

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

21 MAR 2024

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Hon Naomi Wago, MP
Deputy Majority Whip
A. Shubuko

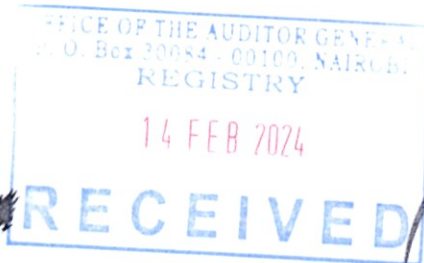
OF

THE AUDITOR-GENERAL

ON

**PUBLIC PROCUREMENT REGULATORY
AUTHORITY**

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



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PUBLIC PROCUREMENT
REGULATORY AUTHORITY

PUBLIC PROCUREMENT REGULATORY AUTHORITY

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023**

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

*Public Procurement Regulatory Authority
Annual Report and Financial Statements
For the Year Ended June 30, 2023*



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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SRC	Salaries and Remuneration Commission

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.

KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

The Public Procurement Regulatory Authority (the Authority) is established under Section 8 (1) of the Public Procurement and Disposal Act, 2015 (PPADA, 2015) and is charged with monitoring, assessing and reviewing the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the Constitution of Kenya, 2010. To ease access to its services, the Authority has four (4) regional offices situated in Mombasa, Kisumu, Eldoret and Nakuru.

Vision

A dynamic public procurement and asset disposal system for a prosperous nation.

Mission

To regulate the public procurement and asset disposal system through monitoring and enforcement for socio-economic development in Kenya.

Core values

1. **Integrity:** We uphold honesty and professional ethics in all our operations
2. **Innovativeness:** We are a learning organization that embraces creativity and innovativeness in service delivery and responsive to changes in the operating environment.
3. **Customer focus:** We are committed to upholding the highest standards in service delivery to all customers and stakeholders.
4. **Courage:** We are bold in the execution of our duties.
5. **Teamwork:** We work together towards the realization of our mandate.

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

b) Principal Activities

The Authority has a mandate to among other functions; monitor, assess and review the Public Procurement and Asset Disposal system in Kenya to ensure they respect the National Values and other provisions of the law including Article 227 of the Constitution of Kenya, 2010.

The functions of the Authority as spelt out under section 9 of the PPADA, 2015, include:

- (a) Monitor, assess and review the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the Constitution, including Article 227 and make recommendations for improvements;
- (b) Monitor the public procurement system and report on the overall functioning of it and present to the Cabinet Secretary and the county executive member for finance in each county, such other reports and recommendations for improvements;
- (c) Enforce any standards developed under the Act;
- (d) Monitor classified procurement information, including that of specific items of security organs and make recommendations to the Cabinet Secretary;
- (e) Monitor the implementation of the preference and reservation schemes by procuring entities;
- (f) Prepare, issue and publish standard public procurement and asset disposal documents and formats to be used by public entities and other stakeholders;
- (g) Provide advice and technical support upon request;
- (h) Investigate and act on complaints received on procurement and asset disposal proceedings from procuring entities, tenderers, contractors or the general public that are not subject of administrative review;
- (i) Research on the public procurement and asset disposal system and any developments arising from the same;
- (j) Advise the Cabinet Secretary on the setting of standards including international public procurement and asset disposal standards;
- (k) Develop and manage the State portal on procurement and asset disposal and ensure that it is available and easily accessible;

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

- (l) Monitor and evaluate the preference and reservations provided for under the Act and provide quarterly reports;
- (m) Create a central repository or database that includes-
 - i. Complaints made on procuring entities;
 - ii. Record of those prohibited from participating in tenders or those debarred;
 - iii. Market prices of goods, services and works;
 - iv. Benchmarked prices;
 - v. State organs and public entities that are non-compliant with procurement laws;
 - vi. Statistics related to public procurement and asset disposal;
 - vii. Price comparisons for goods, services and works; and
 - viii. Any information related to procurement that may be necessary for the public
- (n) Inform as applicable, the Cabinet Secretary, Parliament, the relevant County Executive member for finance, the relevant County Assembly or Auditor-General on issues of non-compliance with procurement laws once the relevant State organ or public entity ignores the written directives of the Authority, including material breaches of the measures established under the Act;
- (o) Generally, report to Parliament and the relevant County Assembly;
- (p) Develop a code of ethics to guide procuring entities and winning bidders when undertaking public procurement and asset disposal with State organs and public entities;
- (q) In undertaking its functions, co-operate with state and non-state actors with a view to obtaining recommendations on how public procurement and disposal can be improved;
- (r) Ensure the procurement entities implement the preference and reservations and provide data to the Authority disaggregated to indicate the number of disadvantaged groups that have benefitted;
- (ra) develop, promote and support the training and capacity development of persons involved in procurement and asset disposal;
- (s) Perform such other functions and duties as are provided for under the Act and any other relevant law.

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

c) Key Management

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

- The Public Procurement Regulatory Board
- Director General
- Senior Management

d) Fiduciary Management

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

S/No.	Designation	Name
1.	Director General	Patrick K. Wanjuki
2.	Director, Strategy & Planning	Rose Nyamweya (Mrs.)
3.	Ag. Director Legal & Corporation Secretary	Lucy J. Barno
4.	Director, Research, Innovation & Business Systems	Henock K. Kirungu
5.	Ag. Director, Corporate Services	Chris Sakwa
6.	Ag. Deputy Director, Finance & Accounting	Lawrence Yuta
7.	Ag. Head of Procurement	Maximus Siwa

e) Fiduciary Oversight Arrangements

The operations of the Authority are guided by the Public Procurement and Asset Disposal Act 2015, Public Finance Management Act 2012, relevant Acts of Parliament and Regulations and the Mwongozo Code of Governance for State Corporations.

Key fiduciary arrangements covering the Authority include:

- The Public Procurement Regulatory Board;
- The Audit, Risk and Governance Committee of the Board;
- The Finance and Administration Committee of the Board;
- The Compliance, Strategy & Communication Committee of the Board;
- Parliamentary Oversight Committees;
- Internal Audit and Risk Assurance function.

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

f) Entity Headquarters

P.O. Box 58535-00200,
KISM Towers, 6th Floor,
Ngong Road,
Nairobi, Kenya.

g) Entity Contacts

Tel: +254 20 3244000
Email: info@ppra.go.ke,
Website: www.ppra.go.ke

h) Entity Bankers

National Bank of Kenya
Harambee Avenue Branch
P.O. Box 41862-00200
Nairobi, Kenya

i) Independent Auditors

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

j) Principal Legal Adviser

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

THE BOARD OF DIRECTORS

The Act has established two Boards; the Public Procurement Regulatory Board which is the Board of Directors of the Authority, and the Public Procurement Administrative Review Board, an independent quasi-judicial body that presides over public procurement disputes.

THE PUBLIC PROCUREMENT REGULATORY BOARD

The Public Procurement Regulatory Board (PPRB) is the management Board of the Public Procurement Regulatory Authority. The Regulatory Board is established under section 10(1) of the PPADA 2015. Its main responsibility being oversight of management, operations and activities of the Authority. The PPRB was constituted in September 2018.



Mr Andrew M. Musangi: Board Chairperson

Mr Musangi is an advocate of the High Court of Kenya with more than 27 years in legal practice. He is the managing partner at Mukite Musangi & Company Advocates and was previously an associate at Sheth & Wathigo Advocates.

He is a previous Chairman of the Law Society of Kenya, Rift Valley Branch and a past Director of the Kenya Rugby Union. From 2005-2012 Mr. Musangi served as a Council member of the Nakuru Business Association. He has also served as a Chairman, of the KRA Local Committee, South Rift Region

Currently Mr Musangi also serves as the Chairman of GenAfrica Asset Managers; and as a Director at Smart Applications and at Resolution Insurance.

He holds a Bachelor of Laws degree (LL.B) (Hons) from University of Hull (UK), a Postgraduate Diploma in Law from Kenya School of Law and an advocate of the High Court.

PUBLIC PROCUREMENT REGULATORY BOARD CONTINUED



Commissioner Lydia W. Gachoya: Independent

Commissioner Lydia is a seasoned Human Resources specialist having worked in the private sector both locally and internationally up to Director level.

She has previously held the following positions: Head of HR, Unga Ltd; HR Team Leader, UN-The Netherlands; Regional HR Director, Colgate Palmolive and Commissioner, National Gender & Equality Commission.

Currently she serves as the Chairperson of the Finance & Administration Committee of the Public Procurement Regulatory Board. She is also the current Vice President, Regional Women Forum of International Conference of the Great Lakes Region. She also serves in the Board of St. Monica Childrens Orphanage in Machakos. She holds; Bachelor of Education from the University of Nairobi and a Post Graduate Diploma in Institutional and Project Management.

Ms. Linda Susan Ingari: Independent

Linda is a Supply Chain Management Specialist with over 19 years of experience having worked in the Manufacturing, Education, Telecommunication, Banking, and the Agriculture sector up to senior management level.

She currently serves as the Chairperson of the Compliance, Strategy and Communication Committee of the Regulatory Board.



Linda is also a Trainer and Consultant in Supply Chain Management with over 12 years of experience having facilitated various workshops and lectures in the SCM field. She spearheaded the development of the National Curriculum for Procurement and Supply Profession in Kenya. She currently serves in the Kenya Institute of Supplies Examination Board (KISEB). She holds a First-Class Honors bachelor's degree with a Master of Business Administration from Kenyatta University; Postgraduate Diploma in Procurement and Supply from Chartered Institute of Procurement and Supply (CIPS, UK); an International Diploma in Supply Chain Management from International Trade Centre (ITC, Switzerland) and a Diploma in Business Management from Kenya Institute of Management.

PUBLIC PROCUREMENT REGULATORY BOARD CONTINUED



Mr Paul Nyamodi: Independent

Mr. Nyamodi is an Advocate of the High Court of Kenya with vast experience in legal practice. He has been practicing law for more than 22 years. He is the proprietor of V.A Nyamodi & Co Advocates and was previously an Associate at the same firm.

He is also a director at Jamii Bora Bank, at Brook House International Schools and Uhoreru Ltd. He has previously served as a director at the Kenya Rugby Union and as Chairman of the Privatization Appeals Tribunal

Mr Nyamodi is the current Chairman of the Debarment Committee of the Regulatory Board. He holds a Bachelor of Laws (LLB) degree from the University of Central England and a Diploma in Legal Practice from the Kenya School of Law

Ms. Lilian M. Abishai: Alternate to Attorney General

Lilian has served as an alternate director at the Kenya Film Commission, and is a current alternate director at Kerio Valley Development Authority. She has a wealth of experience in negotiating high level financing, and contracts on behalf of the Government. She participated in the drafting of the Public Private Partnership legislation for Kenya.



Lilian holds a Bachelor of Laws degree from the University of Nairobi and a Diploma in Legal Studies from the Kenya School of Law.

PUBLIC PROCUREMENT REGULATORY BOARD CONTINUED



FCPA Jane Wanja Muthaura: Independent

FCPA Jane has over 34 years' experience in the fields of Finance, Accounting and Company Secretary. Jane currently serves in among other positions as: Chairperson Salaries and Remuneration Commission (SRC) Audit committee, Director – Mhasibu Sacco, Director -Empire microsystem, Director – Association of Women Accountants of Kenya (AWAK).

She has previously held directorship and senior management positions in various institutions including: Director – Institutional Consultants Ltd, Council member - Institute of Certified Secretaries, Acting CEO – EACC, Director Finance & Admin – Mater Hospital, warehouse manager/chief accountant/Company secretary – East Kenya/Nairobi Bottlers Ltd.

FCPA Muthaura is the current Chairperson of the Audit and Risk Committee of the Regulatory Board. Jane holds Bachelor of Commerce (University of Nairobi), Master of Arts (ongoing) – Pan Africa Christian University. In addition she is a Certified Secretary, Certified Public Accountant, Certified Professional Mediator and Certified Financial Analyst. Further, she holds professional membership of: Institute of Public Accountant of Kenya (ICPAK), Institute of Certified Secretaries (ICS), Institute of Directors, Kenya Institute of Management, Institute of Certified Investments & Financial Analysts among others.

Dr. Godfrey Kyalo Makau: Independent

Dr. Makau has vast experience in the education sector. He is trained in Business Management, sociology, marketing, information systems management and MIS strategy up to expert level. He also has sound experience in government high-level leadership, and drawing of policy guidelines for allocation of resources and management of public funds within the public procurement sector.



Dr. Makau offers consultancy services in areas of eCommerce, eBusiness strategy and strategic management.

He is currently serving as a Lecturer at Jomo Kenyatta University of Agriculture and Technology. He holds a PhD in Business Administration from University of Nairobi and a BA (Sociology, Kiswahili, History and Government) from Kenyatta University.

PUBLIC PROCUREMENT REGULATORY BOARD CONTINUED

Livingstone Bumba: Alternate to CS, The National Treasury and Planning - Retired May 2023

Mr Livingstone Bumba is the alternate to the Cabinet Secretary/National Treasury on the Board. He is a Deputy Director, Debt Management at the National Treasury. He holds a Master's degree in Public Sector Management from the Africa University, Mutare, Zimbabwe and a Bachelor of Arts from the University of Nairobi.



Mr Eric Korir: Alternate to CS, The National Treasury and Planning - Appointed May 2023

Mr Korir is a results-orientated Procurement and Supply Chain Management Leader with over 25 years' experience in public and private sector procurement and supply chain management with a strategic overview and an analytical knowledge of local and global context.

He is currently the Director of Public Procurement at The National Treasury handling policy, research, legal and technical matters in the public-sector procurement for both national and county governments.

Eric holds a Bachelor of Arts degree from the University of Nairobi, a Master of Business Administration in Strategic Management from Moi University and a Diploma in Supply Chain Management from the Chartered Institute of Purchasing and Supply (UK). He is a Member of the Chartered Institute of Purchasing and Supply, Kenya Institute of Supply Management and the Institute of Transport and Logistics.

He sits in the Boards of Kenya Reinsurance Corporation Ltd, Export Processing Zones Authority and Jomo Kenyatta University of Agriculture and Technology as Alternate Member to Cabinet Secretary, The National Treasury & Economic Planning. Previously sat in the Boards of Kenya Pipeline Company and Tana-Athi Water Company.

THE PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD

The Public Procurement Administrative Review Board (PPARB) is established under section 27 (1) of the Act as a central independent procurement appeals Review Board. The Board's main function is to adjudicate over public procurement and asset disposal disputes.



Faith Waigwa: Outgoing Chairperson - Retired June 2023

Ms. Faith Waigwa is an advocate of the High Court of Kenya and has been practicing law for more than 15 years. She is the Managing Partner of NOW Advocates LLP since March 2011. She has served as: Council member of the Law Society of Kenya, Deputy Secretary General of the East Africa Law Society and Vice President of the Law Society of Kenya. She has served as the Chairperson of the Review Board since 21st September, 2018 and her first

She holds a Bachelor of Laws degree (LL.B) (Hons) from the University of Nairobi and a Postgraduate Diploma in Law from Kenya School of Law. She is currently a Post Graduate student at the University of Nairobi pursuing a Master of Laws degree (LL.M) in Environment and Natural Resources Law; with a specific interest in Regulation of Power and Energy and a Master of Laws (LL.M) degree in Oil and Gas at Strathmore University.

Mr George Murugu Muthui: Incoming Chairperson - Appointed June 2023

Mr. George Murugu Muthui is an advocate of the High Court of Kenya. He has extensive litigation experience and has effectively dealt with and successfully represented, in conjunction with his partner & associates, the Independent Electoral and Boundaries Commission in the firm of Murugu, Rigoro & Company Advocates in matters concerning the electoral process.



He is a polished and experienced Constitutional, Commercial and Litigation advocate. He was appointed by the Independent Electoral and Boundaries Commission as a Presiding Committee Chairperson in one of Dispute Resolution Committee Panels to hear and determine party nomination cases.

Mr. Murugu holds a Bachelor of Laws degree (LL.B) (Hons) from the University of Nairobi and a Postgraduate Diploma in Law from Kenya School of Law. He is Fellow Chartered Institute of Arbitrators (FCI.Arb)

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED



Mr. Hussein Were: Member

Hussein Were has over 27 years' experience in quantity surveying and project management. He also has 8 years experience in the field of governance and forensic investigation. Mr. Were is the Honorary Treasurer and member of Governing Council of the Architectural Association of Kenya; as well as Principal Partner and founder of Fanisi Consultants, a quantity surveying and project management firm.

He holds an MA (Building Management) and a BA (Building Economics) from the University of Nairobi

Dr. Paul Akida Jilani, DBA, MCIPS, CHSCA, CSSC, CSCA: Member

Dr. Paul Jilani is a seasoned Supply Chain Specialist with over 15 years' extensive experience in industry procurement, logistics and supply chain management. He has extensive training and expertise in procurement and logistic processes, humanitarian supply chain, operations management, strategic sourcing and management, warehousing and distribution, shipping and imports management among others.



Dr. Jilani has previously worked as a Supply Chain Director, Advisory Contractual Role and been the Chairman of the Tetra Pak Sacco Limited. He has also been a part-time faculty of the KCA and JKUAT universities.

He holds a Doctor of Business Management in Global Supply Chain Management, a Master of Business Administration in Supply Chain Management, a Bachelor of Business Administration in Entrepreneurship, and a Graduate Diploma in Procurement & Supplies Management, UK.

