examinations and Quality Assurance Committee of HRMPEB.

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THE BOARD OF DIRECTORS (Continued)



CHRP Margaret Nguu- Acting CEO

CHRP Margaret Nguu is a Certified Human Resource Management Professional. She holds a Master's in Business Administration from Kenyatta University. She also holds a Bachelor's Degree in Education from the same University in addition to a Higher National Diploma in Human Resource Management examined by Kenya National Examinations Council (KNEC). She is substantively the Manager, Test Development at Human Resource Management Professionals Examinations Board (HRMPEB)

Margaret Nguu is experienced in matters of Examinations having taught and examined Human resource discipline in various colleges and universities for more than 20 years. She has also served as Chief Examiner at HRMPEB and KNEC.

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4. KEY MANAGEMENT TEAM



CHRP Margaret Nguu

**Ag CEO, Ag. Manager Examination Administration, and Manager,
Test Development**

CHRP Margaret Nguu holds MBA (HR), B.Ed., CHRP (K),
IHRM Member and HND-HRM



Mr. Masinde Luke

Principal Test Development Officer

MSc. in Human Resource Management - JKUAT
Bachelor of Education Science KU
Higher National Diploma in Human Resource Management.
Strategic Leadership Development Programme (SLDP) &
Senior Management Course (SMC) from Kenya School of
Government



Mr. George Nyakundi

Principal ICT Officer

PhD in IT Security and Audit (On Going) (Kabarak University)
BSc Computer Science (Periyar University)
MSc Computer Science (Periyar University)
MBA (Strategic Management) (Allagapa University)
CCNA, PMP, MCITP, CISA
Member CSK, 2023.

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KEY MANAGEMENT TEAM



**ChRP Rebecca Mureithi
Senior Human Resource & Admin Officer**

ChRP Rebecca Mureithi holds ChRP (K), IHRM Member, and BHRM Masters (Corporate Management) ongoing KCA University. Membership No.07373



**Geoffrey Nyakwara
Senior Planning and Strategy Officer**

Holds
Masters of Urban Administration and Planning- University of Seoul, South Korea (2021); Masters of Arts, Economics- Mohanlal Sukhadia University, India (2009) Bachelors of Arts, Economics- Mohanlal University, India (2007)



**CPA Leonard Korir
Senior Accountant**

CPA Leonard Korir holds Bachelor of Commerce (Banking and Finance) – Kisii University
He's a CPAK & Member of IIA, Kenya Chapter
MSc in Accounting and Finance (Ongoing) - JKUAT



**CPA Elizabeth Kimeu
Internal Auditor**

CPA Elizabeth Kimeu holds a BBA (Accounting), CPA-K (ICPAK Member No. 15394), MBA (Finance Option- continuing), and CISA Professional member.

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KEY MANAGEMENT TEAM



**Laureen Aseka,
Corporate Communication Officer**

Ms. Laureen Aseka holds a Bachelors in International Relations and Foreign Policy (USIU-Africa). Currently, she is undertaking Masters in Corporate Communication at Daystar University. She is a Member of Public Relations Society of Kenya and an Accredited Journalist with Media Council of Kenya.



**James Sikuku,
Supply Chain Management Officer**

James Sikuku is a licensed Member of KISM
Holds: B.B.M (Purchasing and Supplies Management)-Moi University
Diploma in Supplies Management-KNEC
Senior Management Course -KSG



**Ms. Beatrice Odera
Quality Assurance and Accreditation Officer**

Master's Degree in Economics and Finance (Economics)-
KCA University (2022)
BA in Economics and Mathematics (Economics)-Kenyatta University (2016)

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5. CHAIRPERSON'S REPORT



Introduction

On behalf of the Board of Human Resource Management Professionals Examinations Board (HRMPEB), I am glad to present to our stakeholders the annual report and financial statements for the financial period ended 30 June 2023.

The operations of HRMPEB are governed by the Human Resource Professionals Act, 2012 laws of Kenya, which outlines the mandate of the Examination Board to develop curriculum, conduct examinations and certify Human Resource Professionals.

I wish to thank the secretariat for ensuring that the members of the Board and its committees are provided with adequate resources as well as relevant and timely information to enable them discharge their fiduciary responsibilities and maintain full and effective control over strategic, financial, operational and compliance issues.

Governance

The Board was categorized as a State Corporation with SCAC under Ministry of Public Service, Gender, Citizens and Special programmes. During this financial year, HRMPEB was involved in corporate social responsibility at Ngong Forest and the Komarock School for tree planting exercise.

Corporate Strategic Plan (2020-2025)

The implementation of the 1st Corporate Strategic Plan (2020-2025) commenced on and is in the 4th year of implementation. The strategic plan was anchored on 7 strategic pillars, which are priority objectives which are key enablers to the achievement of the plan. The priority objectives are: Best practice corporate governance, Curriculum Development, Customer focus, Examination Regulation & Certification, Accreditation, Institutional capacity Development Financial sustainability, Recognition of CHRP examinations locally and internationally.

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Projects on Examinations

The Board has implemented the Revised CHRP which has been developed and rolled out in July 2022. The Board has also diversified its products and services by rolling out the CBET Certificate and Diploma in HR courses.

This is in line with the second priority objective of Curriculum Development. The courses have been approved by KNQA and TVETA who are regulating authorities.

The Board has undertaken continuous improvement and Quality assurance to deliver Quality and Credible Examinations that are efficiently administered. In line in achievement of the priority objective 4 of Examination Regulation and Certification

In line with priority objective 6 of institutional capacity Development, the board has invested in the ICT infrastructure, ERP to facilitate exams and finance administration and to achieve convenience for the clients.

Outreach and Publicity

On outreach and publicity, HRMPEB has continued to sensitize the public on the Board's professional brand through various media platforms. HRMPEB has also continued to undertake sensitization of HRMPEB programs to potential students through career talks in universities and colleges.

Way forward

The Board is committed to have the organizational structure filled in line with the strategic plan and in implementation of its policies, to deliver its vision and mission and achieve its objectives.

HRMPEB will leverage on the opportunities presented by Information, Communication and Technology (ICT) to enhance product and service offerings and create value for our customers. Towards this end, digitalization, research and innovation, process re-engineering will be key strategies to be implemented. HRMPEB will continue collaborating with key partners to enhance access and increase the clientele base for online exams.

The Board has committed to have ERP implemented in line with the user requirements to achieve effectiveness and efficiency in its operations and improved service delivery to the customers.

Appreciation

On behalf of the Board, I wish to thank our stakeholders for their confidence in the qualifications of HRMPEB and their continued support. In the same vein, I wish to express my sincere gratitude to the HRMPEB members of staff for their diligence and commitment.

