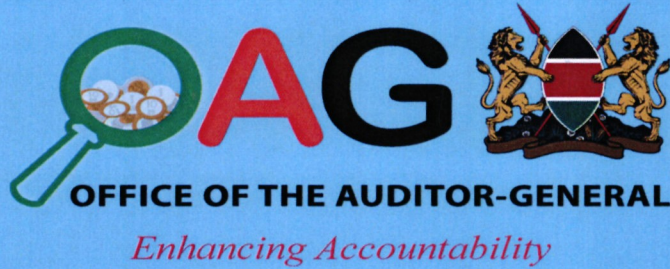
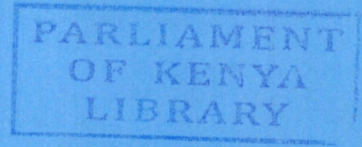


REPUBLIC OF KENYA



# REPORT

THE NATIONAL ASSEMBLY	
DATE: 06 JUL 2023	
DAY: Thursday	
TABLED BY:	Hon. Samuel Chepkonga, MP
CLERK OF PARLIAMENT:	Joyce Kemerele



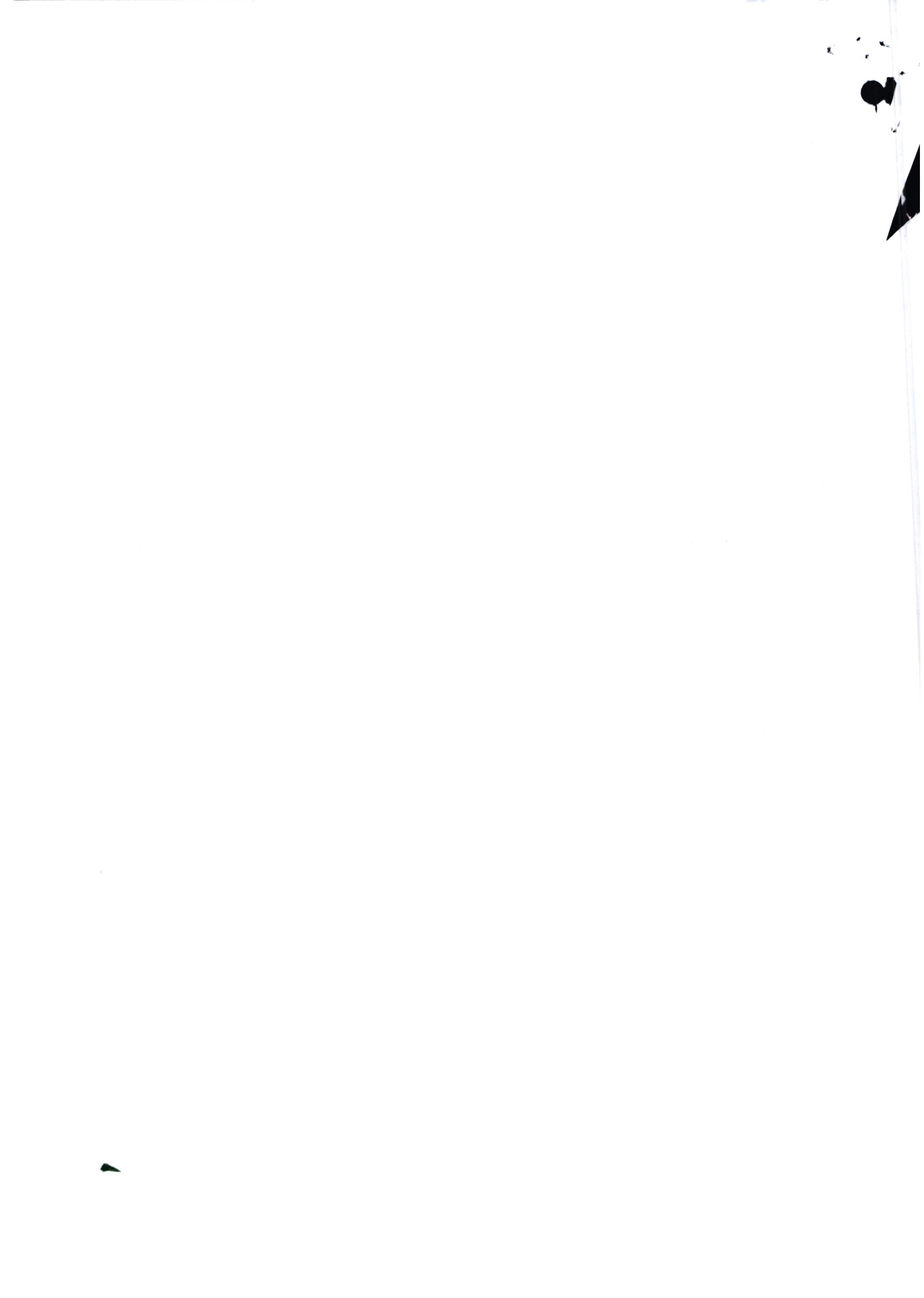
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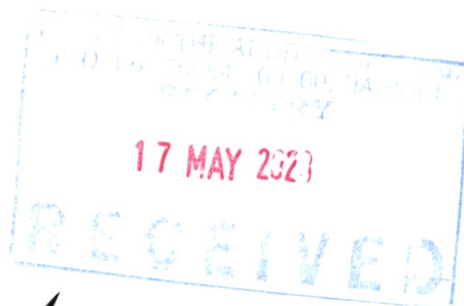
**THE AUDITOR-GENERAL**