He is a licensed member of the Kenya Institute of Supplies Management; a Certified Executive Coach and an alumnus of the Strathmore Business School Executive Coaching for Managers Program (ICF certified); and Public Policy Executive Program.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED



Irene N. M. Kashindi: Member

Mrs. Irene Kashindi is an advocate of the High Court of Kenya, a Commissioner for Oaths and Notary Public with over 12 years' experience as a practicing advocate. She is a partner in the firm of Muniyao Muthama and Kashindi Advocates. She was until June 2018 a partner in Hamilton Harrison & Mathews. She has a wealth of experience in commercial and civil litigation as well arbitration.

She has been a Partner and an Advocate in two leading law firms in Kenya, having been an advocate of the High Court of Kenya for over 12 years, six of which at partner level. She is a co-author of the Kashindi's Digest of Employment Cases. She holds a Masters and a Bachelor's Degrees in Law, and a Post-Graduate Diploma in Law, having done her thesis on public procurement.

Mr. Jackson Awele Onyango: Member

Mr. Awele is a partner at Awele Jackson Advocates LLP and a Board Member at the LSK SACCO Board of Management. He was instructed as a pupil and began practice as an Advocate at Kaplan & Stratton and later joined Oraro & Co, Clifford chance LLP and One Essex Court Chambers (London) before founding his current private practice – Awele Jackson Advocates LLP.



Mr. Awele advises and represents local and international clients in criminal, civil, public law and commercial legal disputes including property disputes, private client, insolvencies, labor, shareholder disputes, debt recoveries, redemption actions among others before the High Court, Court of Appeal, the Supreme Court and Chartered Arbitrators.

He holds a holds a Bachelor of Laws degree (Moi University), Postgraduate Diploma in Law (Kenya School of Law) and a Master's in Business Administration (Finance) (University of Nairobi) and various advanced certifications in Intellectual Property and other fields.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED

CPA Isabel Juma: Member



CPA Isabel Juma is a Finance Professional with over 20 years of experience across Education, FMCG and Beverages. Seasoned in leading multi-faceted teams across Strategy, Capital Structuring and Financial Management functions, resulting in improved business efficiency and resource utilization. She currently holds the position of Finance Director in a leading brewing company in the region, and has been a Chief Finance Officer in an international private university.

She holds directorships at the CPF Financial Services Ltd and the Association of Women Accountants of Kenya, and is a member of the Institute of Certified Public Accountants of Kenya).

CPA Isabel is a Certified Public Accountant – Kenya, and a holder of Master in Business Administration and a Bachelor's in International Business Administration from the USIU.

Nicholas Sauka Mruttu: Member – Retired June 2023

Mr. Mruttu has been a successful General Manager & commercial executive with over 20 years' experience in the FMCG, Telecommunications, Mobile Payments & Insurance Sectors, and has become an expert in Insurance; Distribution & the value chain; Budget control & management of sales & revenues in a very large organisation. He has previously held the positions of Head of Sales for a leading digital TV organization in Africa, General Manager – Retail for a leading insurance company in Kenya, and Head of



He holds, a Global MBA from the United States International University (USIU) and a B.A. Economics from the University of Nairobi.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED



Ms. Phyllis Chepkemboi: Member – Retired June 2023

Ms. Phyllis Chepkemboi is an Advocate of the High Court of Kenya with over 11 years' experience, a holder of an MBA degree with a bias for Human Resource Management and a certified professional mediator with a rich working experience in diverse fields including general law practice, litigation and conveyancing.

Ms. Chepkemboi has previously been employed at a state corporation in the water sector as a Manager (Legal & Compliance) and at Mumma Nyagaka & Co. Advocates as an Associate. She is a member of the Law Society of Kenya, FIDA-Kenya, and a Life member of the Kenya Red Cross. She was also a member of the national steering committee team that came up with the Water Act 2016.

Alfred Mumpasoi Keriolale: Member – Retired June 2023

Mr. Keriolale has been a Community Based Natural Resource Management (CBNRM) Liaison Officer with the Ministry of Environment and Forestry and previously served in the NGO sector.

He has served as CEO/Secretary of Narok County



He is pursuing a Master's of Business Management (Strategic Management) from the Maasai Mara University, and has a Bachelor of Education Degree from Egerton University



Njeri Onyango: Member – Retired June 2023

Mrs Njeri Onyango She is an Advocate of the High Court of Kenya, and proprietor of Njeri Onyango & Co. Advocates. She previously served as a board member of the Independent Policing Oversight Authority (IPOA). She also serves as a member of the Sports Disputes Tribunal, FIVB Legal Tribunal, FINA Disciplinary Panel and the Africa Continental Result Management Hearing Panel (Anti-Doping). Mrs. Onyango has also undertaken legal consultancies with various organizations nationally and internationally.

She holds an LLB Degree from the University of Nairobi, a Diploma in Law from the Kenya School of Law and is a fellow of the Chartered Institute of Arbitrators London and a member of the Chartered Institute of Arbitrators-Kenya chapter.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED



Hon. Rahab Robi Chacha: Member – Retired June 2023

Hon. Rahab Robi Chacha is the founder of the Kuria Women & Youth for Change, that comprises of political and youth activist volunteers. Hon. Robi Chacha was previously a member of the County Assembly of Migori, and has been a Director, Youth & Gender at the Migori County Assembly Senator's Office. She has also been the Deputy Regional Coordinator, Nyanza & Western Region of the Truth, Justice & Reconciliation Commission.

She holds a Bachelor's Degree in Criminology and Security Studies from Rongo University and a Diploma in Human Resource Management.

Steven Oundo Wandera Bwire, OGW: Member – Retired June 2023

Mr. Steven Oundo has over 24 years' experience in the Practice of Architecture and Alternative Dispute Resolution Mechanisms in the Construction Sector.

He is a past Chairman of the National Construction Authority, Past Chairman of the Association of Professional Societies in East Africa and a Past Chairman

Mr. Steven Oundo is a Fellow Member of the Chartered Institute of Arbitrators, A Fellow Member of AAK and a Trustee of the Registered Trustees of AAK. He has a Bachelor of Architecture, (Hons) and an MBA both from the University of Nairobi.



DR. JOSEPH B. GITARI: Member – Retired June 2023

A political economist, Dr. Gitari has over three decades of frontline experience in human rights, governance and strategic communications nationally, regionally and globally.

Dr. Gitari has held senior positions in global development organizations in Kenya, Africa and other worldwide regions. He has also carried out several governance consultancies in public and corporate governance regionally.



Dr. Gitari holds degrees in: PhD (International Relations); an M.A.: International Relations and B.A.: Mass Communications and Political Science, all from the University of Denver, Denver, Colorado, USA.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED



Eng. Mbiu Kimani OGW, HSC: Member

Eng. Mbiu Kimani is a Practicing Civil and Structural Engineer. Prior to this, Eng. Kimani worked with the Government of the Republic of Kenya, in the State Department of Public Works until he retired on 26th October, 2016. He was Acting Works Secretary from December 2015 up to his retirement in October 2016. He was Chief Engineer (Structural) from 1998 up to December 2015.

Eng. Mbiu Kimani has previously served on the Boards of; Sports Stadia (2012-2014) and Egerton University Council (2006-2013) as alternate to the PS, Public Works. He has also been a Committee Member-Githunguri Constituency Development Fund (2008-2012), Kiambu County.

He holds a M.SC (Construction), BSc (Civil Eng) and a Certificate in Earthquake Engineering and Seismology from the Institute of Earthquake Engineering and Engineering Seismology, University of Kiril and Metodi, Yugoslavia. He has also attended many Arbitration and Dispute Resolution Courses offered by the Chartered Institute of Arbitrators (Kenya Branch).

He is a Fellow of the Institution of Engineers of Kenya and a Registered Consulting Engineer with the Engineers Board of Kenya.

Ambrose Ngare, SS: Member – Retired June 2023

Mr Ngare is passionate on application of Alternative Dispute Resolution (ADR) in Conflict Management and Criminal Justice.

Notable achievements include being a leader on Prison Reforms and Human Behavior change and Leader in fake seed reduction in Kenya on Promotion of Food Security.

He also serves under Judiciary as Court Annexed mediator, Professional Mediator and Trainer.



Mr. Ngare previously served at Kenya Seed as Head of Security, Egerton University as a Lecturer and Kenya Prisons Service as a Regional Coordinator. He holds a Master of Arts in Criminal/Social Order; B.A. Sociology/political Science, Post graduate Diploma in Human Recourse Management from the UON.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED



Alice Nyomenda Oeri: Member – Appointed June 2023

Ms. Alice Nyomenda Oeri has wide experience in Labour Law especially on labour litigation, drafting agreements and contracts on employments, advise on retrenchment and rationalization including alternative means of strategies in respect of strikes, locking out and other forms of industrial action. She has vast experience in Family Law which involve a wide spectrum of family disputes in the nature of Children matters, succession, divorce petitions and division of Matrimonial property

Ms. Oeri holds Master of Arts in Public Administration and Bachelor of Laws (LLB) (Hons) Degree, from Marathwada University (India) and a Post-Graduate Diploma in Law, Kenya School of Law. She is the Managing Partner A.N Oeri & Company advocates.

Joshua Kiptoo: Member – Appointed June 2023

Joshua is an advocate of the High Court of Kenya and served as the second Speaker of the Nandi County Assembly. He has immense work experience on the intersection of devolution, public policy, international law, sustainable development, trade, investment, finance, politics and human rights.

He has served as the Chairperson of the Intergovernmental Relations Committee and Legal Committee of the County Assembly Forum (CAF).



Political leadership positions have provided him with competitive edge in building partnerships with the public.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED

Dr. Mambo Susan: Member – Appointed June 2023



Dr Mambo is mid-career health scientist, strategic, innovative and results oriented public health professional with over 10 years of experience working with various public and private research and academic institutions; Ministry of Health- Kenya; CDC-EU funded projects, in grant writing, proposal development, program design, implementation of projects, monitoring and evaluation of projects.

Susan has competence and expertise in designing and implementing health policies, guidelines and high level documents, and demonstrable resilience working with strict deadlines in extremely difficult environments within Africa. She has expertise and experience in addressing leadership dilemmas that impact academia, research projects and programs, excellent negotiator and team lead to create fertile grounds for program delivery while ensuring efficiency and effectiveness.

Dr. Mambo holds a Doctor of Philosophy in Health from Kenya Methodist University, Systems Management, Master of Public Health in Monitoring and Evaluation from Kenyatta University and Bachelor of Science from Kenyatta University.



Langat Kipng'eno Daniel: Member – Appointed June 2023

Mr. Langat is has wide experience in the Energy sector. He has worked with Deeli Investments as a transport & logistics Manager (2007-2008). He worked with Nixomb Limited as station Manager. He is currently a retailer/ dealer with Vivo Energy Kenya.

He holds a Bachelor of Business Management (Hons) (Supplies & Procurement Option) from Mount Kenya University.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED

Eng Lilian Atieno Ogombo: Member – Appointed June 2023

Eng. Lilian Ogombo is a dynamic and result oriented Corporate leader possessing over 15 years strong track record of performance in spearheading vision, strategy and streamlining operations and technology development within the private and public sectors. She has vast experience in identification, development and successful implementation of energy projects. She is currently a Director, Energy and Business Development Lead, Edcons Kenya limited.



In addition, she served as Chief Executive Officer, Association of Consulting Engineers of Kenya between 2021 and 2022, was head of facility (Engineering), Agha Khan Hospital from 2018-2020, was the Chief Officer for Energy and Mining, County Government of Kisumu between 2014 and 2018.

She is currently a Post Graduate student at the University of Nairobi pursuing a Doctor of Philosophy in Business Administration. She holds a Master of Science degree in Energy studies from the University of Dundee, United Kingdom and a Bachelor of Science in (Hon.) Civil Engineering from the University of Nairobi.

She is a member of the Engineers Board of Kenya, member of the Engineers of Kenya and member of the Kenya Institute of Management.

MANAGEMENT TEAM



Patrick K. Wanjuki
Director General
LLM (Nottingham), LLM (Nairobi) LLB (Nairobi) Hons, B.COM (Nairobi)
Hons, PGD (KSL) CIPS (UK) MKISM (K)



Mrs Rose M. Nyamweya
Director, Strategy & Planning
PhD(Candidate), CPA(K), CPS(K)
MBA, B.Com



Henock Kirungu
**Director, Research, Innovation &
Business Systems**
MBA, B.Com, CIPS, PGD (Computer Sci)
PGD(Purchasing & Supplies)



Lucy J. Barno
Ag. Director Legal & Corporation Secretary
LLM (Candidate), LLB, Dip (Law),
CPS (K), Advocate of the High Court



Julius G. Mungai
Ag. Director, Internal Audit
MBA, MA, BA, CPA(K), CPS(K), CISA

MANAGEMENT TEAM CONTINUED



Peter K Ndung'u
Manager, MERRAS
MA (Econ), BA (Econ), CIPS
Dip (Purchasing & Supplies)



Ms. Pauline O. Opiyo
Ag. Director, Compliance
MSc (Proc & Logistics), BA, CIPS
GDip (Purchasing & Supply Mgt)
Dip (Forensic & Criminal Investigations)



Chris Sakwa
Ag. Director Corporate
MBA, BBM, CPA (K)



Thomas O. Otieno
Ag. Director, Licensing & Standards
MSc (Proc & Logistics), BA,
Dip (Purchasing & Supply mgt)



Lawrence K. Yuta
Ag Deputy Director Finance & Accounting
MBA, Bcom, CPA(K)



Gitonga K. Mwangi
Ag. Deputy Director, HR & Admin
MPPA, BA, CHRP, CPS, Dip Labour
Studies & Management

CHAIRMAN'S STATEMENT

The public procurement and asset disposal system has continued to undergo transformations aimed at enhancing its effectiveness and efficiency in delivering quality services to the citizens. These reforms include the promotion of open contracting through enforcement of disclosure of information through the Public Procurement Information Portal (PPIP) and digitalisation of public procurement and asset disposal processes through acquisition of a stand-alone e-Government procurement system.

The Public Procurement Regulatory Board (the Board) continued to provide policy and strategic direction in the regulation of the public procurement system and entrenchment of these reforms by the Government. This has been achieved through oversight on the operations of the Authority and approval of relevant policies aimed at operationalisation of its mandate.

Valued stakeholders, on behalf of the Board, I am pleased to present to you the Authority's Annual Report and Financial Statements for the FY 2022/2023. This Report details the Authority's actions and interventions aimed at delivering an effective and efficient public procurement and asset disposal system. This is the last Annual Report under the Strategic Plan for the 2018/19 – 2022/23 period, which documents the achievements of the Authority over the period under review. The Board revised the Policies and guidelines aimed at strengthening performance of different functions of the Authority. Key among them being the Complaints and Investigations Policy Manual and Debarment Manual. The Board also considered five (5) requests for debarment of errant suppliers, of which two matters were withdrawn, one dismissed, a further one debarment decision was made and forwarded to the National Treasury and Economic Planning for gazettelement, and remaining one, was under determination.

During the year under review, the Authority collaborated with sector regulators, national, regional and international agencies in achieving its mandate, including sharing information, knowledge and experience. For instance, in collaboration with the Competition Authority of Kenya to fight bid collusive tendering practices; signed a memorandum of understanding with the Ethics and Anti-Corruption Commission to strengthen integrity and fight corrupt practices in public procurement; and the Annual East Africa Procurement Forum held in March in Kampala, Uganda; where key lessons on involving the public in public procurement contract monitoring were learnt from Uganda for replication.

In implementing its mandate, the Authority acknowledges the support it continues to receive from The National Treasury and Economic Planning. The Authority, during the year under review, received Ksh. 347.67 million from the Exchequer to meet both its current and development needs. The Authority also

received support from development partners including the GIZ, the World Bank and the Public Financial Management Reforms Secretariat.

Funding continues to be a major challenge to the implementation of the Authority's strategic plan and mandate as it relies heavily on exchequer which forms up to 100% of its budget. The Board recognizes that this is a national problem resulting from fiscal consolidation efforts by the government. The Board thereby approved a memorandum on operationalisation of the Capacity Building Levy provided for under Section 24(5)(d) of the Public Procurement and Asset Disposal Act, 2015, as one of the sources of revenue for the Authority. If operationalised, it will augment the funding received from the exchequer.

During the year under review, the Board approved for operationalisation, the new organisational structure, which was developed to address the challenges experienced under the old structure and requirements of the expanded mandate of the Authority. The structure has focused more on implementation of preventive measures aimed at minimising loss of public funds from errors of commission or omission.

The Board also recognizes the critical role that the Authority's Management plays in the execution of our mandate. As the Board, we are fully committed to continually enhancing the welfare of our staff members to ensure that they are well equipped, both at work and socially, to professionally execute their tasks and facilitate the Board achieve the ambitious targets set out in the Strategic Plan.

The Board also undertook the end-term review of the current strategic plan and commenced the process for development of a new strategic plan in readiness for implementation come the next financial year. The new strategic plan is developed along the aspirations of the Constitution of Kenya 2010, the Kenya Vision 2030, the Fourth Medium Term Plan, the Bottom-Up Economic Transformation Agenda (BETA) and international commitments.

Finally, I commend the Board of Directors, Management and members of Staff for their resilience in delivering the achievements during the year. Additionally, achievements would not have been possible without the support of the National Treasury and Economic Planning, strategic partners, all other key stakeholders and the general public. We assure you of our continued commitment to deliver a well-functioning public procurement and asset disposal system, for achievement of sustainable development.