CS Sharon J. Kisire



CHAIRPERSON OF THE BOARD

**13/02/2024
Date**

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6. REPORT OF THE C.E.O



The Financial year 2022/2023 was both transformative and successful to HRMPEB as it marked 11 years since HRMP Act came in to being. It has been 11 years of positive trajectory for the Board as it carries out its core mandate of examining and Certifying competent Human Resource professionals. The Board has continued to experience growth trajectory in the student numbers and those sitting for its examinations.

Board's Achievements

During the year 2022/2023, the key highlights of the Board include:

1. Financial performance

With regards to financial performance this financial year 2022/2023, the Board witnessed an increase in Revenue collection by posting a surplus of Kshs. 13,481,392 as compared to a deficit of 6,908,784 in the previous year.

2. Developed 5th Generation Strategic Plan for the Board

The Board adopted the Guidelines for Development of Fifth Generation Strategic Plans provided by the State Department for Planning and used them in the development of its second Strategic Plan for the period 2023-2027. The Stakeholders such as the Parent ministry of Public Service, Gender and affirmative action, Institute of Human Resource Management, Kenya National Qualifications Authority and Training Institutions among others were engaged at different levels.

3. Secured funding from the exchequer

The Board received funding from the treasury through the State Department for Public Service to the tune of 50 (Fifty) Million Kenyan Shillings. The grant from the Treasury was purposed for staff emoluments including the in post and proposed staff members. Consequently, the Board recruited (12) new staff members. This has improved the Board's capacity to achieve its mandate of developing Curricular, Examining and Certifying Competent Human Resource Professionals.

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4. Administration of Examinations

The Board successfully conducted two CHRP examinations series for both old and new curricula, that is, November 2022 and June 2023. The development and administration of the Revised CHRP exams was a milestone in the implementation of the market responsive Curriculum. The Board seamlessly released the results for both series in January 2023 and August 2023.

5. Development of Policies;

The Board developed the following policies in the year 2022/2023: Exemptions Policy, Certification Policy, Accreditation Policy, Private Candidature Policy, RPL Policy, Examinations Rules and Regulations, Gender Mainstreaming, Gender Based Violence & Sexual Harassment, Workplace Alcohol and Drug Abuse Prevention and Management, Disability Mainstreaming and Road Safety Mainstreaming policies.

The policies were to ensure effective and efficient service delivery at work place for staff, stakeholders and customers.

6. 3rd Certification Ceremony successfully,

In line with HRMPEB's core mandate which is to develop Curricula, Examine and Certify Human Resource Professionals and also in fulfillment of the Organization's priority Objective, the Board certified and gazette 746 CHRP finalists Comprising of 573 Females and 173 Males.

7. Mid Term Review for the Strategic Plan 2020-2025

The Board conducted the mid-term review of the Strategic Plan 2020 – 2025. The review helped the Board to understand their target market, comprehend their challenges, learn lessons and formulate mitigation measures.

8. Acquisition, deployment and commissioning of an Enterprise Resource Planning (ERP) System

The Board tendered for the Supply, Deployment, Commissioning, and Support of an Enterprise Resource Planning (ERP) System. **The two Modules that were implemented include:** Finance and Accounting **and** Examinations.

9. Champion of Governance (ICS) Awards,

The Board participated in the Champion of Governance Awards and won the award of Best Education Sector category. The Board's Chairperson CS Commissioner Sharon Kisire won the 1st Runners up in the Best Chairperson category at the awards.

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10. Accreditation of institutions

The Board has continued to establish strategic partnerships with institutions of Higher Learning such as Universities, who have been accredited as CHRP Training centers of excellence. Ten (10) Institutions were accredited in FY 2022/ 2023 to offer CHRP. The institutions include: Traction School of Governance, Garissa University, Kisii University, Catholic University, Summit Institute of Professionals Limited, Karatina University, Turkana University, Kapenguria Institute of Business and Technology, Kabarak, Kibabii and Zetech Universities.

11. Implementation of Performance Contract.

The Board signed the performance contract for the financial year 2022/23 with the Ministry of Public Service, Gender and Affirmative Action. The Contract period covered 1st July 2022/2023 to 30th June 2023

The Board holds commitment to continuous strengthening of the systems and structures that ensure that it is highly functional, responsive and efficient in achieving its mandate. As such, guided by our Motto: "ENHANCING HR COMPETENCY", the Board has implemented a Customer Service charter that has created better customer experience.

The Board appreciates all partners and Stakeholders including State Department for Public Service, IHRM, KNQA, Board members, Management team and Staff of HRMPEB who contributed significantly to the realization of the Board's achievement.


CHRP Margaret Nguu
Ag. CEO

13/02/2024
Date

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7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/23

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

HRMPEB has seven (7) strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- 1 Best practices corporate
- 2 Curriculum Development
- 3 Customer Focus
- 4 Examination Regulation&
- 5 Accreditation
- 6 Institutional Capacity Development & Financial
- 7 Recognition of CHRP examinations locally and

HRMPEB develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. HRMPEB achieved its performance targets set for the FY 202/2023 period for its 5 strategic pillars, as indicated in the diagram below:

	Strategic pillar	Objective	Key performance	Activities	Achievements
1	Adopt best practice of corporate governance	Best practice corporate governance	Training Report	Capacity building of the board members through retreats and training to ensure convergence of purpose and deeper organizational identity	Training has been achieved
			Visit Reports	visit of other institutions regulating and examining professionals, possibly locally and internationally	Visits and benchmarking done

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
FOR FY 2021/22 Cont'd**

	Strategic pillar	Objective	Key performance indicated	Activities	Achievements
2	Develop curricula and syllabi for CHRP training	Curriculum Development	Curricula documents according to professional levels	Review CHRP curricula to align with current trends of HR practice and the market	Curricula has been Developed and implemented in July 2022.
			Syllabi documents for each subject	Review of CHRP syllabi to align with curriculum of the CHRP training	Syllabus reviewed and implemented.
3	Attract and grow HRMPEB clientele base	Customer Focus	A well standardized service	Develop service charter	Service Charter developed
			Implement and Review service charters	Implementation and service charter review reports	Service charter and services review Implemented
4	Deliver CHRP certification	Examination Regulation & Certification	Records of date of release of exam results and release	Following release of examinations, release certificates within one (1) month.	Certificates released within one month after certification
			Examinations procedure document	Develop/ Review examination procedure to ensure efficiency and timely delivery	Examination procedures reviewed
5	Standardize accreditation requirement	Accreditation	Accreditation criteria document	Develop accreditation criteria	Accreditation criteria developed

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8. CORPORATE GOVERNANCE STATEMENT

Good corporate governance is a fundamental part of the culture and practices by which an organization is operated, regulated and controlled so as to fulfill its goals and objectives in a manner that adds value and benefits all its stakeholders.

The HRMPEB board is responsible for organization's governance. Both the Board and senior management of the organization are committed to the highest levels of corporate governance, which it considers critical in achieving the Organization's mandate. Accordingly, HRMPEB therefore fosters a culture that values and rewards the highest ethical standards and personal and corporate integrity. The Board also has a charter that is reviewed from time to time within a period not exceeding five years.