ON

**HUMAN RESOURCE MANAGEMENT  
PROFESSIONALS EXAMINATION BOARD**

**FOR THE YEAR ENDED  
30 JUNE, 2021**





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**HUMAN RESOURCE MANAGEMENT PROFESSIONALS EXAMINATION BOARD  
(HRMPEB)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30<sup>TH</sup> JUNE 2021**

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

**HUMAN RESOURCE MANAGEMENT  
PROFESSIONALS EXAMINATION BOARD  
Annual Report and Financial Statements  
For the year ended June 30, 2021**

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**HUMAN RESOURCE MANAGEMENT  
PROFESSIONALS EXAMINATION BOARD**

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**a. Establishment of the Entity**

Established under Section 16 of the Human Resource Management Professionals (HRMP) Act No. 52 of 2012, the Human Resource Management Professionals Examinations Board (HRMPEB) is mandated to certify HR professionals in Kenya. Its functions include preparing syllabuses for HR examinations; making rules with respect to the examinations; issuing certificates to candidates who have satisfied examination requirements; and promoting recognition of its examinations locally and internationally.

**b. Principal Activities**

The board's principal activities include the development of syllabuses for HR examinations, the formulation of rules and regulations governing the administration of these exams, the issuance of certificates to candidates who have successfully met the examination requirements, and the promotion of recognition of its examinations both domestically and internationally.

**c. Key Management**

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

- Board of Directors
- Accounting officer/ CEO
- Management

**d. Fiduciary Management**

The key management personnel who held office during the financial period ended June 20209 and who had direct fiduciary responsibility were:

- |  |                        |
|--|------------------------|
| i. Chief Executive Officer/ CEO            | Dr. Douglas Ogolla     |
| ii. Manager, Examinations Administration   | Mrs. Jane Njenga       |
| iii. Senior Human Resource & Admin Officer | Mrs. Rebeccah Mureithi |
| iv. Senior ICT Officer                     | Mr. Fredrick Laiboni   |
| v. Accountant                              | CPA Vincent Koech      |

**e. Fiduciary Oversight Arrangements**

The Board of Directors had not formed an independent Audit Committee to oversee the management of HRMPEB and ensure compliance with relevant laws and regulations. The Audit Committee works closely with management to review financial reports, monitor internal controls and risk management processes, and address any concerns or issues that may arise. The committee comprises independent directors with the necessary skills and experience to carry out their responsibilities effectively. Its role is critical in maintaining the integrity and transparency of HRMPEB's operations, promoting corporate governance, and ensuring that the organization operates in alignment with its mission, values, and strategic objectives. Overall, the establishment of the Audit Committee reflects HRMPEB's commitment to sound corporate governance and decision-making processes based on reliable information.