Kadhua Jimmy Kahindi
Chairman, PPRB

REPORT OF THE DIRECTOR GENERAL

Public procurement is a strategic function and a critical enabler of effective service delivery. As a regulator, we operate in an environment that is volatile, uncertain, complex and ambiguous, which demands for dynamism and proactiveness in addressing the emerging issues affecting the public procurement and asset disposal system in Kenya. The Authority manages this through continuous engagement with stakeholders aimed at delivering a well-functioning system, that spurs economic growth, quality service delivery and employment creation.

Towards this, I present for your reading, the Authority's FY 2022/2023 Annual Report and Financial Statements, prepared in accordance with Section 26(2) of the Public Procurement and Asset Disposal Act, 2015. The report demonstrates the activities and achievements of the Authority during the year under review, in accordance with the statutory mandate, Strategic Plan for the 2018/19 – 2022/23 period and Performance contract signed with the Government.

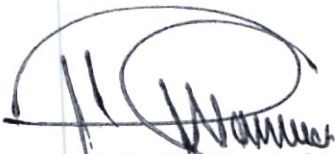
In this regard, I am pleased to report that our sustained regulatory enforcement services through pre-bidding analysis, review of mandatory reports, compliance monitoring, complaints management, trainings, provision of advice and issuance of circulars and directives; led to a marginal increase in the average level of compliance to 65.18% up from 61.90% in the previous year. Major areas of weaknesses included some procuring entities charging fees for tender documents issued for registration/prequalification/expression of interest; setting bid security amount in terms of a percent instead of as an absolute figure; setting restrictive or subjective evaluation criteria; not using the prescribed standard tender documents; failure to undertake stock taking and inventory management as prescribe and not publishing all contracts as required in the Public Procurement Information Portal (PPIP). The Authority, also trained 3,500 persons involved in the public procurement and asset disposal system, on different aspects of the public procurement policy, legal and regulatory framework.

Further, the Authority based on complaints and feedback received, issues circulars and directives to provide clarifications of emerging issues. During the year, the Authority issued four (4) circulars and directive on disclosure of beneficial ownership information by procuring entities for all signed contracts; on automation of tender securities by issuing institutions; on registration of suppliers under the Access to Government Procurement Programme and lastly on procurement of insurance services. These circulars are issued to uphold the principles of public procurement as provided for under Article 227(1) of the Constitution, and every procuring entity is required to comply with the circulars.

The Authority faced a number of challenges during the year under review, including, inadequate funding; low levels of compliance with the requirement to publish procurement information in the PPIP, including disclosure of beneficial ownership information; failure by some procuring entities to comply with the directives of the Authority; and inadequate capacity amongst persons participating in the public procurement and asset disposal system. The Authority engaged key stakeholders to address these gaps, alongside undertaking capacity building and issuance of directives.

In this regard, the Authority's achievements as highlighted would not have been possible without the support of the members of employees. It remains the Authority's resolve to empower our staff with the requisite technical skills and competencies to execute their tasks, with a key focus on ensuring they are well honed regarding emerging areas in public procurement and asset disposal system.

We are also grateful to the National Treasury and Economic Planning for their continued budgetary and policy support, more so in light of the competing needs. The Board has equally been instrumental in supporting the Management to achieve its targets. The Authority is also appreciative of the various stakeholders, local and international, from the Public and Private sectors, who have supported us in our quest to create an efficient public procurement system. We look forward a fruitful and vibrant new FY 2023/2024.



Patrick K. Wanjuki
DIRECTOR GENERAL

CORPORATE GOVERNANCE STATEMENT

The Public Procurement Regulatory Board is committed to applying and maintaining the highest standards of corporate governance at the Authority as it recognizes this to be a key contributor to the long-term success, value and sustainability of the Authority.

Good corporate governance enables effective and efficient decision-making and gives a structural aid for the Board to discharge their duty to promote the success of the Authority while taking into account the interest of stakeholders. Effective governance is achieved through a combination of strong policies, process and structures, underpinned by the right values and culture.

The operations of the Authority are guided by the Public Procurement and Asset Disposal Act, 2015 (the Act) and other relevant Acts of Parliament and Regulations. The Authority has also adopted and continues to be guided by the *Mwongozo* Code of Governance in its operations.

The Public Procurement Regulatory Board

The Public Procurement Regulatory Board is established under section 10(1) of the Act. Further, the Act provides for a regulatory Board to comprise of nine members and a Director General who shall be the Chief Executive Officer of the Authority and the Secretary to the Board. The Regulatory Board is responsible for the long-term sustainability and success of the Authority through provision of strategic leadership, steadfast oversight of management and ensuring that the Authority provides its stakeholders with a balanced and understandable assessment of its current position and prospects.

Specifically, the functions of the Regulatory Board are:

- (a) Ensure the proper and effective performance of the functions of the Authority;
- (b) Approve and ratify the policies of the Authority;
- (c) Oversee the management, control and administration of the assets of the Authority in a manner and for purposes that promote the object and purpose of the Authority;
- (d) Receive any gifts, grants, donations or endowments made to the Authority;
- (e) Determine the provisions to be made for capital and recurrent expenditure, and for the reserves of the Authority;
- (f) Open bank accounts for the funds of the Authority in accordance with the Public Finance Management Act, 2012;
- (g) Subject to the approval of the Cabinet Secretary, invest any of the Authority funds not immediately required for the purposes of the Act, as it may determine; and

- (h) Co-operate with other organizations undertaking functions similar to its own, whether within or outside Kenya as it may consider appropriate and in furtherance of the functions of the Authority.

The Regulatory Board's leadership responsibilities involve working together with management to set corporate values and to develop strategy including which risks it is prepared to take in pursuit of strategic objectives. Its oversight responsibilities involve providing constructive challenge to the management team in relation to operational aspects of the Authority's business, including approval of budgets and probing whether risk management and internal controls are sound. It has the responsibility of ensuring that timely and understandable information is provided to stakeholders.

The Board has delegated the responsibility of management of the Authority to the Director General, who is the Chief Executive Officer, and the management team. The main areas where the decisions remain with the Board are the approval of budget and annual corporate plan, approval of policies and approval of financial statements. The Board is also responsible for setting the Authority's risk management policy.

As a good corporate governance practice, the Board has delegated some of its responsibilities to committees of the Board. The composition and activities of the committees are detailed later in this report. The Board receives reports at its meetings from the Chairmen of each of the committees on their current activities.

Board Independence, Separation of Roles and Responsibilities

A clear division of responsibility exists between the Chairman who is non-executive, the non-executive Board members and the Director General. Each of the responsibilities are clearly set out in writing.

Meetings Attended by Board Members

The law provides that the Board shall hold at least one meeting in every quarter. The Board holds regular scheduled meetings in every year and special meetings as and when necessary. In case of non-attendance of a Board member, the information is communicated to the Chairman in advance.

The table below shows Board membership and attendance at scheduled Board meetings in the financial year.

Table 1: Attendance of Board Meetings

S/No	Director	Meetings Attended	Meetings held	% Attendance
1	Mr. Andrew Mukite Musangi	9	9	100%
2	Mr. Paul Nyamodi	4	9	44%
3	Comm. Lydia Wanjugu Gachoya	9	9	100%
4	Ms. Lilian Abishai	9	9	100%
5	Mr. Livingstone Bumbe*	8 of 8	9	100%
6	FCCA Jane Muthaura	9	9	100%
7	Ms. Linda Ingari	9	9	100%
8	Dr. Godfrey Makau	9	9	100%
9	Mr. Eric Korir**	1 of 1	9	100%

* Replaced with Mr. Eric Korir on 24th May, 2023.

** Appointed to the Board as representative of the Cabinet Secretary, the National Treasury & Economic Planning on 24th May, 2023.

The Board Secretary, who is also the Director General, is responsible for implementing the decisions of the Board and the day-to-day operations of the Authority. The board secretariat is delegated to the Corporation Secretary who provides administrative support to the operations of the Board and convenes Board meetings as directed by the Chairman of the Board. The Corporation Secretary provides advice on corporate governance principles and plans and on the implementation of corporate governance programs such as Board evaluation. The Corporation Secretary is an advocate of the High Court, qualified certified public secretary and a member of the Institute of Certified Public Secretaries (ICPSK) in good standing.

Board Committees and Responsibilities

The Board discharges its functions through committees. All committees of the Board are chaired by a member of the Board. A number of members of the management team are incorporated in the Board Committees as invitees to add value to key Board decisions. This structure ensures that the Board pays attention to critical areas of the Authority's business and provides timely guidance on arising opportunities and mitigation of risks.

To enhance efficiency and effectiveness in discharge of its duties, the Board has formed three (3) board committees to assist the Board in its governance and oversight role; and one(1) committee that sits on ad-hoc basis to execute the Board's regulatory mandate of debarment.

The Board Committees are:

- a) Finance & Administration Committee
- b) Compliance, Communication & Strategy Committee
- c) Audit, Risk and Governance Committee
- d) Debarment Committee (Ad-hoc)

Finance & Administration Committee

The role of the Finance & Administration Committee is to ensure a very effective supervisory role of the Authority in carrying out financial management and control, human resource management, administration, procurement, ICT and resource mobilization to support the delivery of the core mandate of the Authority.

The specific terms of reference of the Committee are as follows:

- a) To ensure prudent management of the Authority's financial resources
- b) To ensure compliance with statutory financial regulations and, that the Authority has adequate financial resources to fund its programs
- c) To provide a general overview to the Board on the achievement of the Authority's Procurement Plans.
- d) To monitor management's strategy toward ensuring efficiency and integrity of the Authority's procurement systems
- e) To assist the Board in ensuring that the Authority upholds Government policy on performance contracting and other statutory obligations.
- f) To ensure that the Authority has an optimum, well trained and motivated human resource to deliver its mandate.
- g) Review the corporate goals and objectives relevant to the performance of the management, including an annual review of their performance in light of these goals and objectives.
- h) Recommend a management succession plan for the Authority and monitor the implementation of succession strategies approved by the Board.
- i) To ensure efficient and effective operations of the Administrative Review Board Secretariat.
- j) To advise on appropriate human resource policies in view of the changing needs of the Authority.
- k) To advise on appropriate Information and Communication Technology strategies to support delivery of the mandate and in view of the changing needs of the Authority.
- l) To advise on the acquisition and maintenance of office facilities and assets.
- m) To monitor the management of the Pension Scheme on behalf of the Board with a view to ensuring that the obligations of the Authority are properly discharged.

- n) To review on a quarterly basis, the authority's financial, procurement, and human resource management reports; and make appropriate recommendations to the Board.
- o) To make recommendations to the Board on all matters relating to the welfare of the members of Public Procurement Administrative Review Board and the Public Procurement Regulatory Board.

During the period under review the Committee held 5 meetings as shown below:

Table 2: Attendance of Committee Meetings

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1	Comm. Lydia Wanjugu Gachoya	8	8	100%
2	Mr. Livingston Bumbe*	8	8	100%
3	Ms. Linda Ingari	8	8	100%
4	Dr. Godfrey Makau	8	8	100%
5	Mr. Eric Korir**	N/A	N/A	N/A

* Replaced with Mr. Eric Korir on 24th May, 2023.

** Appointed to the Board and to the Committee on 24th May, 2023 after the last Committee meeting for the financial year.

Compliance, Communication & Strategy Committee

The purpose of the Compliance, Communication and Strategy Committee is to advise and make recommendations to the Board on how to ensure the proper and effective performance of the functions of the Authority. Its role is to ensure a very effective supervisory role of Authority in carrying out its core mandate and strategic functions.

The Terms of Reference of the Committee are as follows:

- a) Advise the Board on compliance monitoring, public procurement policy matters, and any amendments to the Act and the Regulations to be proposed by the Authority.
- b) Advise on strategies to be used by the Authority to ensure compliance with the procurement law.
- c) Review and recommend to the Board best practice for benchmarking.
- d) Advise the Board on the extent and mode of collaborations with other watchdog agencies
- e) Guide the Board on the Authority's technical support and capacity building strategy.

- f) Review policies, guidelines, codes of ethics, standards and manuals to be used in the implementation of the procurement law
- g) Recommend to the Board corporate branding and reputation management strategies that will increase the profile of the Authority as the country's voice on procurement
- h) Advise the Board on communication strategies to be undertaken by the Authority for dissemination of information to facilitate the implementation of procurement standards.
- i) Advise the Board on strategies to be adopted by the Authority to manage key stakeholders.
- j) Provide oversight over the implementation of the Strategic Plan.
- k) To draw the annual calendar and work plan for the Committee

During the period under review the committee held 8 meetings as shown below:

Table 3: Attendance of Committee Meetings

S/No	Board Member	Meetings Attended	Meetings Held	% Attendance
1	Ms. Linda Ingari	8	8	100%
2	Mr Paul Nyamodi	2	8	25%
3	Ms Lilian Abishai	8	8	100%
5	Comm. Lydia Gachoya	2 of 2	8	100%

Audit, Risk and Governance Committee

The purpose of the Audit Committee is to support the Authority to enhance oversight over governance, internal controls and risk management in service delivery.

The specific role of the Audit, Risk and Governance Committee of the Board includes:

- a) Evaluate adequacy of management procedures with regard to issues relating to risk management, internal controls and governance.
- b) Review and approving the audit charter and the internal audit annual work plans.
- c) Review the internal and external audit findings, recommendations, and proposing corrective and preventive action where necessary.
- d) Review the systems established to ensure sound financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- e) Initiate special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Director-General.

The Public Procurement Regulatory Board has established an audit committee pursuant to the requirements of Section 73(5) of the Public Finance Management Act, 2012 and Section 1.7(1)(b) of *Mwongozo Code of Governance for State Corporations*. The audit committee forms a key element in the Authority's governance process as it provides independent oversight of activities of the Authority's top management, the quality of risk management, financial reporting, effectiveness of governance processes and internal controls.

The audit committee assists the Public Procurement Regulatory Board in fulfilling its statutory and fiduciary oversight responsibilities relating to governance, accountability, risk management, external audit and transparency to the Authority and its stakeholders.

Composition of the Audit, Risk & Governance Committee

The members of the Public Procurement Regulatory Board who served in the audit committee Board in the FY 2022/2023 were:

Table 4: Composition of Audit, Risk & Governance Committee

S/No.	Name	Position
a)	FCCA Jane Muthaura	Chairperson
b)	Ms. Lilian Abishai	Member
c)	Mr. Livingstone Bumbe*	Member

*Mr. Livingstone Bumbe - the representative of the Cabinet Secretary, National Treasury & Planning - was replaced by Mr. Eric Korir on 24th May, 2023.

The Secretary to the audit committee was Mr. Julius Mungai - the Ag. Director, Internal Audit and Risk Assurance at PPRA.

Audit Committee Meetings Attendance by Members

The meetings of the audit committee and the attendance by the members in the FY 2022/2023 are as indicated in the table below:

Table 5: Attendance of Committee Meetings

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
4	FCCA Jane Muthaura	12	12	100%
3	Ms Lilian Abishai	12	12	100%
2	Mr. Livingstone Bumbe*	12	12	100%

*Mr. Livingstone Bumbe - the representative of the Cabinet Secretary, National Treasury & Planning - was replaced by Mr. Eric Korir on 24th May, 2023.

Training/Induction for the Audit Committee

The Authority facilitated the members of the audit committee to attend training/induction as part of their knowledge/skills enhancement as follows;

- a) *The 3rd Board Audit Committee Master Class - ICPAK 12th to 16th September 2022, Mombasa*

The theme of the training was, *'Harnessing the skills of Audit Committee Members Towards Continuous Controls Improvement in Organizations.'* The course was aimed at providing an opportunity for participants to update their knowledge and to explore the available mechanisms to deliver the effective Audit Committee support necessary to fulfil their roles. The training was attended by two members of the Audit Committee and members of the secretariat.

- b) *The Annual Governance & Ethics Conference – ICPAK 10th to 14th October 2022, Mombasa*

The conference whose theme was, *'Promoting governance practices and ethical values in a dynamic business environment'*. The chair of the Audit attended the conference.

Key Matters Considered by the Audit Committee

During the FY 2022/2023, the Audit Committee considered a number of matters (and made salient recommendations for improvement) key amongst them being:

- a) Reviewed the draft financial statements for both the PPRA and the PPRA Staff Loans Scheme for the year ended 30th June, 2022; and the internal audit reports thereof;
- b) Reviewed the PPRA's quarterly financial reports and the internal audit reports thereof;
- c) Reviewed the various internal audit reports for audits done and/or concluded in the period under consideration;
- d) Reviewed the follow-up audit reports on issues previously raised in the Internal Audit reports and the audit certificates to ascertain the status of implementation;
- e) Reviewed the Internal Audit work plan and Audit Committee Work plan and Calendar for the FY 2022/2023;
- f) Participated in the external audit entry meeting with the OAG and PPRA's management during the audit of PPRA's financial statements for the FY 2021/2022 (to discuss various issues amongst them the audit process, key

deliverables, target dates, expectations from both OAG and PPRA and assignment of responsibilities); and the exit meeting to receive the audit findings;

- g) Reviewed the audit certificates for both PPRA and PPRA Loans Scheme for the FY 2021/2022;
- h) Reviewed the implementation of the PPRA's risk management framework;
- i) Made recommendations to management and the Board on various matters.

Debarment Committee

The purpose of the Committee is to debar a person from participating in procurement and asset disposal proceeding based on the grounds set in Sec 41 of the Public Procurement and Asset Disposal Act 2015 and Public Procurement Disposal Regulations 2020.