The Role of the Board

The Board's responsibilities are broadly set out in the State Corporations Act, Cap.446 Laws of Kenya as well as the Human Resource Management Professionals Act No. 52 of 2012 that constitutes the HRMPEB as a state corporation. Specifically, the Board defines HRMPEB's strategies, objectives and values and ensures that its procedures and practices are in tandem to ensure effective control over strategic, financial, operational and

The Directors bring a wealth of experience and knowledge to the Board's deliberations. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day activities to the Management through the Chief Executive Officer. The Board nonetheless is responsible for the overall stewardship of HRMPEB and assumes

Composition and removal of the Board

The Board comprises nine members including the CEO. Four of the Board members are independent non-executive members including the Chairperson. All non-executive board members retire after a term of three (3) years from the date of appointment and are eligible for re- appointment for one more term. With the exception of CEO, the remaining four Board members are institutional representatives bringing on board closely-knit interests, experiences and balance from and by key stakeholders.

The Board members above shall cease to be members if they become bankrupt, incapacitated, resigns in writing or is criminally convicted.

CS Sharon J. Kisire



**13/02/2024
Date**

CHAIRPERSON OF THE BOARD

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Board Meetings

Below is the attendance of the meetings by the Board Members:

	Board Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1.	CS Sharon Kisire	29	28	100%
2.	Mr. Samwel Kaumba	29	29	100%
3.	Prof Hazel Gachunga	29	25	83%
4.	Mr. Nicholas Kanisa	29	29	100%
5.	Dr. Gladys Asuga	29	29	100%
6.	Mr. Emmanuel Mulwa	29	29	100%
7.	Mr. Jacob Omulo	29	29	100%
8.	Mr. Mohammed Aden	29	29	100%

Audit and Risk Committee Attendance Register Annually

	Board Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1.	Mr. Mohammed Abdi	4	4	100%
2.	Mr. Samwel Kaumba	4	4	100%
3.	Prof. Hazel Gachunga	4	3	90%

HR, Strategy, and Finance Committee Attendance Register Annually

	Board Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1.	Mr. Nicholas Kanisa	30	27	90%
2.	Dr. Gladys Asuga	30	30	100%
3.	Mr. Emmanuel Mulwa	30	30	100%

Examinations and Quality Assurance Committee Attendance Register Annually

	Board Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1.	Prof. Hazel Gachunga	10	7	70%
2.	Dr. Gladys Asuga	10	9	80%
3.	Mr. Jacob Omulo	10	9	80%
4.	Mr. Nicholas Kanisa	10	10	90%

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9. MANAGEMENT DISCUSSION AND ANALYSIS

1 Operational and financial performance

The organization realized total revenue of Ksh.124,196,544 as at period ended 30th June, 2023. The examination revenue stream recorded a revenue of Kshs. 32,576,423. Exemption fees amounted to Kshs. 23,357,750, while the student registration fees revenue stream recorded Kshs. 9,219,000.

The expenditure of the board during the period ended 30th June, 2023 was Ksh. 110,715,152. Our major expenditure for the period was admin costs of Kshs. 38,968,730. The board incurred staff costs of Kshs. 35,714,949 and examination costs of Ksh. 16,713,677.

2 Compliance with statutory requirements

HRMPEB has continued to comply with the various statutory requirements applicable for Kenyan government agencies during the period ended June 30, 2023. This includes making regular contributions to the National Social Security Fund (NSSF) and the National Health Insurance Fund (NHIF) for its employees, as well as deducting and remitting Pay As You Earn (PAYE) taxes to the Kenya Revenue Authority (KRA). Additionally, HRMPEB has ensured compliance with the Pension Fund requirements by contributing a percentage of its employees' gross salaries to the pension fund and NITA contribution. These actions demonstrate HRMPEB's commitment to upholding its legal obligations as an employer and contributing to the growth and development of the Kenyan economy.

3 Major risks facing HRMPEB

The Board is facing competitive risk due to the low international professional bodies offering CHRP equivalent courses which has a negative impact on revenue generation, in relation to the activities the Board is supposed to undertake to achieve its mandate. In addition, the following were regarded as the major risks during the financial year ending June 30, 2023.

Compliance Risk: HRMPEB is exposed to compliance risk regarding its legal duties. The board is entrusted with the responsibility of ensuring adherence to various legal, regulatory, and contractual obligations, which include making contributions to the National Social Security Fund (NSSF) and the National Health Insurance Fund (NHIF). Failure to comply with these obligations could result in harm to the agency's reputation, legal sanctions, and financial losses. To reduce this risk, HRMPEB should create and uphold robust compliance management policies and procedures, which entail constant monitoring, reporting, and corrective measures.

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Operational Risk: The effective implementation of HRMPEB's tasks, such as administering exams, certifying professionals, and supervising the industry, is fraught with operational risk. Furthermore, the board is entrusted with collecting and safeguarding confidential personal information, which presents an additional security hazard. Inadequate management of operational risk can result in monetary losses, legal responsibilities, and harm to the organization's image. To reduce this risk, HRMPEB should adopt effective operational management policies and procedures, which include regular monitoring, internal controls, and continual training of employees.

Financial Risk: HRMPEB is exposed to financial risk in its management of financial resources, which could impede the board's capability to attain its goals. The agency carries the responsibility of ensuring that financial resources are adequately allocated and managed in line with industry best practices and regulatory requirements. Failure to effectively handle financial risk could result in monetary losses, dwindling funding, and harm to the agency's image. To address this, HRMPEB should establish and uphold robust financial management policies and procedures, which entail regular financial reporting, internal controls, and continuous staff training.

Security Risk: HRMPEB is exposed to security risk associated with the safeguarding of confidential personal data, which could be illicitly accessed or disclosed. The agency is entrusted with the collection and management of personal data, which may encompass personally identifiable information, financial data, and other sensitive information. An instance of data breach could result in damage to the agency's reputation, legal responsibilities, and monetary losses. To minimize this risk, HRMPEB should institute and uphold a comprehensive information security management program, which includes regular risk assessments, security controls, and continual employee training.

It is essential to note that HRMPEB faces numerous potential risks that could impede its ability to deliver on its mandate and protect the interests of its stakeholders. These risks include compliance risk, operational risk, financial risk, and security risk related to the management of sensitive personal data.

However, by implementing proactive measures, HRMPEB can identify, assess, and mitigate these risks to ensure the effective management of its programs and services. This includes creating and upholding sound risk management policies and procedures, which entail regular monitoring, internal controls, and continuous training of employees.