**HUMAN RESOURCE MANAGEMENT  
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**f. Headquarters**

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

**g. Contacts**

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

**h. Bankers**

NCBA Bank Kenya PLC Kenyatta Avenue  
P.O. Box 44599-00100  
**Nairobi, Kenya**

**i. Independent Auditors**

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

**j. Principal Legal Advisor**

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

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**2. THE BOARD OF DIRECTORS**



**CS Sharon Kisire- Chairperson**

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

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

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

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



**Mr. Nicholas Kanisa- Board Member**

Mr. Kanisa earned his MSc in HRM degree from JKUAT; BSc. in HRM degree from Moi University, HND in HRM from Cambridge, Dip. In HRM from Moi University and is a serious Practicing Member of Institute of Human Resource Management in good standing.

He is currently serving as Principal Human Resource Officer with Teachers Service Commission at TSC HQS and previously served since 2008 as Sub County HR Officer in these sub counties; Trans Nzoia East, Kwana and Central Pokot.

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

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

**HUMAN RESOURCE MANAGEMENT  
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**THE BOARD OF DIRECTORS (Continued)**



**Mr. Samwel Kaumba- Board Member**

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

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

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



**Prof. Hazel Gachunga- Board Member**

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

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

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

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

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**THE BOARD OF DIRECTORS (Continued)**



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

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

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

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

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



**Mr. Mohamed Abdi- Board Member**

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

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

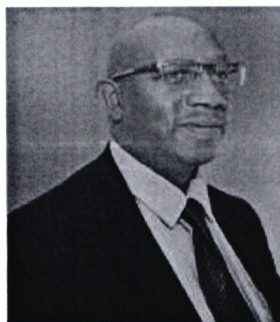
CHRP Mohamed Aden is currently the Head of Human Resources at Soliton Telmec Limited, a dynamic and reputable telecommunication engineering firm based in Nairobi with branches in Uganda, Rwanda and Djibouti. His expertise is in both operational and strategic talent

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

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**THE BOARD OF DIRECTORS (Continued)**



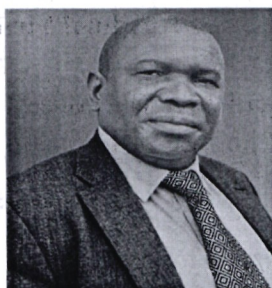
**Mr. Emmanuel Mulwa- Board Member**

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

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

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

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



**Mr. Jacob Omulo- Board Member**

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

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

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

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**THE BOARD OF DIRECTORS (Continued)**



**Dr. Douglas Ogolla, PhD, MHIM- CEO**

Dr. Douglas Ogolla is a seasoned HR professional and practitioner registered with Institute of Human Resource Management (IHRM) as a Full Member with reg. no. 00439 and practicing certificate holder. He has over 20 years' experience as HR consultant, Researcher and Curriculum Development expert. Dr Ogolla joined Human Resource Management Professionals Examinations Board (HRMPEB) as Secretary/Chief Executive Officer in May 2020.

Previously, he served as a Lecturer at Catholic University of Eastern Africa between the years 1995 to 2000 and lately Senior Lecturer at Kenya Methodist University where he held the position of Chairman of Department, Business Administration, Deputy Director, Directorate of Post Graduate Studies and Program Leader (Business Administration).

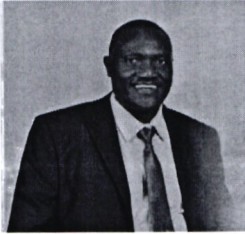
In 2016, Dr Ogolla was seconded by the Inter-University Council of East Africa (IUCEA) as a visiting Lecturer at International Leadership University (ILU) in Bujumbura, Burundi where he taught Post Graduate programs in Business Administration. He served as an examiner with Kenya National Examination Council (KNEC), the Kenya Accountants Secretaries National Examinations Board (KASNEB), and HRMPEB for over 15 years.