The Terms of Reference of the Debarment Committee are as follows:

- a) To hear and determine debarment requests that have been submitted to the Authority
- b) To analyse debarment requests within thirty days and determine whether there is a *prima facie* case for debarment
- c) To issue a notice of intended debarment to the party who shall be the subject of the debarment proceedings requiring him/her to file a written response with the Board.
- d) To, within twenty-one days of receipt of the response, hold debarment hearing to determine the disputed facts.
- e) To prepare a report of its findings and recommendations, and make a determination on the request for debarment within thirty days from the date of hearing.

Table 6: Attendance of Committee Meetings

S/No	Board Member	Meetings Attended	Meetings Held	% Attendance
1	Mr Paul Nyamodi	8	9	89%
3	Ms Lilian Abishai	9	9	100%
4	Ms Linda Ingari	9	9	100%
5	Com. Lydia Gachoya	9	9	100%
6	Dr. Godfrey Makau**	9	9	100%
7	FCPA Jane Muthaura	9	9	100%

** New appointment to the Board on 6th October, 2021.

Board Remuneration

The Board members are paid taxable sitting allowance as approved by the Minister responsible for finance following guidelines from the State Corporations Advisory Committee. The Chairman is paid honoraria at a rate approved by the Government. Transport expenses are reimbursed on travel for Board business at the prevailing Automobile Association of Kenya (AA) rates. The members are also entitled to outpatient and inpatient medical cover, and a personal accident cover.

Board Capacity Development

Training and development programs were organized to equip the Board with the necessary skills for effective discharge of their duties and enhancing their understanding of the Authority's mandate.

The members of the Audit Committee were trained on *Harnessing the skills of Audit Committee Members Towards Continuous Controls Improvement in Organizations* and attended the Annual Governance & Ethics Conference, both organized by ICPAK; Dr. Godfrey Makau attended the Corporate Governance training offered by the Centre for Corporate Governance.

Conflict of Interest, Code of Conduct and Ethics

The Board has developed a Code of Conduct, Ethics and Performance Manual to guide the Board members and staff of the Authority on ethical conduct. The code requires that all Board members and employees disclose any interest that conflicts or may possibly conflict with the interests of the Authority. If a conflict of interest is declared, it is a requirement that the Board member affected is excluded from any discussion or decision over the matter in question.

MANAGEMENT DISCUSSION AND ANALYSIS

The Authority worked closely with all stakeholders to ensure smooth implementation of the Public Procurement and Asset Disposal Act 2015 and the attendant regulations. The financial and operational performance results of the Authority are as detailed in the following sections.

1. FINANCIAL PERFORMANCE

In FY 2022/2023, the Authority raised Kshs.373,721,864 to funds its operations. The performance represents increase in revenues of 0.3% compared to Kshs.372,746,661 raised in the previous financial year. The revenue comprises Government funding of Kshs.347,671,000 translating to 93% and Appropriation-In-Aid of Kshs.26,050,864, translating to 7%. On expenditure, the Authority spent Kshs.365,150,701 translating to a 98% absorption level.

2. OPERATIONAL PERFORMANCE

Key Achievements of the Authority during the FY2022/2023

During the year under review, the functions of the Authority focused on six key result areas as detailed in the Strategic Plan for the 2018/19 – 2022/2023 period, including: Compliance and Enforcement of Standards; Research and Information Management; Legal and Regulatory Framework; Capacity Building and Technical Support; Stakeholder Engagement; and Institutional Capacity. Each theme has a set of strategic objectives and strategies to be implemented for the realization of our mission and vision.

These strategic objectives were:

- a) To strengthen performance and compliance monitoring of the public procurement and asset disposal system;
- b) To enhance enforcement of the public procurement and asset disposal standards;
- c) To conduct quality research on public procurement and asset disposal issues for enhanced service delivery;
- d) To strengthen the public procurement and asset disposal legal & regulatory framework;
- e) To equip persons involved in public procurement with requisite knowledge and skills on public procurement and asset disposal;
- f) To leverage and enhance partnerships and collaborations with stakeholders; and
- g) To strengthen institutional capacity.

The following subsections demonstrates key efforts implemented together with their outcomes during the period under review. These actions have been undertaken to meet our regulatory obligations towards delivering an efficient and effective public procurement and asset disposal system in Kenya.

Strategic Objective 1: To Strengthen Performance and Compliance Monitoring of the Public Procurement and Asset Disposal System

1. Review of Mandatory Reports Published in PPIP by Procuring Entities

During the year, the Authority monitored the Access to Government Procurement Opportunities (AGPO) programme and submitted two half year reports to Parliament and the National Treasury and Economic Planning. The reports covered the periods of January – June, 2022 and July – December, 2022. The reports are prepared and submitted pursuant to Section 157(12) & (13) of the Public Procurement and Asset Disposal Act, 2015 (the Act).

A total of 6,216 contracts worth Kshs.13,634,079,051.54 were reported to have been awarded to the disadvantaged groups. In terms of the number of contracts awarded during the period under review to youths, women and PWDs; included 3,254 to women; 2,120 to youth and 842 to PWDs. In terms of value, women received the highest amount at Kshs.5,769,273,743.42 followed by Youth at Kshs.5,065,661,180.75 and PWDs at Kshs.2,799,144,127.37.

Some of the issues noted from the review of the reports included: A number of procuring entities were partially compliant to the requirement of Section 157(5) of the Act in that they did not disclose all the information required, in terms of the annual procurement budgets and the amounts reserved for the target groups; A number of procuring entities reserved less than the required minimum of 30% of their annual procurement budget for the preference and reservation scheme; and that despite procuring entities reserving procurement budgets for the disadvantaged groups (youth, women and PWDs), absorption of the same has been very low across all categories of procuring entities.

2. Review of Annual Procurement Plans

The Act requires PEs to prepare annual procurement plans and submit to the Authority the part of the procurement plan demonstrating compliance with Section 158(2) of the Act on preference and reservations schemes and PPRA Circular No.4/2022 of 1st July, 2022. The Authority reviewed the plans to determine whether they were prepared in accordance with Sections 53 (6) and 157(5) & (10) of the Act, Regulations 40 and 41 of the Public Procurement and Asset Disposal Regulations, 2020 (the Regulations) and the directives issued by the Authority. The aforementioned provisions require a Procuring Entity (PE) to

reserve at least 30% of the procurement budget for procurement of goods, works and services from enterprises owned by youth, women and persons with disabilities. County Government entities are further required to apply preference and reservation schemes whereby 20% of their procurement budgets are reserved for resident tenderers in their counties pursuant to Section 33(2) (g) of the Act and Regulation 40(5).

During the year under review, only 176 procuring entities submitted procurement plans to the Authority, with an estimated total procurement budget of Kshs. **199,130,140,308.35**; out of which, procurements valued at Kshs. **42,982,596,970.75** were reserved for procurement of goods, works and services from enterprises owned by youth, women and persons with disabilities (PWDs). The value of the procurements reserved translates to an average value of 21.59% of all reported procurement budgets, which is below the minimum threshold of 30% prescribed by Sections 53(6) and 157(10) of the Act.

Among the weaknesses identified in the procurement plans includes, failure by some of the PEs that submitted procurement plans to reserve at least 30% of the procurement budget to the enterprises owned by youth, women and persons living with disability contrary to Sections 53(6) and 157 (5) & (10) of the Act and submission of the plans after lapsing the prescribed timeline of sixty (60) days after commencement of the financial year.

3. Review of Invitations to Tender and Tender Documents

Pursuant to Section 96 (2) and (3) (a) of the Public Procurement and Asset, 2015 (the Act) PEs are required to advertise their invitations to tender in the dedicated Government Tenders Portal to make the information easily accessible to prospective bidders and the general public. The Authority reviewed the invitations to tender and tender documents that were uploaded in the Public Procurement Information Portal (PIIP) by the PEs to verify whether the invitations to tender and the tender documents met the requirements of the Act. Where non-compliance issues were identified, the Authority informed the PEs concerned and directed them to take the appropriate corrective measures by issuing addenda in accordance with Sections 75 and 76 of the Act and give feedback to the Authority.

During the year under review, the Authority analysed 1,443 invitations to tender notices/ tender documents for 174 Procuring Entities (PEs) that were uploaded in the PIIP to verify whether they complied with the requirements of Procurement Law. Of the 174 PEs, 156 were engaged on various tenders published that were not prepared in fully compliance with the public procurement legal and regulatory framework. The common non-compliance issues included: Charging of tender fees for prequalification/registration of suppliers and requests for expression of interest documents or tender documents downloaded from the PIIP

and PEs' website contrary to the requirements of Section 70(5) of the Act and Regulation 68(8) of the Public Procurement and Asset Disposal Regulations, 2020 (the Regulations); Expressing tender securities as a percentage (2%) of the bidder's tender sum instead of absolute figure contrary to the requirements of Regulation 45; and Use of restrictive evaluation criteria or criteria that were unclear/ambiguous, subjective and non-quantifiable contrary to Section 80(3) of the Act.

4. Procurement Assessments, Reviews and Contract/Performance Audits

During the year under review, the Authority conducted, **79** procurement assets; **one** procurement review; **three** contract audits; **one** inspection; **two** follow-up assessments and **four** special audits. These were aimed at determining the extent to which the subject PEs were undertaking their procurement and asset disposals in compliance with the public procurement policy, legal and regulatory framework. Through these initiatives, the average compliance level marginally increased to **63%** from **62%** in the last financial year.

Strategic Objective 2: To Conduct Quality Research on Public Procurement and Asset Disposal Issues

Market Price Index

The Authority is mandated under Section 54(3) of the Act to issue Quarterly market price index as reference guide to assist accounting officers make informed decisions. The Authority has been undertaking this mandate and continuously publishing the market price reference guides in its website with the aim of guiding procuring entities in achieving value for money through procurement within market process.

Despite the Market Price Index being a critical regulatory tool for determination of value for money in public procurement; the Authority has not conducted market price surveys for the last eight consecutive quarters for the financial years 2021/2022 and 2022/2023 due to lack of funds. The Authority made requests for additional funding to National Treasury and Economic Planning as well as World Bank to facilitate undertaking of the market price surveys.

Strategic Objective 3: To Enhance Enforcement of the Public Procurement and Asset Disposal Standards

1. Complaints Management

The Authority is mandated under sections 9 and 35 of the Act to act on, including investigation of complaints received on public procurement and asset disposal proceedings enforce any standards developed under the Act. During the year, the Authority handled **375** complaints, out of which **168** were resolved and **207** were at different stages of being resolved as at the end of the year.

On nature of complaints received during the year, majority were on award and notification; followed by delayed payment; flaws in specification and Evaluation of tender; and on irregularities in tendering process and a few touched on alleged corruption and conflict of interest, Termination of procurement Proceedings, contract management and Disposal processes among others. Proceedings flaws in evaluation of Tenders, on Termination of Procurement.

2. Public Procurement Investigations

During the period under review, the Authority commenced eight (8) investigations and completed seven (7) investigations as shown in the table below. However, the finalization of investigations was suspended after an Interested Party (the successful bidder) filed a petition in the High Court.

3. Public Procurement Administrative Review Board Secretariat Services

The Public Procurement Administrative Review Board (the "Review Board") is established under Section 27 of the Act as a central, independent procurement appeals review board. The Review Board is established to promote and uphold fairness, equitability, transparency, competitiveness and cost-effectiveness in the Public Procurement System through judicious, expeditious and impartial adjudication of matters arising from disputed procurement and asset disposal proceedings in order to increase accountability and public confidence in the system.

The Review Board's objective is to determine tendering and asset disposal disputes arising from candidates and/or tenderers who claim to have suffered or risk suffering, loss or damage due to the breach of a duty imposed on a procuring entity by the Act and/or its attendant Regulations; and to perform any other function conferred to the Review Board by the Act, Regulations or any other written law.

During the year under review, the Review Board handled 104 cases that were lodged before it. This represented a 16% reduction from 124 in the FY2021/2022. The Review Board realized a total sum of **Kshs.11,081,603.86** through **Filing Fees** paid by Applicants who lodged requests for review.

On the outcome of the cases lodged, 77 (74%) were determined in favour of the applicant or were successful; while 21 were not successful and 6 were withdrawn by the applicants. In addition, 17 decisions of the Review Board were challenged before the High Court. Of the 17, three requests for judicial review were dismissed, while the High Court decision is awaited on the rest.

All the decisions of the Review Board were rendered within a period of 21 days, and published within one day in the Authority's website.

Strategic Objective 4: To Strengthen the Public Procurement and Asset Disposal Legal and Regulatory Framework

1. Provision of Advisory Services

The Authority is mandated under section 9 of the Act to provide advisory services and technical support upon request; monitor, evaluate and report on the performance of the public procurement and asset disposal system; as well as conduct research on the system

During the period under review, the Authority handled 145 written requests for advice on public procurement and asset disposal issues. In keeping to the Authority's commitment as per the Citizen Service Delivery Charter, to issue substantive response to enquiries within thirty (30) days, all the requests received were responded to within 30 days; with 90% of the request being addressed within 15 days. Majority of the requests were choice of Procurement method to use; guidance on tender Evaluation processes; and transfer of Procurement Responsibility.

2. The public procurement and asset disposal standard documents, manuals, guidelines and formats (STDs)

The Authority commenced the review of the Standard Tender Document for Procurement of Insurance Services being done jointly by a team of officers from the Insurance Regulatory Authority; and Standard Tender Documents for Procurement of Goods being handled by the Authority's Technical Committee for Review of the Standard Tender Documents. The above-mentioned teams held meetings during the period under review and were expected to prepare the revised draft documents for submission to Stakeholders.

3. Registration and Licensing of Procuring or Asset Agents

Section 51(3) of the Act as read together with Regulation 38(1) of the Public Procurement and Asset Disposal Regulation, 2020 (the Regulation) mandates the Authority to register and license procuring or asset disposal agents (the agent).

To operationalize the registration and licensing of the procuring or asset disposal agents, the Authority developed guidelines for observance by the Authority, procuring entities and procuring or asset agents. Further, the Guidelines for Registration and Licensing for Procurement or Asset Disposal Agents (the Guidelines) provide simplified application procedure as well as the requirements and conditions to be met by the procuring or asset disposal agents when applying for registration and licensing and when applying for renewal of annual practising licence. The Guidelines and relevant forms can be accessed from the Authority's website, www.ppra.go.ke.

During the period under review, the Authority constituted a committee to review the applications submitted by the procuring or asset agents. The committee analysed the 20 applications and noted that 17 Applicants did not comply with the requirements of registration and licensing as set out in the Guidelines. Their registrations were thus not successful and the Applicants were requested to resubmit their applications in compliance with the Guidelines. The other three were processed and concluded with issuance of licenses.

Strategic Objective 5: To Equip Persons Involved in Public Procurement with Requisite Knowledge and Skills on Public Procurement and Asset Disposal

Training and Capacity Building

During the year under review, and pursuant to Section 9 of the Act, the Authority provided capacity building to persons involved in the public procurement and asset disposal system; through training, technical support and sensitization. Through these initiatives, the Authority trained 3,439 persons on various aspects of the public procurement policy, legal and regulatory framework; and on the PPIP.

Strategic Theme 5: Stakeholder Engagement

1. Stakeholder Engagement on Integration of the e-Government Procurement System and the Public Procurement Information Portal

The National Treasury and Economic Planning progressed the development of the stand-alone e-Government Procurement System during the period under review. The National Treasury convened a working session to review the extent of readiness of all systems to be integrated with the e-GP system.

The Authority participated in the session by making technical presentations on the functionalities of the PPIP and the level of readiness for integration with the e-GP system. The Authority confirmed that the PPIP is ready for the integration process, and necessary arrangements have been made to ensure its 99% availability. In addition, that, further enhancements to the PPIP were ongoing with the support of GIZ.

2. The 14th East Africa Procurement Forum

The East African Procurement Forum is an annual event that started in Uganda in 2008 and is hosted by public procurement regulatory agencies annually on a rotational basis. The Public Procurement and Disposal of Public Assets Authority (PPDA) on behalf of the Government of Uganda hosted the 14th East African Procurement Forum (EAPF 2023), between 23rd and 25th March, 2023 at Sheraton Hotel Gardens, in Kampala, Uganda. The theme of the Forum being ***“Open Contracting as a Vehicle for Sustainable Development.”***

The main objective of the Forum was to enhance the agenda of the integration of the East African Community, and create a framework to learn and benchmark on the legal framework and best practices in public procurement practice across the East African Region.

At the end of the 14th East African Procurement Forum, the delegates resolved that member states should:

- a) Implement open contracting data standards to ensure transparent and equitable public procurement;
- b) Mainstream sustainability provisions (Environment, Social, Health & Safety) in public procurement;
- c) Ensure effective application of Electronic Government Procurement (e-GP);
- d) Implement, monitor and report the application of Beneficial Ownership information;
- e) Innovate contract management through digital solutions and effective stakeholder engagement;
- f) Harmonize the application of local content in EAC;

- g) Lobby the EAC Secretariat to facilitate EAPF as a Sustainability plan for EAPF;
- h) Hand over the mantle to Burundi as the Host of the 15th East African Procurement Forum (EAPF) to be organized in November 2023.

3. Enhancing the Effectiveness of Government Procurement Programs in Achieving Women's Economic Empowerment

This was a policy dialogue session co-organised by the Strathmore Business School and the Kenya Private Sector Alliance (KEPSA) on 17th May 2023 in Strathmore; to discuss the achievements of AGPO, challenges & lessons learnt from the implementation process by procuring entities and private sector. This was amongst the other forums convened by Strathmore Business School to disseminate finds from a study on the subject.