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The benefits of effective risk management include safeguarding the agency's reputation, reducing the likelihood of legal liabilities, and minimizing financial losses. By proactively identifying and addressing potential risks, HRMPEB can instill confidence in its stakeholders and enhance its ability to deliver quality services. As such, risk management should be a critical component of HRMPEB's operations, with a focus on promoting a risk-aware culture throughout the organization.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

HRMPEB gives recognition to the invaluable role played by communities in which it operates. A vibrant Corporate Social Responsibility (CSR) policy is continually being implemented. The policy takes into consideration the need for sustainable practices and the social governance values which HRMPEB has committed to uphold. This is in recognition of the vital role played by the society in which HRMPEB goals and aspirations are centered.

1 Sustainability strategy and profile

Our sustainability is anchored on our vision, statement of purpose and core values which determine the strategic objectives of the board. Our role is to ensure that our business and by extension our various stakeholders are able to grow in a sustainable manner and not in the short term. Our aim is to create value for shareholders and the society alike.

2 Environmental performance

During the year ended 30th June 2023, HRMPEB had no environmental policy guiding the organization. As such, there were no reports on successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organization's products.

3 Employee welfare

The Board has transited the staff to the new salary structure as approved by SCAC. Moreover, more training is required to ensure that staff fit their new job descriptions.

4 Market place practices

- a) **Responsible competition practice:** In order to ensure responsible competition practices with issues like anti-corruption, HRMPEB has been ensuring that it undertakes all its activities within the laws of Kenya. Also, in order to ensure fair competition and respect for competitors HRMPEB has continued to engage the Government for assistance that they may require.
- b) **Responsible supply chain and supplier relations:** HRMPEB has ensured that it complies with Public Procurement and Asset Disposal Act 2015 while carrying out procurement operations in order to ensure good business practice. Further, HRMPEB has a procurement and procedure manual that guides operations in procurement. Also in order to ensure that all contracts signed between HRMPEB and the suppliers are honoured including payment of their supplies when they fall due.
- c) **Responsible marketing and advertisement:** HRMPEB has been carrying out advertisements on various public dailies as well as on its website for new and existing programs.
- d) **Product stewardship:** In order to protect consumer rights and interests, our customers are provided with information regarding the course requirements before admission and during the commencement of the course. Further, the School ensures confidentiality while interacting with customers.

5 CSR/Community Engagements

During this financial year, HRMPEB was involved in corporate social responsibility at the Ngong Forest and the Komarock School for tree planting exercise.

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11. REPORT OF THE DIRECTORS

The Board submit their report together with the financial statements of the Human Resource Management Professionals Examination Board for the year ended June 30, 2023, which show the state of the entity's affairs.

i) Principal activities

The principal activities of HRMPEB are the development of syllabuses, conduct of professional, diploma and technician examinations and certification of candidates in human resource management and related disciplines, the promotion of its qualifications nationally and internationally and the accreditation of relevant training institutions.

ii) Results

The results of the board For the year ended June 30, 2023 are set out on page 1 of this report. Below is a summary of the board's performance during the year.

	2023	2022
	Kshs.	Kshs.
Total Revenue	124,196,544	73,595,177
Total Expenditure	(110,715,152)	(80,503,961)
Surplus (Deficit) for the year	<u>13,481,392</u>	<u>(6,908,784)</u>

iii) Directors

The members of the Board of HRMPEB who served during the year and to the date of this report are disclosed on page iv-viii of this report.

iv) Auditors

The Auditor-General is responsible for the statutory audit of HRMPEB financial statements in accordance with the provisions of Article 229 of the Constitution of Kenya, 2010 and Section 7 and 35 of the Public Audit Act, No. 34 of 2015

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12. STATEMENT OF DIRECTORS RESPONSIBILITIES

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

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

The Directors accept responsibility for HRMPEB'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. The Directors are of the opinion that HRMPEB's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of HRMPEB'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 HRMPEB will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Entity's financial statements were approved by the Board on 28/09/2023 and signed on its behalf by:



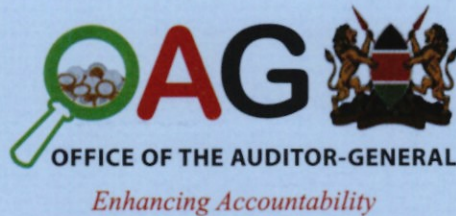
CS Sharon Kisire
Chairperson of the Board



CHRP Nicholas Kanisa, FIHRM
Chief Executive Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON HUMAN RESOURCE MANAGEMENT PROFESSIONALS EXAMINATIONS BOARD FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Human Resource Management Professionals Examinations Board set out on pages 1 to 20, which comprise of the

statement of financial position as at 30 June, 2023, and statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of matter described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of the Human Resource Management Professionals Examinations Board as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Human Resource Management Professionals, Act No.52 of 2012.

Basis for Qualified Opinion

Long Outstanding Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.40,558,780 as disclosed in Note 24 to the financial statements. The balance includes long outstanding trade receivables omitted in prior periods amounting to Kshs.33,360,282 relating to student fee balances dating as far back as the year 2017. The fee balances have been long outstanding and the recoverability of these amounts is doubtful. However, no provision for possible impairment or doubtful amounts has been provided in the financial statements. Further, no evidence of efforts made by Management to recover the debts, was provided for audit review.

In the circumstances, the accuracy and recoverability of the receivables from exchange transactions balance of Kshs.33,360,282 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

As disclosed under follow-up on the auditor's recommendations on prior year audit issues, various prior year audit issues remained unresolved as of 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year's audit issues.

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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Commutation of Leave days for Cash

The Board paid Kshs.429,000 to the former Chief Executive Officer (CEO) as commutation of leave days for cash due to exigency of work. According to the appointment letter, the maximum annual leave allowance was Kshs.50,000 and therefore, the CEO was entitled to leave allowance of Kshs.250,000 during the five (5) year term. However, no evidence was presented indicating that approval was granted by the Board for payment of cash for commutation of leave as this resulted to an over-payment of Kshs.179,000.

In the circumstances, the regularity of the payment of commutation of leave allowance of Kshs.429,000 could not be confirmed.

2. Failure to Remit Revenue to the Institute of Human Resource Management

During the year under review, the Board collected revenue amounting to Kshs.72,691,713. However, an amount of Kshs.21,807,514, or 30% of the total revenue was not remitted to the Institute of Human Resource Management (IHRM). This is contrary to Section 17(J) of the Human Resource Management Professionals Examinations Board Act, 2012 which requires the Board to remit at least 30% of the total revenue collected to the Institute of Human Resource Management.

In the circumstances, Management was in breach of the law

3. Lack of an Approved Remuneration Structure

During the year under review, the Board incurred Kshs.35,714,949 in respect of staff costs. The staff remuneration is based on the Human Resource Professional Examination Board's HR manual and the remuneration structure approved by the State Corporation Advisory Committee (SCAC). However, the existing remuneration structure has not been approved by the Salaries Remuneration Commission (SRC) as required by the provisions of Article 230(4) of the Constitution of Kenya, 2010.

In the absence of the SRC's approved remuneration structure, the regularity of the salaries and remuneration paid to the staff of the Board could not be confirmed.