Additionally, he participated in the panel that developed Certified Human Resource Management Professionals (CHRP) curriculum in 2012. He holds B. Com (HRM), P.G Diploma (HRM), M.A., M.Phil. And PhD in Business Administration (Human Resource Management).

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**3. MANAGEMENT TEAM**



**Dr. Douglas Ogolla**  
**CEO**

Dr. Douglas Ogolla Holds PhD in Business Administration (Human Resource Management, M.A., and M.Phil. B. Com (HRM), P.G Diploma (HRM)



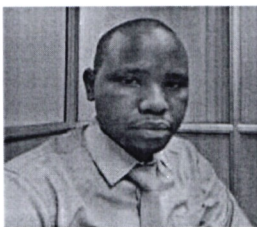
**Mrs. Jane Wanyoike**  
**Manager, Examinations Administration**

Mrs. Jane Wanyoike Holds MBA-HRM (UON), B.Ed. (arts)-KU, DIP-BA- KNEC, Member, IHRM, Doctorate Student in Human Resource (JKUAT)



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

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



**Mr. Fredrick Laiboni, CISA**  
**Snr. ICT Officer**

Mr. Fredrick Laiboni, CISA holds MSc. Data Communications (Finalist), BSc. Information Technology (Software Engineering), CISA, - ISACA Associate Member



**CPA Vincent Koech**  
**Accountant**

CPA Vincent Koech holds B.COM (Accounting Option), CPA (K),ICPAK Member No.26934

**HUMAN RESOURCE MANAGEMENT  
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**4. CHAIRPERSON'S REPORT**



**Introduction**

On behalf of the Board of Human Resource Management Professionals Examinations Board (HRMPEB), I am glad to present to our stakeholders the quarterly report and financial statements for the financial period ended 30 June 2021.

The Board is responsible for the strategic direction and oversight of HRMPEB. In this respect, the Board ensured that the mandate of HRMPEB was efficiently and effectively executed during the year as evidenced by the successful administration of examinations in June 2021 despite the effects of Covid-19 pandemic.

**Governance**

HRMPEB has worked tirelessly to ensure that we have necessary policy instruments in place to enhance delivery our core mandate of Developing Curricula, Examining and Certifying HR Professionals.

**Corporate Strategic Plan (2020-2025)**

The implementation of the 1st Corporate Strategic Plan (2020-2025) commenced on and is in the 2nd year of implementation. The strategic plan was anchored on 7 strategic pillars and in the financial year ended June 2021, the Board achieved all its strategic objectives.

**Marketing and promotion**

On Marketing, outreach and public communication, HRMPEB has continued to sensitize the public on the professional brand through various social media platforms. HRMPEB has also continued to undertake sensitization of potential students through career talks in universities and colleges.

**Way forward**

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

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

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

**Appreciation**

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



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**CS Sharon J. Kisire**  
**CHAIRPERSON OF THE BOARD**

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**16.05.2023**

**Date**

**HUMAN RESOURCE MANAGEMENT  
PROFESSIONALS EXAMINATION BOARD  
Annual Report and Financial Statements  
For the year ended June 30, 2021**

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**5. CEO'S REPORT**



The Financial year 2020/2021 was severely affected by the outbreak of Covid-19 pandemic, HRMPEB like many other organizations and examinations bodies, locally and globally, faced the challenge of navigating the unknown of covid-19 which ravaged the entire world in the year 2020. The year saw the Board register very few students and there were no examinations during the June 2020 series. In the midst of the challenges the Board commenced the development of examinations and Human Resource policy instruments. A new Corporate Strategic Plan (2020-2025) was developed and approved by the Board for implementation. The plan was premised on seven strategic objectives namely: Best practice of corporate governance, Curriculum Development, Customer Focus, Examination Regulation & Certification, Accreditation, Institutional Capacity Development & Financial Sustainability and Recognition of CHRP Examinations Locally and Internationally.