The key issues under discussion were on mechanisms being put in place by the government to ensure;

- a. availability of quality and disaggregated data on AGPO,
- b. prompt payment for performed contracts,
- c. mechanisms to ensure access to finance,
- d. systems being put in place to enhance dissemination of public procurement information/ tender opportunities for the AGPO group; and
- e. generally, promotion of socially responsive public procurement.

The Authority participated in the dialogue and provided clarifications on challenges being faced by the groups on the public procurement policy, legal and regulatory framework. While monitoring AGPO programme, there has been persistent poor reporting by procuring entities, thus limited use of the data for decision making to improve the programme. Other government institutions included the National Treasury and Economic Planning, Business Registration Service, State Department for Gender and Affirmative Action, and the Kenya Revenue Authority.

4. Memorandum of Understanding (MOU) between EACC and PPRA

The Authority and the Ethics and Anticorruption Commission (EACC) signed an MOU on 15th June 2023 as a framework for cooperation and collaboration between the two agencies to combat unethical and corrupt practices in public procurement and asset disposal system. Key areas of focus in the MOU include:

- i) Reviewing the Legal and Regulatory Framework:** This will involve identifying weaknesses that may exist in the legal and regulatory frameworks on public procurement and asset disposal, and initiate legislative reforms.

- ii) Corruption Prevention:** This will entail inculcating a value-based culture and attitude amongst persons participating in the public procurement and asset disposal system, to enhance integrity and ethics, through behavioural change and professionalism.
- iii) Promotion of ethics and integrity:** This will entail regular trainings on ethics and integrity, provision of technical support in implementation of Leadership and Integrity Act, 2012 and continuous monitoring of regulatory frameworks and codes on ethics and integrity.
- iv) Exchange of information and disclosure:** This will entail disclosure of necessary information collected by the parties in the course of discharging their mandates, to minimise duplication of efforts and resources in collecting the same.
- v) Law Enforcement:** This entails parties collaborating to resolve cases of unethical or corrupt practices in public procurement and asset disposal system through joint investigations, managing prosecution processes, and identification and addressing of bottlenecks that may be faced while discharging law enforcement functions.

Strategic theme 6: Institutional Sustainability

During the period under review, the Authority implemented various interventions aimed at strengthening the institutional capacity to deliver on the core mandate. The included:

1. Transition to the New Organisational Structure

During the quarter various staff appointed to hold positions on acting capacity with effect from 1st September 2022 continued to hold those positions. The extension of the acting appointment was set to expire on 31st August 2023. The Authority was still waiting for SRC to issue a new remuneration structure.

2. Development of the Strategic Plan for the 2023 – 2028 Period

During the period, the Authority continued to develop the strategic plan for the 2023-2028 period. The draft Strategic Plan underwent through internal stakeholders' review and validation, after which, the draft plan was shared with external stakeholders on 30th May 2023 through the Authority's website (<https://ppra.go.ke>) and on MyGov newspaper pullout on 13th June 2023, with a closing date of 19th June 2023. The Authority received valuable comments from

the stakeholders, that were considered as the strategic plan was being finalised. The Authority will share the approved strategic plan with stakeholders, to strengthen collaborations and partnerships in its implementation.

3. Performance Contracting for the 2022/2023 Period

The Authority implemented the performance contract for the 2022/2023 period that was signed between the Government of Kenya through the Cabinet Secretary for the National Treasury and Economic Planning, and the Public Procurement Regulatory Board. All the signed commitments were on target of being implemented, subject to independent evaluation.

The Authority also developed and negotiated with the National Treasury, the performance contract for the 2023/2024 period, and awaiting vetting and sign off. The Authority also performed well in the 2021/2022 period performance contract, scoring 2.9750 translating to very good.

4. Quality System Management

The Authority is ISO 9001:2015 certified. This is the certification for Quality Management System (QMS) issued by the Kenya Bureau of Standards. A surveillance review of the Authority's Quality Management System was undertaken by the Kenya Bureau of Standards (KEBS) through a surveillance audit on the 11th May 2023.

The results of the audit indicated that the Authority was implementing its operations in accordance with requirements of the standard. However, one non-conformity in the ICT Security Division was identified on failure to plan for and conduct system security audits as provided for in the Standard Operating Procedures (SOPs).

5. Enterprise Risk Management

In a volatile, uncertain, complex and ambiguous (VUCA) operating environment, risk management has become a central function in the public sector. Public sector entities are therefore required to adopt a risk-based thinking in all their processes so as to manage businesses risks, protect existing value, and enable further value-creation.

The Public Finance Management Act, 2012 and its attendant Regulations 2015, Code of Governance for State Corporations (Mwongozo) and Risk Management Guidelines issued by the National Treasury; places a duty on Accounting Officers of all public sector entities, to develop systems of risk and internal controls that establish robust business operations. The requirements are also aimed at

promoting a coherent approach to discharging the duties and to assist public sector entities to understand the requirements for managing risk.

Against this background, the Authority reviewed the level of implementation of the risks outlined in the Corporate Risk Register and prepared a report. The key corporate risks that were identified and mitigation measures are presented in the table below.

Table 37: Key corporate risks identified and mitigation measures

S/No	Nature of Risk	Risk Description	Mitigation measures
1.	Bribery, Unethical practices and Corruption Risk.	The Government has identified unethical and corrupt practices as a threat to service delivery in every public sector institution, and thus included in the Performance Contracting Guidelines, and as an indicator. The performance indicator aims to combat and prevent corruption and unethical practices and promote standards and best practices in governance amongst public institutions in Kenya. The occurrence of this risk has high impact on the reputation of the Authority and will lead to loss of trust and confidence in the services delivered by the Authority.	This risk is being addressed by all functional areas since its likelihood of occurrence is high owing to the mandate and nature of operations of the Authority. The functional areas have identified the areas of weaknesses and prepared bribery and corruption prevention/mitigation plans, to deter their likelihood of occurrence. The effectiveness of the mitigation strategies has been reviewed and reported to Ethics and Anti-Corruption Commission on a quarterly basis.
2.	Records and Information Management Risk	The Authorities records are not centrally manned and are managed by functional areas, of which some of the records management equipment are not lockable, or some are broken. The files are	The Records Management and Policy was approved, although implementation has faced challenges including inadequate office space, lack of

S/No	Nature of Risk	Risk Description	Mitigation measures
		therefore exposed to the risk of being accessed by unauthorized persons or staff.	skilled manpower to manage the records management function and general low levels of awareness on management of sensitive information and records. The Authority has prioritized a records management unit in the new office space as partitioning works will be undertaken. The Authority is planning to externally recruit a records management officer
3.	Inadequate Financing/Budgetary Provision Risk	The Authority continues to face the challenge of limited funds to deliver on its mandate. The mandate of the Authority against the resources being allocated year on year has not been adequate to meet stakeholders' expectation of delivering a well-functioning public procurement and asset disposal system in Kenya.	The mitigation measures undertaken include: prudent financial management, implementation of the internal revenue generation strategies (trainings) and lobbying for additional government funding, and reaching out to development partners,
4.	Litigation risk	The Authority is exposed to litigation risks arising from its operations, and those of the subjects it regulates. The risks also emerge from the decisions rendered by the Review Board. The likelihood of occurrence of this risk is high and normally accompanied by cost	The mitigation strategies included strengthening of the legal capacity of the Authority to undertake review and provide assurance on relevant processes, for example, provision of advice, review of contracts/agreements;

S/No	Nature of Risk	Risk Description	Mitigation measures
			acquisition of professional indemnity insurance; promotion of amicable settlement of matters, and automation of processes to ensure standardization
5.	Reputational Risk	Reputation risk is the potential for negative publicity, public perception or occurrence of uncontrollable events that may have an adverse impact on the Authority's image/reputation thereby impacting on the achievement of its mandate. The Authority operates in an environment that requires high standards of due care and diligence while making decisions and communicating the same to stakeholders. Promotion of efficient and effective services is therefore a key requirement.	The mitigation strategies established included having a clear understanding of the Authority's mandate amongst the internal & external stakeholders, review of service charter and sharing it with all stakeholders, implementation of customer feedback, signing MOUs with strategic stakeholders, communicating and enforcing the Authority's Code of Conduct and Ethics, and development.
6.	Occupational Safety, Health and Environmental Risk;	These are risks arising from the negative exposures in relation to safety, health and other environmental factors at the workplace. The current office accommodation exposes staff to faster spread of communicable diseases such as flu, COVID-19 or related. The adverse	The mitigation strategies being implemented include promotion of general cleaning and hygiene, fumigation, strengthening the Authority's security systems, staff training on safety and security matters, and having in place medical

S/No	Nature of Risk	Risk Description	Mitigation measures
		effects such is low productivity amongst staff.	insurance and other related covers. The Authority also commenced the process of partitioning the additional floors towards decongesting 6th floor, after being notified of allocation of additional resources in the FY2022/2023 budget.
7.	Enforcement Risk	The risk arises where stakeholders fail to comply with the directive of the Authority. This could be linked to lack of or weak measures to facilitate enforcement of the provisions of the public procurement legal and regulatory framework.	The measures to mitigate this risk included publication of list of shame, escalation of such matters to oversight institutions, collaboration with other law enforcement agencies, and reviewing the legal framework to make recommendations for penalties and sanctions.

6. Resource Mobilisation: Operationalisation of the Capacity Building Levy

The Capacity Building Levy is provided for under Section 24(5) (d) of the Public Procurement and Asset Disposal Act, 2015 as one of the sources of funds for the Authority, stated as: 'capacity building levy (the Levy) of such percentage of the procurements contract price by public entities as may be prescribed by the Cabinet Secretary.' During the year, the Authority commenced the process towards operationalization of the Levy, to bridge the financial constraints being experienced in the regulation of the public procurement and asset disposal system in Kenya.

The need to operationalise the Levy was occasioned by the results of compliance monitoring activities undertaken by the Authority which have revealed many areas of non-compliance by procuring entities; most of them are as a result of

inadequate capacity amongst procurement professionals and amongst the business community. Some of these challenges include: weak contract management, weak specification development, weak development and application of evaluation criteria, unethical practices, poor records management and low levels of compliance with the legal and regulatory framework. Interventions by the Authority to address these challenges have been constrained by inadequate budgetary provisions.

The Authority therefore submitted to the Cabinet Secretary for the National Treasury and Economic Planning, a memorandum as guidance to prescribe in the percentage of the Levy in the regulations and allow for collection of capacity building levy from all contracts signed by the procuring entities.

The funds collected from the Levy are to be used to develop the capacity of all persons involved in the public procurement and asset disposal system; under three key areas which include: targeting the human capacity (skills & competencies); organizational capacity (internal structures, processes, systems & staffing); and institutional capacity (policy, legal and regulatory frameworks).

7. Challenges Faced by the Authority

During the year under review, the authority faced a number of challenges that constrained realization of the planned activities for the year and as detailed in the strategic plan (2018/2019 – 2022/2023). These include:

- (a) Inadequate budgetary allocation** to the Authority that constrained implementation of statutory functions including issuance of the quarterly market price index, sensitization of stakeholders on the new standard tender documents and formats, compliance monitoring and conducting of investigations. This has crippled and limited the scope of operation of the Authority in realization of an efficient and effective public procurement and asset disposal system in Kenya.
- (b) Inadequate institutional capacity** in terms of human resource numbers and multidisciplinary competencies required to effectively implement the expanded mandate of the Authority.
- (c) Failure by some procuring entities to submit mandatory reports** as prescribed. This has denied the Government and stakeholders' valuable data for informed decision making on public procurement. This includes ignoring the Presidential Executive Order No. 2 of 2018.
- (d) Delayed Operationalization of the Capacity-building levy:** The Authority has not been able to meet the stakeholder needs for capacity development due to constraints in funding which had been targeted once the levy was operationalized.

- ii. **Growing trees** – As part of its corporate social investment activities the Authority has been participating in growing trees to increase the national forest cover by replacing forest areas where trees had been cut and not replaced.
- iii. **Staff sensitization** – The Authority continues to sensitize its staff on the need to conserve the environment and encourages each member of staff to plant trees at their homes, residences and participate in other tree growing initiatives other than the ones organized by the Authority.

c) Market Place Practices

On sustainable public procurement, the Authority is working with other stakeholders on building capacity to entrench sustainable public procurement. Some of the areas where notable success has been realized include:

- i. **Access to Government Procurement Opportunities (AGPO)** - Apart from procurement being used just as a business tool, procurement is also being used to empower communities and create jobs. As part of its regulatory role the Authority is working with procuring entities to ensure they set aside 30% of their procurement budget for marginalized groups. In addition, the Authority is working with The National Treasury to build the capacity of the target marginalized groups (Youth, Women and Persons with Disability) to ensure they access and benefit from Government procurement opportunities.
- ii. **Promotion of local content** - public procurement is being used to support growth of local industries by encouraging public entities to source for their needs locally where such needs can be met by local manufacturers. The construction sector has also witnessed growth of local contractors who are increasing taking up contracts for infrastructure projects and delivering them.
- iii. **Responsible competition practices** – The Authority together with other stakeholders like Competition Authority of Kenya, Public Procurement Administrative Review Board among others are working towards ensuring that the public procurement system is fair, equitable, transparent, competitive and cost effective as envisioned under Article 227 of the Constitution.
- iv. **Responsible supply chain and supplier relations** – Public Procurement Regulatory Authority believes in the need to have and maintain good relations with suppliers so as to ensure the entity is able to get goods and services necessary for its day to day operations without struggling. Towards this end, the Authority endeavours to provide its suppliers a conducive environment to do business by ensuring; fairness in the procurement process, suppliers are paid within the agreed credit periods, building capacity of suppliers through training among other initiatives.

d) Corporate Social Investment

The Authority has a corporate social investment (CSI) policy which guides its CSI activities. Despite having a very constrained budget, the Authority spares some resources to give back to the community through corporate social investment activities.

In FY 2022/2023 the Authority donated Kshs.50,000 (Kenya Shillings Fifty thousand only) towards rehabilitation of the Kaptagat Forest. In addition to the monetary contribution, staff of the Authority participated in the tree planting activity undertaken at the forest and which was led by His Excellency President William Ruto.

8. Recommendations to Stakeholders

Based on the findings and experience from the regulatory activities implemented, the Authority recommends that:

1. Parliament and the National Treasury should consider allocating adequate resources to the Authority to strengthen delivery of its mandate owing to the importance of ensuring efficiency and effectiveness in the public procurement and asset disposal system. A well-funded regulator has the capacity of minimizing malpractices currently experienced in the public procurement system and immensely contributing to the fight against corruption.
2. Accounting Officers should: -
 - i) uphold compliance with the provisions of the Act while undertaking procurement and asset disposal proceedings for the purpose of increasing compliance levels of their respective procuring entities;
 - ii) submit mandatory reports to the Authority within the prescribed timelines as well as publish in the Public Procurement Information Portal (PPIP) in accordance with the provisions of the Executive Order No. 2 of 2018;
 - iii) strengthen records and inventory management systems within their entities, to ensure continuity in procurement and contract records management;
 - iv) continuously professionalize and build capacity of their staff on the Public Procurement Law and other relevant requirements, and
 - v) promptly pay suppliers and contractors within the stipulated contractual requirements.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

a) Sustainability Strategy and Profile

The Authority relies heavily on Government funding which for quite some time has been making up to 97% of its revenues. The huge dependence on Government funding has been a challenge to the sustainability of the Authority because first the Government funds can only cater for up to 30% of the Authority's financial requirements leaving a huge budget deficit and secondly whenever there are any budget cuts due to austerity measures the Authority is seriously affected and not able to deliver on its mandate.

Based on this position, the Authority in financial year 2022/2023 developed and started implementing a resource mobilization strategy that seeks to increase own source revenue raised by the Authority by broadening the internal revenue streams. In the first year of implementation of this strategy, the own source revenue generated by the Authority rose from an average of 3% of its total revenue to 7% of the total revenue. Other measures put in place to ensure financial sustainability of the Authority include; review of the capacity building levy concept in order to operationalize the legal provision on collection of capacity building levy and prudent financial management to avoid wasteful spending.

The Authority has also restructured to enable it deliver more efficiently and effectively on its mandate. The restructuring was accompanied by review of the Authority's human resource instruments which have now been approved by the relevant authorities. The approval paves way for the Authority to be optimally staffed and for succession management to be put in place so as to ensure the Authority continues to deliver excellent service in execution of its mandate.

b) Environmental Performance

"We owe it to ourselves and to the next generation to conserve the environment so that we can bequeath our children a sustainable world that benefits all." Wangari Maathai

The Authority believes in operating in an environmentally friendly way so as to ensure we conserve the environment and have a better tomorrow. Some of the measures adopted by the Authority to ensure environment friendly operations include:

- i. Automation** of its operations and reducing printing to only what is necessary. In this way, the Authority has reduced on the paper used in its operations which in effect reduces the number of trees that have to be cut to process paper.

REPORT OF THE DIRECTORS

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

Principal activities

The principal activities of the Authority are outlined on page 2 of this report.

Results

The results of the Authority for the year ended June 30, 2023 and accompanying notes are set out on pages 60 to 87.

Directors

The members of the Public Procurement Regulatory Board who served during the year are shown on pages 6 to 10. During the financial year 2022/2023 director Livingstone Bumbe retired on 24th May, 2023 and director Eric Korir was appointed on 24th May, 2023.

Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations 2015, Regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority did not make any surplus during the year under review and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the *Authority* in accordance with Article 229 of the Constitution of Kenya and the Section 23 of the Public Audit Act 2015.