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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE 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 overall governance were not effective.

Basis for Conclusion

Anomalies in Corporate Governance

Review of the Board's governance structure revealed that, the Chief Executive Officer carries out the roles of the Company Secretary contrary to paragraph 1,22 (3) of the Mwongozo: Code of Governance Guidelines, 2015 on separation of roles.

Further, the composition of the Audit Committee membership comprises three (3) members as stipulated under the corporate governance statement. However, none of the members had qualifications in audit, financial management or risk management.

In addition, during the year under review, the Board had nine (9) members as Board of Directors. However, all the board members have not been formally appointed through a Gazette Notice as required by the provisions of Section 6(2) of the State Corporations Act, Revised 2015.

In the circumstances, the effectiveness of internal controls and governance structures of the Board could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Board's ability to sustain 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 Board 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 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.

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

Auditor-General's Responsibilities for the Audit

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

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal 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 noncompliance. 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:

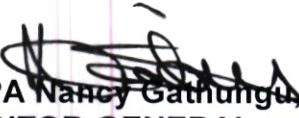
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 Board'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 Board 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 Board 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 March, 2024

**HUMAN RESOURCE MANAGEMENT
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14. Statement of Financial Performance for The Year Ended 30 June 2023

		2022/2023	2021/2022
		Kshs.	Kshs.
Revenue from non-exchange transactions	Note		
Government Grants	9	50,000,000	-
Revenue from exchange transactions			
Examination fees	10	32,576,423	27,608,450
Exemption fees	11	23,357,750	32,262,803
Student Registration fees	12	9,219,000	8,053,550
Student Registration renewal fees	13	3,243,820	3,223,935
Certificate Award Fee	14	4,294,720	1,524,130
Other Income	15	1,504,832	922,309
TOTAL REVENUE		124,196,544	73,595,177
Expenditure			
Examination Expenses	16	16,713,677	12,568,460
HR & Administration Expenses	17	38,968,730	25,450,635
Staff Costs	18	35,714,949	30,308,182
ICT Expenses	19	2,145,513	2,149,774
Board Expenses	20	15,243,353	8,381,794
Depreciation & Amortization Expenses	21&22	1,928,930	1,645,117
TOTAL EXPENDITURE		110,715,152	80,503,961
Surplus (Deficit) for the period		13,481,392	(6,908,784)

The notes set out on pages 6 to 18 form an integral part of these Financial Statements.

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

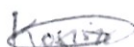
Accounting Officer



Name: CHRP Nicholas Kanisa, FIHRM

Date: 13/02/2024

Head of Finance



Name: CPA Leonard Korir

ICPAK Member No: 25611

Date: 13/02/2024

Board Chair



Name: CS Sharon Kisire

Date: 13/02/2024

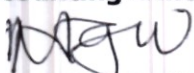
**HUMAN RESOURCE MANAGEMENT
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15. Statement of Financial Position as at 30 June 2023

		2022/2023	2021/2022
Current assets	Note	Kshs.	Kshs.
Cash and cash equivalents	23	20,361,091	18,647,328
Trade Receivables	24	40,558,780	3,754,675
Prepaid Rent	25	2,640,000	2,640,000
Total Current Assets		63,559,871	25,042,003
Non-current assets			
Plant, Property & Equipment	21	17,858,153	8,757,304
Intangible Assets	22	380,165	
Total Non-Current Assets		18,238,318	8,757,304
Total Assets		81,798,189	33,799,307
Liabilities			
Current Liabilities	26	1,587,039	1,850,670
Total Liabilities		1,587,039	1,850,670
Net Assets			
Retained Earnings/Accumulated Surplus	27	66,729,758	31,948,637
Surplus (Deficit) for the period	27	13,481,392	-
Total Net Assets		80,211,150	31,948,637
Total Net Assets and Liabilities		81,798,189	33,799,307

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

Accounting Officer



Name: CHRP Nicholas Kanisa, FIHRM

Date: 13/02/2024

Head of Finance



Name: CPA Leonard Korir

ICPAK Member No: 25611

Date: 13/02/2024

Board Chair



Name: CS Sharon Kisire

Date: 13/02/2024

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

	Retained Earnings	Recurrent Grant	Total
As at 1 July 2020	44,678,221	-	44,678,221
Surplus/ (Deficit) for the year	(5,820,800)	-	(5,820,800)
Additions	-	-	-
As at June 30, 2021	<u>38,857,421</u>	-	<u>38,857,421</u>
Balance as at 1 July 2021	38,857,421	-	38,857,421
Surplus for the year	(6,908,784)	-	(6,908,784)
Additions	-	-	-
Balance as at 30 June 2022	<u>31,948,637</u>	-	<u>31,948,637</u>
Balance as at 1 July 2022	31,948,637	-	31,948,637
Prior Year Adjustment	34,781,121		34,781,121
Surplus for the year	13,481,392	-	13,481,392
Additions	-	-	-
Balance as at 30 June 2023	<u>80,211,150</u>	-	<u>80,211,150</u>

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

	Note	2022/2023 Kshs	2021/2022 Kshs
Cash flows from operating activities			
Receipts			
Government Grants		50,000,000	-
Rendering of services		73,806,713	73,296,868
Sale of materials		4,000	-
Finance income		385,832	298,309
Total receipts		124,196,544	73,595,177
Payments			
Examination Expenses		16,623,677	12,568,460
Admin Expenses		39,058,730	25,450,635
Staff Costs		35,714,949	30,308,182
ICT Expenses		2,145,513	2,149,774
Board Expenses		15,243,353	8,381,794
Depreciation & Amortization		1,928,930	1,645,117
Total Payments		110,715,152	80,503,961
Net		13,481,392	(6,908,784)
Add: Non- Cash Payments			
Depreciation & Amortization		1,928,930	1,645,117
Prepaid rent refund		-	1,425,156
Net		15,410,322	(3,838,511)
Working Capital Adjustments			
(Increase)/ Decrease in receivables		(36,804,105)	(176,803)
Increase/ (decrease) in payables		521,109	826,550
Net Cash flows from operating activities		(20,872,674)	(3,188,764)
Cash Flow from Investing Activities			
Purchase of PPE and Intangible Assets		(12,194,684)	(3,668,986)
Net Cash flows from investing activities		(12,194,684)	(3,668,986)
Cash Flow from Financing Activities			
Increase/ (decrease) in Retain Earnings		34,781,121	-
Net Cash flows from Financing activities		34,781,121	-
Increase/ (decrease) in cash and cash equivalent		1,713,763	(6,857,750)
Cash and cash equivalent at the beginning		18,647,328	25,505,078
Cash and cash equivalent at period end		20,361,091	18,647,328