**The following are some of the Key highlights of the financial year:**

**1. Financial performance**

With regards to financial performance this financial year 2020/2021 witnessed a decrease in finances as the Board registered low numbers of students. In addition, there was no examinations during June series causing low revenue collection rate. The Board utilized its reserves during this financial year.

**2. Administration of Examinations & Certification**

The Board managed to conduct the December 2020 CHRP examinations successfully amid challenges of covid 19. HRMPEB conducted its CHRP examinations in the 9examinations centers across the country between 7<sup>th</sup> and 16<sup>th</sup> December 2020 where a total number of 1359 of Candidates took their examinations. In addition, it's worth noting that HRMPEB was an early adaptor of the Online Examination Model among the National Professional Examination and Certification Bodies in Kenya. This initiative was mooted by the Board as a business continuity intervention in the wake of the COVID – 19 lockdown. The Board administered its first Online Examinations in June 2021. The Board held its 2nd Certification Ceremony where 740 candidates were gazzeted and certified in October 2021.

**HUMAN RESOURCE MANAGEMENT  
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All appreciations go to Board members, Management and all other stakeholders who have supported us during this year of hardship by ensuring we stay afloat.

**Conclusion**

The above initiatives, among others, are all geared towards enhancing the sustainability of HRMPEB. Moving forward, management remains committed to further exploring additional initiatives and measures to have HRMPEB's position as a financially stable and sustainable organization.

Thank you all and God bless.



**Dr. Douglas Ogolla, Ph. D,  
ACCOUNTING OFFICER/ C.E.O**

**16.05.2023**

**Date**

**HUMAN RESOURCE MANAGEMENT  
PROFESSIONALS EXAMINATION BOARD  
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**6. STATEMENT OF HRMPEB'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021**

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

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

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

HRMPEB develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. HRMPEB achieved its performance targets set for the FY 2019/2020 period for its 5 strategic pillars, as indicated in the diagram below:

	<b>Strategic pillar</b>	<b>Objective</b>	<b>Key performance indicated</b>	<b>Activities</b>	<b>Achievements</b>
1	Adopt best practice of corporate governance	Best practice corporate governance	Training Report	Capacity building of the board members through retreats and training to ensure convergence of purpose and deeper organizational understanding	Development of 22 policy instruments, and approved by SCAC.
			Visit Reports	Identify and visit of other institutions regulating and examining professionals, possibly locally and internationally	Capacity building of the Board, Internal processes strengthened through benchmark to improve the credibility of exams.

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**STATEMENT OF HRMPEB'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021 (Cont'd)**

	<b>Strategic pillar</b>	<b>Objective</b>	<b>Key performance indicated</b>	<b>Activities</b>	<b>Achievements</b>
2	Develop curricula and syllabi for CHRP training	Curriculum Development	Curricula documents according to professional levels	Review CHRP curricula to align with current trends of HR practice and the market demands	Development of the new curricula Revised CHRP,
			Syllabi documents for each subject	Review of CHRP syllabi to align with curriculum of the CHRP training	
3	Attract and grow HRMPEB clientele base	Customer Focus	A well standardized service	Develop service charter	Service charter developed and adopted.
			Implement and Review service charters	Implementation and service charter review reports	
4	Deliver CHRP certification	Examination Regulation & Certification	Records of date of release of exam results and release of	Following release of examinations, release certificates within one (1) month.	Second certification in November is underway.
			Examinations procedure document	Develop/ Review examination procedure to ensure efficiency and timely	
5	Standardize accreditation requirements	Accreditation	Accreditation criteria document	Develop accreditation criteria	Accreditation standards developed and operationalized.

**HUMAN RESOURCE MANAGEMENT  
PROFESSIONALS EXAMINATION BOARD  
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**7. CORPORATE GOVERNANCE STATEMENT**

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

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

**The Role of the Board**

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

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

**Composition and removal of the Board**

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

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

**Board Meetings**

The Board schedule of meetings is prepared annually in advance. The Board holds its regular meetings at least once every three months and special meetings may be called when necessary.