By Order of the Board

LUCY J. BARNO
REG. 2150 *Lucy Barno*

Corporation Secretary

Nairobi

Date: 14/2/2024

STATEMENT OF DIRECTORS' RESPONSIBILITY

Section 81 of the Public Finance Management Act, 2012 and Section 25 of the Public Procurement and Asset Disposal Act, 2015 require the Directors to prepare financial statements in respect of PPRA, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results for that year/period. The Directors are also required to ensure that PPRA keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

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

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Procurement and Asset Disposal Act 2015. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2023, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

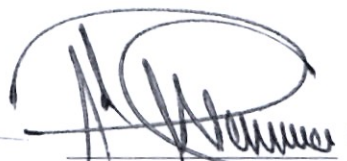
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 27th September, 2023 and signed on its behalf by:



Chairperson of the Board



Director General

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PUBLIC PROCUREMENT REGULATORY AUTHORITY 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 Public Procurement Regulatory Authority set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in

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

In my opinion, except for the effect of the matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Public Procurement Regulatory Authority as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Procurement and Asset Disposal Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements submitted for audit revealed the following inaccuracies:

- (i) The statement of financial performance reflects conditional grants from the Public Finance Management Reforms Program of Kshs.2,014,750 and as disclosed in Note 6 to the financial statements. However, the Public Financial Management Reforms Secretariat financial statements reflect an amount of Kshs.3,502,150 as having been spent on behalf of the Authority resulting in unreconciled and unexplained variance of Kshs.1,487,400. Further, the detailed breakdown of the conditional grants was not provided for audit review.
- (ii) The statement of financial position reflects property, plant and equipment balance of Kshs.66,683,725 as disclosed in Note 18 to the financial statements. The balance includes total depreciation and impairment balance as at 30 June, 2023 of Kshs.208,492,460 which further includes equipment and computers and furniture and fittings balances of Kshs.69,761,460 and Kshs.17,112,476 respectively. However, recasting of depreciation and impairment schedules for equipment and computers and furniture and fittings resulted in balances of Kshs.69,946,439 and Kshs.17,029,872 respectively. The variances of Kshs. 184,979 and Kshs.82,604 have not been reconciled. Further, Note 18 reflects additions of computers and equipment of Kshs.16,020,544 while the assets register reflects total additions of Kshs.14,005,794 resulting in an unreconciled and unexplained variance of Kshs.2,014,750.
- (iii) The statement of cashflows reflects conditional grants of Kshs.2,014,750 which as disclosed in Note 6 to the financial statements was received in form of laptops and scanners. The grants therefore are non-cash items and should not constitute part of the cashflow from operating activities. Further, the statement reflects cash outflows on acquisitions of tangible assets of Kshs.14,513,625 whose details were not provided for audit review.

In the circumstances, the accuracy and completeness of the respective balances reflected in the financial statements could not be confirmed.

2. Non-Compliance with International Public Sector Accounting Standard Requirements on Prior Year Adjustment

The statement of changes in net assets reflects a prior year adjustment balance of Kshs.4,977,778. The adjustment is not in compliance with Paragraph 47 of International Public Sector Accounting Standards (IPSAS) No.3 which require that material prior period errors to be corrected retrospectively in the first set of financial statements authorized for issue after the discovery by restating the comparative amounts for the prior period presented in which the error occurred.

In the circumstances, the presentation of the prior year adjustment balance of Kshs.4,977,778 was not in line with the Accounting Standards.

3. Revaluation of Assets

The statement of financial position reflects property, plant and equipment with net book value of Kshs.66,683,725 as disclosed in Note 18 to the financial statements. Review of the fixed asset register revealed that assets with historical cost value of Kshs.143,896,775 were fully depreciated but still in use. No satisfactory explanation was provided on why the Management has not revalued the assets to reflect their fair values and dispose assets that are no longer useful.

In the circumstances, the valuation of property, plant equipment balance of Kshs.66,683,725 could not be confirmed.

4. Unaccounted for Information and Communication Technology Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.66,683,725 as disclosed in Note 18 to the financial statements. As reported in the previous year, the balance includes an amount of Kshs.13,870,897 in respect of equipment and computers. The balance of Kshs.13,870,897 further included a balance of Kshs.1,665,000 in relation to fourteen (14) laptops and three (3) iPads issued to Board Members whose terms ended in 2020 and staff members who had since exited from the service. Review of the status in January 2024 revealed that one iPad and three laptops valued at Kshs. 405,000 had still not been accounted for. Although Management have indicated that they have contacted the persons who were issued with the equipment, the matter had not been resolved as at the time of the audit in January, 2024.

In the circumstances, the accuracy and existence of equipment and computers amount of Kshs.1,665,000 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflect a final revenue budget and actual on comparable basis of Kshs.593,635,750 and Kshs.375,702,079 respectively resulting to budget under funding of Kshs.217,933,671 or 37% of the budget. Similarly, the Authority expended Kshs.383,245,397 against an approved budget of Kshs.593,635,750 resulting to an under-expenditure of Kshs.210,390,353 or 35% of the budget.

The shortfall in funding and the under expenditure affected implementation of planned activities and may have impacted negatively on service delivery to the public.

2. Pending Accounts Payable

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.42,324,205 as disclosed in Note 21 to the financial statements. Review of the aging analysis revealed balances totalling to Kshs.4,664,172 that had been outstanding for over one year.

Failure to settle bills in the year to which they relate adversely affects the implementation of the subsequent year budgeted programs as the pending bills form the first charge to the subsequent year budget. The Authority is also at risk of incurring penalties and interest with the continued delays in settlement of the bills.

My opinion however, is not modified in respect of these matters.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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

Irregular Payment of Acting Allowance

The statement of financial performance reflects expenditure on employee costs of Kshs.243,881,002 as disclosed in Note 9 to the financial statements. Review of records revealed that thirty-six (36) employees had been appointed on acting positions for more than six months and paid acting allowance amounting to Kshs.6,226,900. Although Board

approval was obtained for the extension of acting appointments, the extensions were in violation of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which limit acting period to six months. Further, Circular no PSC/GEN/22/11/(91) dated 8 August, 2023 required Public Corporations to align their manuals with the Human Resource Policies and Procedures Manual for the Public Service.

In the circumstances, Management was breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

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

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

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

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


01 March, 2024


Report of the Auditor-General on Public Procurement Regulatory Authority for the year ended 30 June, 2023


**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2023**

		2023	2022
	Note	Ksh	Ksh
Revenue from non-exchange transactions			
Transfers from Other Government entities	6		
Unconditional Government Grants	6	347,671,000	356,000,000
Conditional Grants	6	2,014,750	0
Total Revenue from non- exchange transactions		<u>349,685,750</u>	<u>356,000,000</u>
Revenue from exchange transactions			
Rendering of services	7	11,047,069	15,876,087
Other Income	8	14,969,260	870,574
Total Revenue from exchange transactions		<u>26,016,329</u>	<u>16,746,661</u>
Total Revenue		<u>375,702,079</u>	<u>372,746,661</u>
EXPENSES			
Employee Costs	9	243,881,002	199,627,777
Board Expenses	10	28,982,086	44,015,433
Use of Goods & Services	11	81,929,822	92,119,614
Repairs and Maintenance	12	1,214,521	1,524,970
Contracted Services	13	9,210,001	4,089,802
Depreciation and Amortization	14	14,716,540	9,319,335
Total Expenses		<u>379,933,972</u>	<u>350,696,931</u>
Surplus / (Deficit) for the period		<u>(4,231,893)</u>	<u>22,049,730</u>

The notes set out on pages 7 to 29 form an integral part of the financial statements. The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Patrick K. Wanjuki
Director General

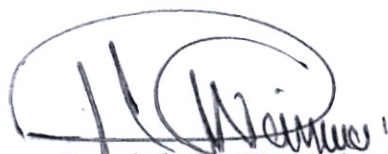

Chris Sakwa
Head of Finance
ICPAK M/No.9008



Kadhua Jimmy Kahindi
Chairman, PPRB


**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2023**

		2023	2022
	Note	Ksh	Ksh
ASSETS			
Current Assets			
Cash and cash equivalents	15	60,720,077	74,241,579
Receivables from exchange transactions	16	29,409,014	14,727,613
Receivables from non-exchange transactions	17	1,289,345	1,672,951
Total Current Assets		91,418,436	90,642,143
Non- current Assets			
Property, Plant and Equipment	18	66,683,725	12,841,498
Intangible Assets	19	4,937	3,784,580
Work In Progress	20	0	53,312,181
Total Non-Current Assets		66,688,662	69,938,259
Total Assets		158,107,098	160,580,402
LIABILITIES			
Current Liabilities			
Trade & Other Payables from exchange transactions	21	42,324,205	52,747,641
Provisions	22	8,024,460	858,400
Deferred income	23	38,188	0
Total current liabilities		50,386,853	53,606,041
Net Assets			
Accumulated Fund	24	107,720,246	106,974,361
Total Net Assets and Liabilities		158,107,098	160,580,402

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


Patrick K. Wanjuki
Director General


Chris Sakwa
Head of Finance
ICPAK M/No.9008


Kadhua Jimmy Kahindi
Chairman, PPRB

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2023**

	Accumulated Fund	Fair Value Adjustment Reserve	Total
	Ksh	Ksh	Ksh
Balance at 01.07.2021	67,692,182	0	67,692,182
Surplus /Deficit for the year	22,049,730	0	22,049,730
Prior year adjustment	17,232,449	0	17,232,449
Balance at 30.06.2022	106,974,361	0	106,974,361
Surplus/Deficit for the year	(4,231,893)	0	(4,231,893)
Prior year adjustment	4,977,778	0	4,977,778
Balance at 30.06.2023	<u>107,720,246</u>	<u>0</u>	<u>107,720,246</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2023**

	Notes	2023	2022
Cash flows from operating activities		Ksh	Ksh
Receipts			
Unconditional Government Grants		347,671,000	356,000,000
Conditional Grants		2,014,750	0
Rendering of services		11,047,069	15,876,087
Other Income		14,969,260	870,574
Decrease/(Increase) in receivables from exchange transactions		(14,681,401)	7,660,072
Decrease/(Increase) in receivables from non-exchange transactions		383,606	60,289,230
Increase/(Decrease) in deferred income		38,188	(50,000,000)
Total Receipts		361,442,471	390,695,963
Payments			
Employee Costs		235,856,542	199,627,777
Board Expenses		28,982,086	44,015,433
Use of Goods & Services		81,929,822	92,119,614
Repairs and Maintenance		1,214,521	1,524,970
Contracted Services		9,210,001	4,089,802
Increase/(Decrease) in trade & other payables		10,423,436	(34,489,652)
Increase/(Decrease) in Provisions		(7,166,060)	19,817,800
Increase/(Decrease) in reserves		0	(17,232,449)
Total Payments		360,450,348	309,473,295
Net cash flows from operating activities	25	992,123	81,222,668
Cash Flows from Investing Activities			
Acquisition of tangible assets		(14,513,625)	(9,952,000)
Decrease/(Increase) in work-in-progress		0	(53,312,181)
Net cash flow from Investing Activities		(14,513,625)	(63,264,181)
Net changes in Cash and Cash Equivalents		(13,521,502)	17,958,487
Cash & Cash Equivalents as at 1st July		74,241,579	56,283,092
Cash & Cash Equivalents as at 30th June		60,720,077	74,241,579

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE 2023**

Revenue	Note	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of Utilization	Foot note
		Ksh	Ksh	Ksh	Ksh	Ksh		
		a	b	c = (a+b)	d	e=(c-d)	f=(d/c)*100	
Recurrent Government Grants	6	306,000,000	41,671,000	347,671,000	347,671,000	0	100.0%	
Development Government Grants		0	195,000,000	195,000,000	0	(195,000,000)	0.0%	a
Donations	6	0	2,014,750	2,014,750	2,014,750	0	100.0%	
Rendering of services	7	20,000,000	(5,000,000)	15,000,000	11,047,069	(3,952,931)	73.6%	b
Other income	8	0	33,950,000	33,950,000	14,969,260	(18,980,740)	44.1%	c
Total Revenue		326,000,000	267,635,750	593,635,750	375,702,079	(217,933,671)	63.29%	
Expenses								
Employee Costs	9	229,622,400	9,399,600	239,022,000	243,881,002	(4,859,002)	102.0%	
Board Expenses *	10	28,718,000	26,753,600	55,471,600	28,982,086	26,489,514	52.2%	d
Use of Goods and Services**	11	54,659,600	23,872,620	78,532,220	81,929,822	(3,397,602)	104.3%	
Repairs and Maintenance	12	5,500,000	(3,780,000)	1,720,000	1,214,521	505,479	70.6%	e
Contracted Services	13	7,500,000	(320,820)	7,179,180	9,210,001	(2,030,821)	128.3%	f
Depreciation and Amortization	14	0	0	0	14,716,540	(14,716,540)		
Purchase of office equipment	18	0	2,014,750	2,014,750	2,014,750	0	100.0%	
Capital Expenditure		0	209,696,000	209,696,000	1,296,675	208,399,325	0.6%	a
Total Expenditure		326,000,000	267,635,750	593,635,750	383,245,397	210,390,353		
Surplus/(deficit) for the period		0	0	0	(7,543,318)			

Notes:

*The budget amount under "board expenses" comprises of Regulatory Board amount of Kshs 15,471,600 and Review Board amount of Kshs 40 million, total Kshs 55,471,600.

**The budget amount under "Use of Goods and services" includes budget allocation for administrative expenses Kshs 34,691,220, insurance services Kshs 25,153,000 and use of goods Kshs 18,688,000 (Kshs. 58,688,000 less Kshs 40 million for Review Board under * above).

Footnotes

Note	Variance Details
a	The development grant of Kshs 195 million was not disbursed by The National Treasury despite several follow-ups. Annex 9: Letter requesting for the disbursement
b	The number of cases lodged at the PPARB for arbitration and paid for during the FY 2022/23 was minimal hence the shortfall of Ksh 3,952,931
c	The shortfall in "other income" was because of a drop in projected revenue from training by Kshs 9,639,744

*Public Procurement Regulatory Authority
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For the Year Ended June 30, 2023*

	and unrealized reimbursement by The National Treasury of Kshs. 13,600,000 paid as remuneration to an officer seconded to The National Treasury.
d	The underutilization of the budgeted board expenses was a result of : a)Regulatory Board – reconstitution of the Regulatory Board meant that the board calendar was affected adversely. Review Board – Unrealized revenues from appeals of Kshs. 3,952,931, reduction in number of panels from 5pax to 3pax among others, allocation of part of the funds to pay legal researchers under contracted services.
e	The budget allocation was not fully utilized as there was minimal general repairs as the offices were fairly new
f	Contracted services – The higher expense was because of engagement of legal consultants/researcher carry out legal research on the matters brought before the Administrative Review Board for arbitration

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Public Procurement Regulatory Authority (the Authority) is established under Section 8 (1) of the Public Procurement and Disposal Act, 2015. PPRA is domiciled in Kenya and has regional offices in Mombasa, Kisumu and Eldoret. The Authority is mandated with monitoring, assessing and reviewing the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the constitution.

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 Authority's accounting policies.

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 (include any other applicable legislation), 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 but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial

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

Standard	Effective date and impact:
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>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>
Other improvements to IPSAS	<p>Applicable: 1st January 2023</p> <p>• IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <p>• IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <p>• IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>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</p>

Standard	Effective date and impact:
	<p>on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>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:</p> <p>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>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022/2023.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

ii) Revenue from exchange transactions

Rendering of services

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

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

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.

Interest income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the management of the Authority. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Budget information continued

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

g) Depreciation

The Assets are depreciated as and when they are available for use by the Authority. Depreciation charge is calculated on a straight line basis for the various categories of assets as follows:

Motor vehicles	25.0%
Equipment and computers	33.3%
Furniture and fittings	12.5%
Office partitions	12.5%
Intangible assets	33.3%

h) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

h (ii) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. In the year under review, the Authority revalued its fleet of vehicles and set up a revaluation reserve.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

n) Foreign currency transactions

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise Managers and Directors including the Director General.

The following transactions were carried out with related parties:

- i. Public Procurement Regulatory Board:** This is the Board that oversees the operations and governance of the Authority. The Board is responsible for providing strategic direction, approval of policies and overall governance of the Authority.
- ii. Public Procurement Administrative Review Board:** The Authority has a duty to provide Secretariat and administrative services as well budgetary support to the Review.
- iii. Management team:** The management team oversees the day to day operations of the Authority and also has the responsibility of formulating policies that govern operations of the Authority.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

iv. Government of Kenya and The National Treasury: The Authority is a Government institution wholly owned by the Government of Kenya. The National Treasury is the parent ministry. The Authority relies on GoK for funding with GoK funds making up 93% of its annual revenues. During the year under review, the Authority received GoK budget funding of Ksh 347,671,000.

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement.

Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.
IPSAS 1.140

Useful lives and residual values

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

6. Transfers from Other Government entities

Unconditional Government Grants

Operational grants Government of Kenya funding of PPRA operations through Exchequer during the financial year.

Description	2023	2022
	Ksh	Ksh
Operational Grant	347,671,000	356,000,000

Conditional Government Grants

The conditional Government Grant was received from Public Finance Management Reforms program (PFMR) in the form of laptops and scanners.

	2023	2022
	Ksh	Ksh
Capital Grant-PFMR	2,014,750	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Rendering Services

Appeals fee: Relates to fees paid by parties seeking administrative review of public procurement disputes.