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

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs.	%
	a	b	c = (a+b)	d	e = (c-d)	f = (d/c)* 100
Revenue						
Examination fees	31,551,312	5,448,688	37,000,000	32,576,423	4,423,577	88%
Exemption fees	28,767,000	(2,267,000)	26,500,000	23,357,750	3,142,250	88%
Student registration fees	8,664,000	1,336,000	10,000,000	9,219,000	781,000	92%
Student registration renewal fee	2,111,000	2,889,000	5,000,000	3,243,820	1,756,180	65%
Certificate award fee	3,975,120	2,024,880	6,000,000	4,294,720	1,705,280	72%
Sales of syllabus	3,400	6,600	10,000	4,000	6,000	40%
Student ID card replacement fee	7,000	3,000	10,000	4,000	6,000	40%
Accreditation application fee	280,000	20,000	300,000	260,000	40,000	87%
Accreditation renewal fee	340,000	160,000	500,000	340,000	160,000	68%
Bank interest received	371,104	128,896	500,000	385,832	114,168	77%
Student re-activation fees	90,000	610,000	700,000	468,000	232,000	67%
Deferment fee	50,000	3,000	53,000	43,000	10,000	81%
Grants	50,000,000	-	50,000,000	50,000,000	0	100%
Total Income	126,209,936	10,363,064	136,573,000	124,196,544	(12,376,456)	
Expenses						
Examination Expenses	20,278,416	(2,898,416)	17,380,000	16,623,677	756,323	96%
Admin Expenses	40,547,172	1,077,924	41,625,096	41,341,551	283,545	99%
Staff Costs	39,530,081	(1,783,480)	37,746,601	35,714,949	932,817	95%
ICT Expenses	3,520,000	(500,000)	3,020,000	2,145,513	874,487	71%
Board expenses	12,881,316	2,538,684	15,420,000	15,243,353	176,647	99%
Acquisition of Assets	9,450,000	11,850,000	21,300,000	11,409,944	9,890,056	54%
Total expenditure	126,206,985	10,284,712	136,491,697	122,478,987	12,129,135	
Surplus/ (deficit) for the year	2,951	78,352	81,303	1,717,557		

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19. Notes to the Financial Statements

1 General Information

HRMPEB is established by and derives its authority and accountability from the Human Resource Professionals Act, 2012. HRMPEB is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is administration of Professional Human Resource Examinations and Certification.

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 entity'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.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act the Human Resource Professionals Act, 2012, 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 2023.

Standard	Effective date and Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> ● IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). ● IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS.

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Standard/ Amendment to a standard	Effective date and impact
Other Improvements to	<p>Applicable: 1st January 2025.</p> <p>IPSAS 43, The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>IPSAS 44, Non- Current Assets Held for Sale and Discontinued Operations. Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>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> <p>This standard is not applicable to HRMPEB as it does not have leases and assets held for sale.</p>
ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023	
IPSAS 41: Financial Instruments	<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 entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

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Notes to the Financial Statements (continued)

	<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
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk <p>This standard is not applicable to HRMPEB as it does not hedge its financial instruments</p>
IPSAS 42: Social benefits	<p>Applicable: 1st January 2023.</p> <p>The objective of this standard is to improve the relevancy, faithful representatives and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purposes</p> <p>a.) The nature of such social benefits provided by the entity; b.) The key features of the operation of those social benefit scheme c.) The impact of such social benefits provided on the entity's financial performance, financial position and cash</p> <p>This standard is not applicable to HRMPEB as it does not offer social benefit</p>
Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments	<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>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

HRMPEB did not adopt early any new or amended standards in year 2022-2023.

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Notes to the Financial Statements (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a. Revenue recognition

i. Revenue from non-exchange transactions

The entity recognizes revenues from fees when the event occurs to the extent that would give rise to a liability to repay the amount. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other Government entities

Revenues from non-exchange transactions with other Government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity 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 realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii. Revenue from exchange transactions

1) Rendering of services

The sale of services is recognized in the year in which HRMPEB delivers the service to the customer, the customer has accepted the service and collectability of the related receivables is reasonably assured.

2) 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 entity.

3.) 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 is applied to the principal outstanding amount to determine interest income each period.

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Notes to the Financial Statements (continued)

b. Property, plant and equipment

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

Depreciation is provided on the cost/valuation of the assets on straight line basis at rates designed to write down the cost of each asset or revalued amount to its residual values over their estimated useful life. The annual rates in use are:

	Rate
Furniture & fitting	12.50%
Computers	30.00%
Software	20.00%
Office Equipment	12.50%
Library books	5.00%

A full year's depreciation is recognized in the year of purchase and none in the year of disposal.

c. Leases

HRMPEB has an operating rental lease arrangement with the landlord (Mwalimu Sacco)

d. Nature and purpose of reserves

HRMPEB does not create or maintain any reserves in terms of revaluation reserves.

e. Cash and cash equivalent

Cash and cash equivalents comprise cash on hand and cash at bank, short term deposits, on call deposits and highly liquid investments within 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 various commercial banks at the end of the financial year.

f. Retirement benefit obligation

HRMPEB and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. HRMPEB's contributions obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1080 per employee per month.

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Notes to the Financial Statements (continued)

g. Budget information

The original budget for the FY 2022-2023 was approved by the Board in January 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget is presented in the statement of comparison of budget and actual amounts. The adjustments to amounts in the financial statements are made in the formats and classification schemes adopted for the presentation of the financial

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented on page 28 of these financial statements.

h. Intangible asset

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 statement of financial performance in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

i. Subsequent events

Following the conclusion of the 2022/23 cut-off period, the Board undertook various actions. Firstly, it drafted an official letter to the National Treasury, seeking necessary approval to maintain the operation of their NCBA account and KCB Accounts. Moreover, the Board initiated communication with the Institute of Human Resource Management regarding the remittance of 30% of their revenue. It is important to note that responses to both of these aforementioned letters are currently pending. Additionally, the Board reached out to the bank in order to acquire a certificate of balance for the NCBA account and KCB Accounts.

j. Currency

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

k. Taxes

Corporate income tax

HRMPEB has not provided for taxation as it is expected to remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

l. Comparative figures

HRMPEB prepared the 2022-2023 financial reports with comparison to the previous year as presented.

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Notes to the Financial Statements (continued)

5 Significant Judgement and Sources of Estimation uncertainty

The preparation of HRMPEB's financial statements in conformity with IPSAS requires management to make judgements, 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 year. 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.

a.) Estimates and assumptions

HRMPEB based its assumptions and estimates on parameters available when the 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 HRMPEB. Such changes are reflected in the assumptions when they occur.

b.) 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;

- i.) The condition of the asset based on the assessment of experts employed by HRMP
- ii.) The nature of the asset, its susceptibility and
- iii.) The nature of the processes in which the asset is deployed;
- iv.) Availability of funding to replace the asset;
- v.) Changes in the market in relation to the asset.

6 Retained Earnings

The retained earnings represent net income left over to finance HRMPEB's activities, mainly capital expenses.