**HUMAN RESOURCE MANAGEMENT  
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Below is the attendance of the meetings by the Board Members:

	<b>Board Member</b>	<b>No. of meetings held in the year</b>	<b>No. of meetings attended</b>	<b>% of attendance</b>
1.	CS Sharon Kisire	20	20	100%
2.	Mr Samwel Kaumba	20	20	100%
3.	Prof Hazel Gachunga	20	16	80%
4.	Mr. Nicholas Kanisa	20	19	95%
5.	Dr. Gladys Asuga	20	18	90 %
6.	Mr. Emmanuel Mulwa	20	20	100%
7.	Mr. Jacob Omulo	20	17	85%
8.	Mr. Mohammed Aden	20	19	95%

**Audit and Risk Committee Attendance Register Annually**

	<b>Board Member</b>	<b>No. of meetings held in the year</b>	<b>No. of meetings attended</b>	<b>% of attendance</b>
1.	Mr. Mohammed Abdi	10	10	100%
2.	Mr. Samwel Kaumba	10	10	100%
3.	Prof. Hazel Gachunga	10	9	90%

**HR, Strategy, and Finance Committee Attendance Register Annually**

	<b>Board Member</b>	<b>No. of meetings held in the year</b>	<b>No. of meetings attended</b>	<b>% of attendance</b>
1.	Mr. Nicholas Kanisa	13	13	100%
2.	Dr. Gladys Asuga	13	13	100%
3.	Mr. Emmanuel Mulwa	13	13	100%

**Examinations and Quality Assurance Committee Attendance Register Annually**

	<b>Board Member</b>	<b>No. of meetings held in the year</b>	<b>No. of meetings attended</b>	<b>% of attendance</b>
1.	Prof. Hazel Gachunga	8	7	88%
2.	Dr. Gladys Asuga	8	8	100%
3.	Mr. Jacob Omulo	8	8	100%
4.	Mr. Nicholas Kanisa	8	8	100%

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**8. MANAGEMENT DISCUSSION AND ANALYSIS**

**1 Operational and financial performance**

The Human Resource Management Professional Examination Board (HRMPEB) realized total revenue of Ksh. 59,274,370 as at period ended 30th June, 2021. The major revenue streams that contributed to this figure were examination fees of Kshs. 28,171,580, exemption fees amounting to Kshs. 21,752,455, and student registration fees of Kshs. 5,085,000.

The expenditure of the board for the period ended 30th June, 2021 was Ksh. 65,095,170. Our major expenditure for the period ended 30th June, 2021 was Admin costs of Kshs. 20,202,856, Employee costs of Kshs. 18,633,752 and Exam Costs of Ksh. 14,046,547.

**2 Compliance with statutory requirements**

HRMPEB has continued to comply with the various statutory requirements applicable for Kenyan government agencies during the 14-month period ending June 30, 2019. This includes making regular contributions to the National Social Security Fund (NSSF) and the National Health Insurance Fund (NHIF) for its employees, as well as deducting and remitting Pay As You Earn (PAYE) taxes to the Kenya Revenue Authority (KRA). Additionally, HRMPEB has ensured compliance with the Pension Fund requirements by contributing a percentage of its employees' gross salaries to the pension fund. These actions demonstrate HRMPEB's commitment to upholding its legal obligations as an employer and contributing to the growth and development of the Kenyan economy.

**3 Major risks facing HRMPEB**

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

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

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

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

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

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

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

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**9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

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

**1 Sustainability strategy and profile**

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

**2 Environmental performance**

In the year ended 30th June 2021, HRMPEB had no environmental policy guiding the organization. As such, there were no reports on successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the

**3 Employee welfare**

The Board strengthened its the employee welfare by approving a medical cover and WIBA during the current financial year (2020/2021)

**4 Market place practices**

**Responsible competition practice:** In order to ensure responsible competition practices with issues like anti-corruption, HRMPEB has been ensuring that it undertakes all its activities within the laws of Kenya. Also in order to ensure fair competition and respect for competitors HRMPEB has continued to engage the Government for assistance that they may require.