Description	2023	2022
	Ksh	Ksh
Income from appeals	11,047,069	15,876,087

8. Other Income

This includes income from the sources like training, agency licensing fee and procurement Audits.

Description	2023	2022
	Ksh	Ksh
Training fee	14,197,224	0
Licensing fees	150,000	0
Procurement Audits	590,400	0
Other income	31,636	870,574
Total	14,969,260	870,574

9. Employee Costs

This comprises of the staff personnel emoluments and employer pension contribution. A breakdown of the employee costs is as shown below:

Description	2023	2022
	Ksh	Ksh
Salaries and wages	135,957,100	123,076,200
Housing benefits & allowances	75,329,342	51,562,530
Employer Pension expense	25,856,300	24,561,247
Gratuity expense	1,711,200	427,800
Leave Expense	5,027,060	0
Total	243,881,002	199,627,777

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. Board Expenses

This comprises of costs related to the Public Procurement Regulatory Board and the Public Procurement Administrative Review Board.

Description	2023	2022
	Ksh	Ksh
Administrative Review Board other expenses	2,774,168	2,371,743
Administrative Review Board Emoluments	17,904,000	28,884,000
Regulatory Board other expenses	2,423,918	3,799,690
Regulatory Board Emoluments	5,880,000	8,960,000
Total	28,982,086	44,015,433

11. Use of Goods and Services

Description	2023	2022
	Ksh	Ksh
Administration expenses	20,079,202	29,310,203
Advisory services & stakeholder mgt	8,199,200	661,071
Financial sustainability	1,214,864	380,454
Compliance monitoring	2,411,822	7,562,021
Corporate communication & customer relations	540,926	1,265,555
Corporate planning	5,862,951	1,949,329
Corporate Security	15,000	0
Human Capital Management & Development	5,742,265	8,140,642
ICT services	9,676,613	10,293,291
Insurance costs	23,567,116	22,535,030
Internal audit expenses	188,620	499,497
Procurement Investigations and enforcement	605,500	982,369
Legal services	829,958	556,750
Monitoring, Evaluation & Research	0	4,531,543
Records & knowledge management	0	10,100
Supply chain management	2,995,785	3,441,759
Total	81,929,822	92,119,614

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. Repairs and Maintenance

This constitutes expenditure on maintenance of vehicles, equipment, computers and general maintenance.

Description	2023	2022
	Ksh	Ksh
Vehicles	1,088,091	959,313
Equipment	0	481,760
Property	126,430	83,897
Total	1,214,521	1,524,970

13. Contracted Services

These are services outsourced by the Authority.

Description	2023	2022
	Ksh	Ksh
Audit fees	858,400	858,400
Cleaning Services Fees	2,428,101	2,223,402
Guarding Services	1,230,000	1,008,000
Consultancy Fees	4,693,500	0
Total	9,210,001	4,089,802

14. Depreciation and Amortization

The depreciation charge for the year comprises of:

Description	2023	2022
	Ksh	Ksh
Property and equipment	10,931,960	4,967,240
Intangible assets	3,784,580	4,352,059
Total	14,716,540	9,319,335

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. Cash and cash equivalents

Cash and cash equivalents comprises of cash and bank balances.

Description	2023	2022
	Ksh	Ksh
NBK Account	60,720,077	74,241,579
Cash on hand and in transit	0	0
Total	60,720,077	74,241,579

16. Receivables from exchange transactions

The receivables figure comprises of receivables arising from exchange transactions with third parties.

Description	2023	2022
	Ksh	Ksh
Prepayments	29,394,014	14,507,007
Other receivables	0	205,606
Refundable Deposits	15,000	15,000
Total	29,409,014	14,727,613

17. Receivables from non-exchange transactions

Description	2023	2022
	Ksh	Ksh
PPRA Staff Loans Scheme	128,000	0
Imprest advance	286,890	839,772
Salary advance	874,455	833,179
Total	1,289,345	1,672,951

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. Property, Plant & Equipment

Adjustment has been made to the accumulated depreciation figures under computers & equipment and furniture & fittings upon realization that the accumulated depreciation figures as at 30.06.2022 were not accurate.

	Motor Vehicles	Equipment & Computers	Furniture & Fittings	Office Partitions	Total
	Ksh	Ksh	Ksh	Ksh	Ksh
Cost					
At 1st July 2020	68,041,313	66,080,203	17,383,000	45,158,490	196,663,007
Additions	-	1,561,495	2,095,155	-	3,656,650
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2021	68,041,313	67,641,698	19,478,155	45,158,490	200,319,657
Additions	9,160,000	835,495	-	-	9,995,495
Movement from 1 asset class to another	-	(865,380)	865,380	-	-
Adjustments	-	-	-	-	-
At 30th June 2022	77,201,313	67,611,813	20,343,535	45,158,490	210,315,152
Additions	-	16,020,544	35,000	48,805,489	64,861,033
Adjustments	-	-	-	-	-
At 30th June 2023	77,201,313	83,632,357	20,378,535	93,963,979	275,176,185
Depreciation & Impairment					
At 1st July 2020	68,041,313	61,259,007	13,351,584	44,366,282	187,018,186
Depreciation	-	3,636,774	1,084,717	68,968	4,790,459
Transfers/adjustments	-	-	-	654,273	654,273
At 30th June 2021	68,041,313	64,895,781	14,436,301	45,089,523	192,462,918
Depreciation	1,959,222	1,794,091	1,144,960	68,967	4,967,240
Adjustments (Acc. dep)	-	(865,380)	865,380	-	-
At 30th June 2022	70,000,535	65,824,492	16,446,641	45,158,490	197,430,158
Depreciation	2,290,000	3,739,145	835,691	4,067,124	10,931,960
Adjustments (Accumulated depreciation)	-	382,802	(252,460)	-	130,342
At 30th June 2023	72,290,535	69,761,460	17,112,476	49,225,614	208,492,460
Net book values					
At 30th June 2023	4,910,778	13,870,897	3,266,059	44,738,365	66,683,725
At 30th June 2022	7,200,778	1,743,826	3,896,894	-	12,841,498
At 30th June 2021	-	2,745,917	5,041,853	68,967	7,856,737

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. Intangible assets

Intangible assets comprises ICT Systems and software used by the Authority in its operations. An adjustment has been made to the accumulated depreciation upon realization that the figure as at 30.06.2022 was not accurate.

	2023	2022
Cost	Ksh	Ksh
At beginning of the year JULY 2022	58,469,442	58,469,442
Additions	0	0
At end of the year JUNE 2023	58,469,442	58,469,442
Amortization and Impairment		
At beginning of the year	54,684,862	50,332,767
Amortization	3,784,580	4,352,095
Prior year adjustments (Accumulated depreciation)	-4,937	0
At end of the year JUNE 2023	58,464,505	54,684,862
Net book value JUNE 2023	4,937	3,784,580

20. Work-In-Progress

Description	2023	2022
	Ksh	Ksh
Work-In-Progress	0	53,312,181
Balance	0	53,312,181

Work In Progress movement is as follows:

	2023	2022
	Ksh	Ksh
Balance brought forward	53,312,181	53,312,181
Additions	8,237,427	0
Transfers to :		0
Office partitions	(48,805,489)	0
Equipment & Computers	(12,744,119)	0
Balance carried forward	0	53,312,181

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. Trade & Other Payables from exchange transactions

	2023	2022
	Ksh	Ksh
Trade Payables	18,271,030	32,201,307
Agent Licensing	50,000	0
Other Payables	2,606,257	20,546,334
Employee related liabilities	18,638,956	0
Regulatory Board liabilities	384,600	0
Administrative Review Board liabilities	2,373,362	0
Total	42,324,205	52,747,641

22. Provisions

	2023	2022
	Ksh	Ksh
Leave provision	5,027,060	0
External Audit Provisions	858,400	858,400
Gratuity Provision	2,139,000	0
Total	8,024,460	858,400

23. Deferred Income

Description	2023	2022
	Ksh	Ksh
Capacity building fee	38,188	0
Total Deferred income	38,188	0

*This is money received for a training activity to be undertaken in the future

The deferred income movement is as follows:

Description	2023	2022
	Ksh	Ksh
Balance brought forward	-	50,000,000
Additions	38,188	-
Utilized	-	(50,000,000)
Balance carried forward	38,188	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Accumulated Fund

Description	2023	2022
	Ksh	Ksh
Balance as at 1st July	106,974,361	67,652,182
Surplus / Deficit for the year	(4,231,893)	22,049,730
Prior year adjustment*	4,977,778	17,232,449
Balance as at 30th June	107,720,246	106,974,361

- The prior year adjustment relates to previous year overstatement of expenses which had in effect understated the accumulated fund as below.

DETAILS	SH																				
30.6.23 PRIOR YEAR ADJUSTMENT	4,977,778.00																				
CHANGES IN DEPRECIATION & AMORTIZATION																					
<i>EQUIPMENT & COMPUTERS</i>	(382,802.43)																				
<i>FURNITURE & FITTINGS</i>	252,460.00																				
<i>INTANGIBLE ASSETS</i>	4,937.00																				
TRADE PAYABLES DECREASE	5,103,183.43																				
<table border="1"> <thead> <tr> <th>Name</th> <th>sh</th> </tr> </thead> <tbody> <tr> <td>WENGE HOLDINGS LTD</td> <td>14,127.25</td> </tr> <tr> <td>ABDI YUSUF</td> <td>14,200.00</td> </tr> <tr> <td>MARY NJOKI KAMWERU</td> <td>9,000.00</td> </tr> <tr> <td>D.T. DOBIE & CO. (K) LTD</td> <td>5,231.00</td> </tr> <tr> <td>TELKOM KENYA LTD</td> <td>145,823.80</td> </tr> <tr> <td>NITROGEN CLEANING & HYGIENE SOLUTIONS LTD</td> <td>183,631.00</td> </tr> <tr> <td>KENYA INSTITUTE OF SUPPLIES MANAGEMENT</td> <td>4,431,258.00</td> </tr> <tr> <td>POSTAL CORPORATION OF KENYA</td> <td>299,912.38</td> </tr> <tr> <td>Total</td> <td>5,103,183.43</td> </tr> </tbody> </table>	Name	sh	WENGE HOLDINGS LTD	14,127.25	ABDI YUSUF	14,200.00	MARY NJOKI KAMWERU	9,000.00	D.T. DOBIE & CO. (K) LTD	5,231.00	TELKOM KENYA LTD	145,823.80	NITROGEN CLEANING & HYGIENE SOLUTIONS LTD	183,631.00	KENYA INSTITUTE OF SUPPLIES MANAGEMENT	4,431,258.00	POSTAL CORPORATION OF KENYA	299,912.38	Total	5,103,183.43	
Name	sh																				
WENGE HOLDINGS LTD	14,127.25																				
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POSTAL CORPORATION OF KENYA	299,912.38																				
Total	5,103,183.43																				
BALANCE	4,977,778.00																				

25. Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

	2023	2022
Cash flows from operating activities	Ksh	Ksh
Surplus/(Deficit)	(4,231,893)	22,049,730
Adjusted for:		
Depreciation and Amortization	14,716,540	9,319,335
Provisions	8,024,460	-
Adjusted Surplus/(Deficit)	18,509,107	31,369,065
Working Capital adjustments		
Increase/(Decrease) in trade & other payables	(10,423,436)	34,489,652
Increase/(Decrease) in deferred income	38,188	(50,000,000)
Increase/(Decrease) in Provisions	7,166,060	(19,817,800)
Decrease/(Increase) in receivables from exchange transactions	(14,681,401)	7,660,072
Decrease/(Increase) in receivables from non-exchange transactions	383,606	60,289,230
Increase/(Decrease) in reserves	-	17,232,449
Net Cash flows from Operating Activities	992,123	81,222,668
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of tangible assets	(14,513,625)	(9,952,000)
Acquisition of intangible assets	0	0
Decrease/(Increase) in work-in-progress	0	(53,312,181)
Net cash flow from Investing Activities	(14,513,625)	(63,264,181)
Net changes in Cash and Cash Equivalents	(13,521,502)	17,958,487
Cash & Cash Equivalents as at 1st July	74,241,579	56,283,092
Cash & Cash Equivalents as at 30th June	60,720,077	74,241,579

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26. Contingent Assets

The Authority had no contingent assets as at 30th June 2023.

27. Contingent Liabilities

a) Litigation Matters: As at 30th June 2023, there were some cases before the courts in which the Authority is a party that had not been concluded. The outcome of the cases and the likely costs of the suits (damages/other court awards) that the Authority may have to bear cannot be estimated with certainty. This disclosure has been provided in conformity with IPSAS 19.

b) M/S SPA Infosuv East Africa Ltd

The Authority entered into contract No. PPRA/09/2015-2016 on 12th January 2017 with M/S SPA Infosuv East Africa Ltd to conduct country procurement assessment for a contract price of Ksh. 16,285,000. An amount of Ksh. 3,257,000 was paid to the consultant on 30th April, 2019 in respect of submission of inception report. Audit review of the correspondences between the Authority and the consultant reveals that there is a pending disputed invoice 031019 amounting to Ksh. 13,028,000. The matter under is mediation by an arbitrator.

28. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks. The overall risk management programme focuses on unpredictability of changes in the business.

29. Subsequent Events

There were no subsequent events after year end that affect the Authority and that would affect the decisions made by a third party.

30. Currency

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

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
AUDIT CERTIFICATE FOR THE 2021/2022 FINANCIAL YEAR - PPRA				
REPORT ON THE FINANCIAL STATEMENTS				
1.	Inaccuracies in the financial statements			
	i) The statement of cash flows reflects an opening cash and cash equivalents balance of Kshs. 56,283,092 as 1 st July, 2021. However, review of the prior year financial statements indicated a closing cash and cash equivalents balance of Kshs. 56,363,092 as at 30 June, 2021. The variance of Kshs. 80,000 has not been reconciled.	<i>The correct value for opening cash and cash equivalents balance as at 1st July, 2021 is Kshs. 56,283,092.</i> <i>A review of the cash flow statement has given rise to the following corrections:</i> a) <i>Reduction in overstated admin expenses by Kshs 8,000</i> b) <i>Increase in receivables from exchange transactions that had been understated by Kshs 96,000</i>	Resolved	N/A
	ii) The statement of cash flows reflects change in reserves balance of Kshs. 17,232,449 under operating activities contrary to the requirements of International Public Sector Accounting Standards, IPSAS 3 on Accounting Policies, Changes in Accounting Estimates and Errors which require the change to be effected in the respective components in the comparative	<i>The error has been corrected</i>	Resolved	N/A

Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	period and not an adjustment in the cash flow and statement of changes in net assets.			
	iii) The statement of financial performance reflects depreciation and amortization charge of Kshs. 9,319,335 which, as disclosed in Note 16 to the financial statements includes amortization of intangible assets balance of Kshs. 4,352,095. However, recalculation of the amortization charge for the year reflected a balance of Kshs. 4,659,420. The variance of Kshs. 307,325 has not been reconciled.	<i>The correct depreciation and amortization figure is Kshs 9,444,742 comprising of Depreciation Kshs 5,097,765 and amortization Kshs 4,346,976.</i> <i>The correction has been done through a prior year adjustment by having a reduction of Kshs 125,407 in both the accumulated fund and net book value of the assets.</i>	Resolved	N/A
	In the circumstances, the accuracy and completeness of balances reflected in the financial statements could not be confirmed.			
2.	Unaccounted for ICT Assets The statement of financial position reflects property, plant and equipment balance of Kshs. 12,841,498 which, as disclosed in Note 20 to the financial statements includes a balance of Kshs. 1,743,826 in respect of equipment and computers. The balance of Kshs. 1,743,826 further includes a balance of Kshs. 1,665,000 in relation to fourteen (14) laptops and three (3) I Pads issued to Board Members whose terms ended in 2020 and staff members who have since exited from the service. However, the assets were not surrendered back to the Authority. Although management has	a) <i>Letters were issued to the affected members of staff and Board members giving them the option to buy the items pursuant to Regulation 202(2) of the Public Procurement and Asset Disposal Regulations 2020 or return the items to the Authority.</i> b) <i>On the Laptops: 3 of the laptops have been disposed-off to the holders and paid, 4 of</i>	Not resolved	13 th October 2023

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Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>indicated that it has contacted the former staff and Board members and initiated the process of recovery, only one (1) laptop has been surrendered.</p> <p>In the circumstances, the existence of equipment and computer assets reflected in the financial statements could not be confirmed.</p>	<p><i>the laptops have been returned and follow-up on the remaining 7 laptops is ongoing.</i></p> <p><i>c) On ipads: 3 of the ipads have been paid and 1 surrendered back to the Authority. The ipads are fully accounted for.</i></p>		
3.	<p>Other Matter</p> <p>Unresolved Prior Year Matters In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and the National Treasury's Circular Ref: AG.4/16/3 Vol.2(66) dated 6 July, 2022.</p>	<p><i>The prior year matters have been resolved except for the issue of understaffing.</i></p> <p><i>The National Treasury will fund recruitment of additional staff in phases until an optimal staffing level is achieved.</i></p>	<p><i>Only one matter pending</i></p>	<p><i>June 2026</i></p>
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
4.	<p>Underutilization of Case Management System The statement of financial position reflects intangible assets balance of Kshs. 3,784,580.00 as disclosed in Note 21 to the financial statements. Review of procurement files revealed that the Authority entered into a contract for the development, implementation and commissioning</p>	<p><i>The challenges that led to delay in implementation of the system have been resolved and the system is now in use.</i></p>	<p><i>Resolved</i></p>	<p><i>N/A</i></p>

Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>of administrative review case management system, on 20 June, 2019 at a contract sum of Kshs. 5,290,000. The contract provided for training of twenty-four (24) officers and the system was to have modules that support the Public Procurement Administrative Review functions. The system was inspected and accepted on 24 January, 2020. Although management has indicated that it required the server infrastructure to be enhanced in order to cope with the increased data processing and storage requirements that would be imposed by the system, the process of engagement of supplier delayed and the system remained unutilized at the time of the audit.</p> <p>In the circumstances, the Authority did not obtain value for money on procurement of the system.</p>			
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
5.	<p>Under staffing of the Authority Review of the Authority's staff establishment revealed that seventy (70) staff members were in post against an approved staffing level of one hundred and ninety-seven (197). Further, only thirty-nine (39) technical staff are available for technical support, procurement audits and monitoring in all public entities in the country against approved technical staff establishment of seventy (70).</p> <p>In the circumstances, the effectiveness of the human resource to enable the Authority achieves its</p>	<p><i>The Authority undertook a restructuring exercise recently to align the organization structure to its mandate. Arising out of the restructuring exercise new Human Resource instruments were developed and approved by the State Corporations Advisory Committee (SCAC) and The National Treasury and Planning.</i></p> <p><i>The approved</i></p>	Not resolved	June 2026

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Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	mandate of monitoring, assessing and review of the public procurement and asset disposal system in all public entities could not be confirmed.	<p><i>establishment was reviewed from 115 to 197 staff comprising of 158 (80.2%) technical officers and 39 (19.8%) officers in the support functions.</i></p> <p><i>Based on the approved HR instruments, the Authority wrote to The National Treasury and Planning seeking approval to recruit so as to alleviate the acute staff shortage.</i></p> <p><i>The National Treasury has granted approval for recruitment of 22 staff in FY 2023/2024.</i></p> <p><i>The Authority will continue to engage The National Treasury on this matter until it is optimally staffed.</i></p>		

**AUDIT CERTIFICATE FOR THE 2020/2021 FINANCIAL YEAR – PPRA
REPORT ON THE FINANCIAL STATEMENTS**

1.	Board Expenses			
	<p>1.1 Unsupported Board Expenses</p> <p>The statement of financial performance reflects board expenses amounting to Kshs. 46,218,233 also disclosed in Note 11 to the financial statements. However, schedules supporting the expenditure provided for audit review reflected kshs. 45,066, 422 resulting in unexplained and unreconciled variance of Kshs. 1,151,811.</p>	<p><i>The Authority provided supporting schedules for both the Public Procurement Administrative Review Board (PPARB) expenses of Kshs 33,880,053 and Public Procurement Regulatory Board of Kshs 12,338,180 totalling to Kshs 46,218,233 as reported in the financial statements.</i></p>	Resolved	N/A

Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	In the circumstances, the accuracy and completeness of board expenses amounting to Kshs. 46,218,233 reflected in the financial statements could not be confirmed.			
	<p>1.2 Unauthorized Expenditure on Board Allowances</p> <p>The statement of comparison of budget and actual amounts for the year ended 30.06.2021 reflects board expenses amounting to Kshs. 46,218, 233 against approved budget for the financial year of Kshs. 36,904,800 resulting to unbudgeted spending amounting to Kshs. 9,313,433. Although the management has stated that the over expenditure was due to increased public procurement dispute cases than was projected, no evidence was provided of any supplementary budget approval from the Board of Directors and The National treasury.</p> <p>In the circumstances, the accuracy of the board expenses amounting to Kshs. 46,218,233 and the regularity of the expenditure amounting to kshs. 9,313,433 over the approved budget could not be ascertained.</p>	<p><i>During FY 2020/2021 the Review Board received more cases than had been projected and since hearing of the cases is a statutory obligation it had to sit to hear and determine the cases.</i></p> <p><i>Management took note of the auditors' comments on the need to adhere to provisions of Section 23(2), (g) of Public Financial Management (National Government) regulations, 2015.</i></p> <p><i>The recommendation on spending within the budget has been implemented fully going forward.</i></p>	Resolved	N/A
2.	<p>Rent and Utilities Expenses</p> <p>The statement of financial performance reflects general expenses amounting to Kshs. 88,858,430 as disclosed in Note 12 to the financial statements. Included in the amount is Kshs. 18,476,102 in respect of rent and</p>	<i>The error in rent and utilities expenses was corrected through a prior year adjustment.</i>	Resolved	N/A

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Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>utilities. However, the expenditure excludes accrued service charge amounting to Kshs. 8,157,952 which was reflected in the provisions ledger.</p> <p>Consequently, the accuracy and completeness of rent and utilities expenditure amounting to kshs. 18,476,102 could not be confirmed.</p>			
3.	<p>Provisions</p> <p>The statement of financial position as at 30.06.2021 reflects provisions of Kshs. 20,676,200 as disclosed in Note 24 to the financial statements. However, the schedule supporting the balance reflects a total of Kshs. 15,179,605 in respect of provision for audit fee and outstanding staff leave days resulting in an unreconciled variance of Kshs. 5,496,595.</p> <p>In the circumstances, the accuracy and completeness of the provisions balance as at 30.06.2021 could not be ascertained.</p>	<p><i>The schedule provided agreed with the figure in the financial statements of Kshs 20,676,200.</i></p>	Resolved	N/A

Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
4.	<p>Poor Financial Performance</p> <p>The statement of financial performance for the year ended 30.06.2021 reflects a deficit of Kshs. 29,001,007 (2020-kshs. 28,828,791) an indication that the Authority was experiencing operational challenges which led losses totaling Kshs. 57,829,798 in two consecutive years. The trend casts doubt on the Authority's ability to continue to sustain services. Should management fail to put strategies in place to reverse the trend, the Authority may experience further difficulties and may not meet its obligations as and when they fall due.</p>	<p><i>A greater proportion of the deficit relates to depreciation and amortization expense, which is a non-cash item.</i></p> <p><i>Management has put in place strategies to ensure the going concern of the Authority, which include negotiation for additional Government funding and increasing the Authority's internal revenue sources.</i></p> <p><i>In FY 2021/2022, the Authority reported a surplus.</i></p>	Resolved	N/A
5.	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflect final revenue budget and actual on comparable basis of Kshs. 443,269,951 and Kshs. 385,675,335 respectively resulting in an under-funding of Kshs. 57,594,616 or 4% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs. 443,269,951 and Kshs. 367,678,719 respectively resulting in an under-expenditure of Kshs. 75,591,232 or 17% of the budget.</p> <p>Further, there was no itemized budget accompanying the financial</p>	<p><i>The Authority is using the budget as a tool of financial control in its operations and information to support that is available.</i></p>	Resolved	N/A

Public Procurement Regulatory Authority
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Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	statements presented for audit review and therefore, it was not possible to perform an itemized budget performance analysis.			
6.	<p>Unresolved Prior Year Matters</p> <p>In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the management has not resolved the issues or given any explanation for failure to adhere to the provisions of the public Sector Accounting Standards Board templates and The National Treasury Circular Ref: AG.4/16/2 Vol. 3(72) dated 30 June, 2021.</p>	<i>The matters have been resolved</i>	Resolved	N/A
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
6.	<p>Non-Compliance with PFM Act, 2012</p> <p>The statement of financial position as at 30 June 2021 reflects receivables from non-exchange transactions amounting to Kshs. 4,468,906 which includes outstanding imprest amounting to Kshs. 3,948,210. Review of imprest records revealed that the Authority issued multiple imprests to Board members and staff totaling Kshs. 2,993,407 contrary to regulation 93(4)(b) of the PFM (National</p>	<p><i>The outstanding imprests were cleared.</i></p> <p><i>Currently, the Authority adheres to the provisions of regulation 93(4)(b) of the PFM (National Government) Regulations, 2015.</i></p>	Resolved	N/A

Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>Government) Regulations, 2015. The Regulations requires that before issuing temporary imprest, the Accounting Officer shall ensure that the applicant has no outstanding imprests. Further, management failed to recover long outstanding imprests from staff members, Board members and non-staff members totaling to Kshs. 2,261,079 some dating back to year 2019.</p> <p>In the circumstances, the Management is in breach of the law.</p>			
7.	<p>Failure to Remit Taxes</p> <p>Note 23 to the financial statements reflects other payables balance of Kshs. 10,695,720. Included in the balance are various taxes amounting to Kshs. 1,339,724 which had been deducted from amounts due to suppliers and contractors, but were not remitted to the KRA within the statutory timelines. Although management has indicated that the taxes have now been settled, no explanation was provided on how applicable penalties and interests levied after failure to remit taxes within the statutory deadlines as provided for by the Tax Procedures Act, 2015 will be settled.</p> <p>The Authority is therefore, exposed to incurring interests and penalties levied by KRA which could have been avoided.</p> <p>In the circumstance, the management is in breach of law.</p>	<p><i>The taxes were paid and the Authority was not exposed to interest or penalties.</i></p>	<p><i>Resolved</i></p>	<p><i>N/A</i></p>

Public Procurement Regulatory Authority
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Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
8.	<p>Failure to Update Fixed Assets Register</p> <p>Review of fixed asset register for the year ended 30 June, 2021 revealed that the Authority had not updated the register in the last three financial years. As a result, assets disposed prior to 30 June, 2018 comprising six motor vehicles, office partitions and computers remained in the asset register. Further, the asset register did not reflect dates of acquisition, asset status, location and working conditions. In addition, assets procured between 2019 to 2021 had not been tagged making it difficult to be identified.</p> <p>This is contrary to section 143(1) of the PFM (National Government) Regulations, 2015 that require the accounting officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.</p> <p>In the circumstances, the accounting officer is in breach of law.</p>	<p><i>The assets register has been updated</i></p>	Resolved	N/A

**AUDIT CERTIFICATE FOR THE 2019/2020 FINANCIAL YEAR – PPRA
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

1.	<p>Irregular Funding of Kenya Institute of Supplies Management</p> <p>The development progress report with The National treasury on the establishment of the Authority's regional offices reflects 91% level of completion as at 30.06.2020. However, the total funding amounting to Kshs. 538,000,000 meant for the regional offices was</p>	<p><i>The Authority was not in breach of the Appropriation Act since it was not involved or consulted by The National Treasury when funds meant for PPRA were diverted to a separate entity.</i></p>	Resolved	Not Applicable
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Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)														
	<p>diverted for the construction of KISM towers along Ngong road that belongs to a separate entity (KISM). The detailed annual transfers for the construction of KISM towers is as detailed below;</p> <table border="1"> <thead> <tr> <th>FY</th> <th>Amount Disbursed (Kshs)</th> </tr> </thead> <tbody> <tr> <td>2015/2016</td> <td>72,700,000</td> </tr> <tr> <td>2016/2017</td> <td>70,000,000</td> </tr> <tr> <td>2017/2018</td> <td>70,000,000</td> </tr> <tr> <td>2018/2019</td> <td>118,000,000</td> </tr> <tr> <td>2019/2020</td> <td>207,300,000</td> </tr> <tr> <td>Total</td> <td>538,000,000</td> </tr> </tbody> </table> <p>The national treasury had not provided explanation on why the funding meant for the Authority has been diverted to a separate entity without the Authority's consent and the continued virement through the Vote Head "PPRA Regional Offices".</p> <p>Consequently, the appropriated funding to the Authority for the establishment of the regional offices amounting to Kshs. 538,000,000 have not been applied for the intended purpose. Further, the Authority was in breach of the Appropriation Act.</p>	FY	Amount Disbursed (Kshs)	2015/2016	72,700,000	2016/2017	70,000,000	2017/2018	70,000,000	2018/2019	118,000,000	2019/2020	207,300,000	Total	538,000,000	<p><i>The Authority wrote to The National Treasury on the matter.</i></p>		
FY	Amount Disbursed (Kshs)																	
2015/2016	72,700,000																	
2016/2017	70,000,000																	
2017/2018	70,000,000																	
2018/2019	118,000,000																	
2019/2020	207,300,000																	
Total	538,000,000																	
2.	<p>Wasteful Expenditure on Rent and Service Charge on Unoccupied Offices</p> <p>The statement of financial performance reflects an expenditure of Kshs. 105,033,961 under general expenses which as disclosed in Note 12 to the financial statements, includes an amount of Kshs. 18,006,036 in respect of rent and utilities. The latter balance includes lease rentals for Mombasa</p>	<p>(a) <i>Partitioning works to make the office habitable and suitable for PPRA requirements were completed on 12th October, 2015.</i></p> <p>(b) <i>There were delays in getting the necessary approvals</i></p>	Resolved	Not Applicable														

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	<p>offices. Review of the supporting lease to the payment revealed that the lease was entered into on 01.07.2014 for a period of six years but effectively occupied in January 2017 when the Authority commences active operation. Consequently, the office space though leased was unoccupied for a period of 30 months to 31.12.2016 leading to a wasteful payment of rent and service charge amounting to Kshs. 2,839,200.</p> <p>Under the circumstances, value for money was not realized from the payment of rent of Kshs. 2,839,200 for the period of non-occupancy.</p>	<p><i>to recruit new staff for the offices in view of the government freeze on recruitment. Approval to recruit was granted on 30th March, 2016. The recruitment process commenced on 13th October, 2016 and was concluded in December of 2016 and the successful staff were released to report to Mombasa in December, 2016.</i></p>		
3.	<p>Irregular Stay in Office Post Expiry of Service Contract</p> <p>The service contract of the director general came to an end on 02.07.2018 after serving full term. However, the officer continued to serve in the office up to November 2020 without a contract contrary to section 9 and 20 of the Employment Act, 2007 and the PPADA, 2015. No explanation was provided for the continued stay in office without a valid employment service contract.</p> <p>For the period not covered by the service contract of two financial years ending 30.06.2020, the officer had drawn compensation by way of salaries and allowances Kshs. 14,500,000. Further, gratuity payment of Kshs. 4,168,307 was</p>	<p><i>At its meeting held on 13th April 2022, the Public Procurement Regulatory Board (PPRB) noted and acted on the matter as follows:</i></p> <p><i>a) At its 62nd meeting held on 16th July 2015, the then Public Procurement Oversight Advisory Board under minute 5/62/2015 passed a resolution to renew the Director General's contract for a further term of 5 years under Sec</i></p>	Resolved	Not Applicable

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	<p>excessive by Kshs. 378,143 while PAYE due was under deducted by Kshs. 373,863. This is contrary to the provisions of the PFM Act, 2012 and Income Tax Act. No recovery measures have been instituted to date.</p>	<p><i>11(2) of the Public Procurement and Asset Disposal Act, 2005 (now repealed), with effect from 3rd November 2015 on the same terms and conditions as his previous contract.</i></p> <p><i>b) When the PPRA Board was appointed in September 2018, it affirmed the decision of the Advisory Board and passed a resolution under minute 9/PPRB/2/2019 at its 2nd full Board meeting held on 15th January 2019 that Mr Juma be allowed to serve the remainder of the 5 year term as at 2nd July 2018. The Board noted that there was an oversight in failing formally to communicate this resolution to Mr Juma through a letter.</i></p> <p><i>c) The Regulatory Board at its 19th full Board meeting held on 13th April 2022 under minute 4/PPRB/19/2022(3) resolved that a letter be issued in retrospect to Mr Juma to cover his</i></p>		

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Reference No. on the external audit Report	Issue/ Observation from OAG	Management Comments	Status (Resolved/ Not resolved)	Timeframe (Put a date when you expect the issue to be resolved)
		<p><i>employment with effect from 3rd November 2015 on the same terms and conditions as the previous contract, and the Board resolution under minute 5/62/2015 since he was lawfully in office.</i></p> <p>d) <i>The contract was drafted and accepted by Mr Juma on 6th May 2022</i></p>		

APPENDIX II: PROJECTS IMPLEMENTED BY PUBLIC PROCUREMENT REGULATORY AUTHORITY

Projects implemented by the Authority funded by the Government.

Project Title	Project Number	Source of Funds	Period/Duration	Consolidated in these financial statements
Partitioning of PPRA Head Office	1071113000	GoK	4 years	Yes

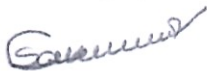
Status of Projects Completion

S/N	Project	Total Project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of Funds
1	Partitioning of PPRA Head Office	Kshs.245 million	Kshs. 48.8 million	19.9%	Kshs. 195 million	NIL	GoK

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME: PUBLIC PROCUREMENT REGULATORY AUTHORITY				
Breakdown of Transfers from The National Treasury				
FY 2022/2023				
a	Recurrent Grants			
	Details	Bank Statement Date	Amount Ksh	FY to which amount relates
	Quarter 1 Exchequer	27/09/2022	76,500,000	FY 2022/2023
	Quarter 2 Exchequer	13/12/2022	76,500,000	FY 2022/2023
	Quarter 3 Exchequer	27/03/2023	69,615,000	FY 2022/2023
	Quarter 4 Exchequer	25/05/2023	76,500,000	FY 2022/2023
	Quarter 4 Exchequer	12/06/2023	23,556,000	FY 2022/2023
	Quarter 4 Exchequer	12/06/2023	25,000,000	FY 2022/2023
	Total		347,671,000	
b	Development Grants			
<p>During FY 2022/2023 the Authority was allocated Kshs 195 million development budget for partitioning of the Head Office premises but the funds were not disbursed.</p>				

The above amounts have been communicated to and reconciled with The National Treasury (Parent Ministry)



Chris Sakwa



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