7 Related party disclosures

Nature of related party relationships

HRMPEB regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over HRMPEB or vice versa. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of HRMPEB, holding 100% of the HRMPEB's equity interest. Other related parties include:

- i. The parent ministry- Ministry of Public Service & Gender
- ii. The National Treasury
- iii. Key Management
- iv. Board of Directors

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Notes to the Financial Statements (continued)

8 FINANCIAL RISK MANAGEMENT

HRMPEB's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. HRMPEB's overall risk management policies are set out by the Board and implemented by the management, and focus on the unpredictability of changes in the business environment and seeks to minimize the potential adverse effects of such risks on its performance by setting acceptable levels of risk. HRMPEB, however, does not hedge any risks and that credit is only extended to customers with an established credit history.

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

i. Market risk

The Board has in place an internal audit function to assist in assessing the risk faced by HRMPEB 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 the changes in market prices, such as interest rate and foreign exchange rates which will affect HRMPEB's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing the risk rests with the Audit and Risk Committee.

HRMPEB's finance department is responsible for development of detailed risk management policies and for the day to day implementation of those policies.

ii. Credit Risk

HRMPEB does not have exposure to credit risk, which is the risk that a customer 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

Since HRMPEB operates and presents reports using the cash basis of accounting, we do not have credit risk.

iii. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the HRMPEB's Board. HRMPEB manages liquidity risk through continuous monitoring of forecasts

iv. Foreign Currency Risk

HRMPEB does not have transactional currency exposures which arises through purchase of goods and services that are done in currencies other than local currency. Therefore, HRMPEB doesn't transact in other currencies except the Kenya Shilling.

v. Interest rate risk

Interest rate risk is the risk that HRMPEB's financial condition may be adversely affected as a result of changes in interest rate levels. HRMPEB's interest rate risk arises from bank deposits. This exposes HRMPEB's cash flow to interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on HRMPEB's deposits.

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Notes to the Financial Statements (continued)

vi. Capital Risk Management

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

	2023 Kshs.	2022 Kshs.
Retained Earnings	31,948,637	31,948,637
Accumulated Surplus	13,127,501	-
Prior Year Adjustment	34,781,127	
	<u>80,211,150</u>	<u>31,948,637</u>

9. Government Grants

	2022/2023	2021/2022
	Kshs.	Kshs.
Government Grants	50,000,000	-

Monies received from the government

10. Examination fees

	2022/2023	2021/2022
	Kshs.	Kshs.
Examination fees	32,576,423	27,608,450

Fees collected from CHRP Candidates for examination

11. Exemption fees

	2022/2023	2021/2022
	Kshs.	Kshs.
Exemption fees	23,357,750	32,262,803

Fees collected from CHRP candidates for exemptions

12. Student Registration fees

	2022/2023	2021/2022
	Kshs.	Kshs.
Student Registration fees	9,219,000	8,053,550

Fees collected from individuals registering for HRMPEB

13. Student Registration renewal fees

	2022/2023	2021/2022
	Kshs.	Kshs.
Student Registration renewal fees	3,243,820	3,223,935

Annual fees paid by CHRP candidates for maintenance of their registration accounts

14. Certificate Award Fee

	2022/2023	2021/2022
	Kshs.	Kshs.
Certificate Award Fee	4,294,720	1,524,130

Fees collected from CHRP finalists for certification award

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	2023	2022
	Kshs.	Kshs.
15. Other Income		
Sale of Material & Syllabus	4,000	10,000
Student ID Card Replacement Fees	4,000	
Accreditation Application Fee	260,000	90,000
Accreditation Renewal Fee	340,000	270,000
Student Reactivation Fee	468,000	
Deferment Fee	43,000	249,000
Bank Interest Received	385,832	298,309
	1,504,832	922,309
16. Examination Expenses		
New Curriculum Implementation	524,900	
Test Item Development	2,007,150	1,374,075
Printing Of Examination Envelopes & Answer Booklets	1,237,406	1,462,413
Examination Administration, Distributions, Inspection & Supervision	2,695,042	2,306,590
Hire of Examination Hall Centers	357,280	1,061,940
Printing of Results Slips & Transcripts	1,484,937	
Examination Marking, Checking, & Data Analysis/Moderation	5,653,773	2,982,729
Accreditation & Compliance Expenses	348,500	51,000
Release of Results	90,000	
Stakeholder Engagement-Partnership & Linkages Globally	50,000	
Marketing & Communication Expenses	1,414,738	
CHRP Certification	371,345	
Recognition of Prior Learning (RPL) Implementation, Monitoring & Evaluation	478,606	
Hospitality Expenses		1,010,970
Exam Quality Assurance	-	276,250
Examination Process Improvement	-	
	16,713,677	12,568,460
17. HR& Admin Expenses		
Office Expenses& Consumables	824,573	1,894,089
Travel Costs (Airline, Bus, Railways & Mileage Allowance, etc.)	884,595	
Parking Fees	417,600	
Rent Charges	9,646,560	9,521,280
Electricity	254,318	276,530
Repair & Maintenance	476,240	
Printing of Envelopes and Notebooks- Admin	63,800	
Office Stationery	3,013,965	1,658,903
Subscriptions to Newspapers, Magazines & Periodicals	123,120	
Bank & Mpesa Charges	819,046	426,864
Hire of Conference Facilities	663,300	561,600
General Insurance Expenses	39,136	272,954
Telephone, Telex, Facsimile & Mobile Phone Services	102,745	12,700
Hire of Hospitality Services	-	285,491
Staff Training & Development	1,130,600	
Staff Subscription to Professional Bodies	120,540	
Staff Welfare & Incentives	272,000	
Advertisement, Awareness & Publicity Campaign	309,474	3,060,394
Staff Medical Insurance Cover	3,819,657	
Staff Tour, Travel & Subsistence Allowance	5,130,427	
Permits, Licenses, Fines, Penalties, and Levy	14,000	320,000
Staff Meal Allowances	950,375	
Contracted Professional Services & Contingencies	4,246,443	5,403,264
Strategic Plan & Policy Documents	4,521,496	
Sundry Expenses	26,030	1,645,117
External Audit & Accounting Fee	672,000	
Courier & Postal Services	330	
Selection and Recruitment	-	
Corporate Social Responsibility (CSR)	160,860	102,000
Student Refund	265,500	

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Notes to the Financial Statements (continued)

	2023	2022
	Kshs.	Kshs.
18. Staff Costs		
Basic Salary	28,980,611	21,445,656
Leave Allowance	100,878	-
NSSF employer	192,240	-
Pension Employer	1,167,213	-
Service Gratuity	4,199,902	-
Casual Wages	855,105	364,200
Staff Telephone Allowance	219,000	247,000
Travel and Accommodation Costs	-	2,610,141
Staff Membership and Subscriptions	-	45,700
Medical Expenses	-	32,122
Staff Medical Insurance	-	3,728,843
Staff Welfare	-	470,000
Staff Uniforms	-	52,900
Staff Training and Development	-	1,311,620
	<u>35,714,949</u>	<u>30,308,182</u>
19. ICT EXPENSES		
Server Hosting	909,226	-
ICT Department Operations	175,594	2,149,774
Software and Licenses	463,735	-
IT Infrastructure and Services Improvement	596,958	-
	<u>2,145,513</u>	<u>2,149,774</u>
20. Board Expenses		
Board Capacity Building-Conferences & Retreats		3,759,312
Board Sitting Allowance	6,112,837	4,622,482
Board Events, Linkages & Collaborations	8,710,516	-
Chairperson Honoraria and Airtime	420,000	-
	<u>15,243,353</u>	<u>8,381,794</u>

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Notes to the Financial Statements (continued)

21. Property Plant and Equipment

	Computers & Accessories	Office Equipment	Library Books	Furniture, Fittings & Fixtures	Capital Works-in- Progress (ERP Project)	Total
Cost/ Valuation as at 01/07/2022	1,886,264	2,328,887	437,374	5,116,287	-	9,768,812
Revaluation	-	-	-	-	-	-
Additions	2,690,720	1,688,170	-	4,031,054	3,000,000	11,409,944
Disposal	-	-	-	-	-	-
As at 30th June 2023	4,576,984	4,017,057	437,374	9,147,341	3,000,000	21,178,756
Depreciation						
As at 01/07/2022	(565,879)	(291,111)	(21,869)	(639,536)	-	(1,518,395)
Charge for the year	(752,310)	(336,479)	(31,163)	(682,256)	-	(1,802,208)
As at 30th June 2023	(1,318,189)	(627,590)	(53,032)	(1,321,792)	-	(3,320,603)
NBV as at 30th June 2023	3,258,795	3,389,467	384,342	7,825,549	3,000,000	17,858,153

22. Intangible Assets (Software) Description

	2022/2023	2021/2022
Cost		
At the beginning of the year	633,609	633,609
Revaluation	-	-
Additions	-	-
Disposal	-	-
At the end of the year	633,609	633,609
Depreciation		
At the beginning of the year	(126,722)	-
Charge for the year	(126,722)	(126,722)
At the end of the year	253,444	(126,722)
NBV	380,165	506,887

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	2023	2022
	Kshs.	Kshs.
23. Cash and Bank Balances		
	2023	2022
	Kshs.	Kshs.
NCBA	20,214,600.09	18,638,108
KCB	126,754.05	9,220
Petty Cash	<u>19,737</u>	<u>-</u>
	<u>20,361,091.14</u>	<u>18,647,328</u>
24. Receivables from Exchange Transactions		
Balance b/f	3,754,675	3,577,872
Trade Receivables omitted in the prior period	33,360,282	-
Trade Receivables for the year	<u>3,443,823</u>	<u>176,803</u>
Total	<u>40,558,780</u>	<u>3,754,675</u>
25. Prepaid Rent		
Prepaid rent b/f	2,640,000	
Prepaid rent (Relates to rent that was paid in Rent Refund	-	4,065,156
	-	<u>(1,425,156)</u>
	<u>2,640,000</u>	<u>2,640,000</u>
26. Current Liabilities		
Balance b/f	1,850,670	1,024,120
Paid	<u>(1,850,670)</u>	-
Students Overpayments	-	826,550
Provision for gratuity	634,632	-
P.A.Y.E- Liability	<u>945,147</u>	<u>-</u>
Total	<u>1,587,039</u>	<u>1,850,670</u>
27. Retained Earnings		
Retained Earnings comprises of balance from the previous year and surplus/ (deficit) for the current		Kshs.
Balance as at 1 July 2022		31,948,637
Surplus for the year		13,481,292
Prior & Current Year Adjustment		<u>34,781,121</u>
Balance as at 30 June 2023		<u>80,211,150</u>
28. Prior Year Adjustment		
The Prior Year Adjustment amount of Kshs 33,360,282 represents the students' balances which was not included in the Account Receivables for the financial year ended 30 th June 2022. The reported amount in financial year 2021/2022 of Kshs. 3,754,675 constitutes IHRM and Barclays outstanding balances.		
29. EVENTS AFTER REPORTING PERIOD		
There were no material adjusting and non- adjusting events after the reporting period.		
30. CURRENCY		
The financial statements are presented in Kenya Shillings (Kshs).		

**HUMAN RESOURCE MANAGEMENT
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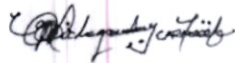
31. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.3	Failure to Seek Approval of Salaries and Remuneration Commission for Salaries and Employee Benefits	The Board's Remuneration Structure was approved by SCAC. However, we have sought approval by SRC and the Commission has already done Grading structure and in the process of completing the Salary structure which is likely to be ready by the end of February 2024.	Not Resolved	28.02.2024
4.4	Composition of the Audit and Risk Committee	The Board had written to the ministry requesting for nomination an officer with financial/audit background to stand in, in the interim as the HRMP Act is being amended to	Not Resolved	30.06.2024

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)
		incorporate a representative from the National Treasury. We shall follow to ensure this is complied with		
4.6	Failure to remit 30% revenue to the Institute of Human Resource Management Criteria	The Board is still operating with National Treasury grant. The Board is in close discussion with IHRM on the way forward.	Not Resolved	30.06.2024



C.E.O

Date: 29.09.2023

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Appendix II: Projects implemented by HRMPEB

Projects implemented by the HRMPEB Funded by development partners and/ or the Government.

Project title	Project Number	Don or	Period / duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
----	----	----	----	----	----	----

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
----	----	----	----	----	----	----	----

**HUMAN RESOURCE MANAGEMENT
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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent /Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Public Service	Monthly	Recurrent	50,000,000					50,000,000	50,000,000
Total			50,000,000					50,000,000	50,000,000

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Appendix V- Inter-Entity Confirmation Letter

**HUMAN RESOURCE MANAGEMENT PROFESSIONALS
EXAMINATIONS BOARD**

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NAIROBI, KENYA

*Human Resource Management Professionals Examinations Board,
P.O. BOX 23733 – 00100
Off Mara Road Upper-Hill
Nairobi, Kenya*

The Human Resource Management Professionals Examinations Board wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by HRMPEB as at 30th June 2023

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June (Current FY)				Amount Received by HRMPEB (Kshs) as at 30 th June (Previous FY) (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	Monthly	50,000,000	0	0	50,000,000	50,000,000	0
Total		<u>50,000,000</u>			<u>50,000,000</u>	<u>50,000,000</u>	<u>0</u>

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

Head of Accountants department of beneficiary Entity:

Name CPA Leonard K. Korir Sign ...  Date 29.09.2023

**HUMAN RESOURCE MANAGEMENT
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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		
-	-	-	-	-	-	-	-	-	

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments
-	-	-	-	-	-	-