**Responsible supply chain and supplier relations:** HRMPEB has ensured that it complies with Public Procurement and Asset Disposal Act 2015 while carrying out procurement operations in order to ensure good business practice. Further, HRMPEB has a procurement and procedure manual that guides operations in procurement. Also in order to ensure that all contracts signed between HRMPEB and the suppliers are honored including payment of their supplies when they fall due.

**Responsible marketing and advertisement:** HRMPEB has been carrying out advertisements on various public dailies as well as on its website for new and existing programs.

**Product stewardship:** In order to protect consumer rights and interests, our customers are provided with information regarding the course requirements before admission and during the commencement of the course. Further, the board ensures confidentiality while interacting with customers.

**5 Community Engagements**

During the year ended 30th June 2021, HRMPEB didn't have any community engagement, including charitable giving (cash & material), Community Social Investment, and any other forms of community engagements.

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**10. REPORT OF THE DIRECTORS**

The Board submit their report together with the financial statements of the Human Resource Management Professionals Examination Board for the year ended June 30, 2021, which show the state of the board's affairs.

**Principal activities**

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

**Results**

The results of the board for the year ended June 30, 2021 are set out on page 1 of this report. Below is a summary of the board's performance during the year.

	<b>2021</b>	<b>2020</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Total Revenue	59,274,370	47,706,096
Total Expenditure	<u>(65,095,170)</u>	<u>(44,482,934)</u>
<b>Surplus (Surplus) for the year</b>	<b><u>(5,820,800)</u></b>	<b><u>3,223,162</u></b>

**Board Members**

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

**Auditors**

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

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**11. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

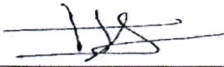
The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

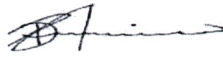
The Directors accept responsibility for HRMPEB's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that HRMPEB's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of HRMPEB's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

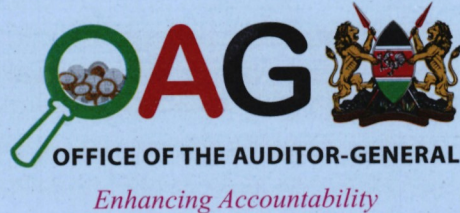
The Entity's financial statements were approved by the Board on **16.05.2023** and signed on its behalf by:

  
\_\_\_\_\_  
CS Sharon Kisire  
Chairperson of the Board

  
\_\_\_\_\_  
Dr. Douglas Ogolla  
Chief Executive Officer  
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# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON HUMAN RESOURCE MANAGEMENT PROFESSIONALS EXAMINATION BOARD FOR THE YEAR ENDED 30 JUNE, 2021**

### **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 overall governance systems are properly designed and were working effectively in the financial year under review.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Human Resource Management Professionals Examination Board set out on pages 1 to 19, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Human Resource Management Professionals Examination Board as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Human Resource Management Professionals Act, 2012.

## **Basis for Qualified Opinion**

### **1. Variance between the Financial Statements and Trial Balance**

Review of the financial statements revealed variances with trial balance as shown below:

<b>Item</b>	<b>Financial Statements Amount (Kshs)</b>	<b>Trial Balance Amount (Kshs)</b>	<b>Variance (Kshs)</b>
Retained Earnings	38,857,421	44,521,025	(5,663,604)
Office Equipment	1,733,280	1,980,891	(247,611)
Intangible Asset	633,609	792,011	(158,402)
Computers & Networks	1,345,425	1,922,036	(576,611)
Library Book	329,668	347,019	(17,351)
Furniture & Fittings	2,691,452	3,075,946	(384,494)
Consultancy/Facilitation Fees	6,628,632	1,595,628	5,033,004
Task Force Expense	-	5,033,004	(5,033,004)
Meals and Refreshments	-	1,069,960	(1,069,960)
Travel Accommodation	2,436,040	-	2,436,040

The variances have not been explained or reconciled.

In the circumstances, the accuracy of the financial statements could not be confirmed.

### **2. Unsupported Examination Expenditure**

The statement of financial performance reflects examination expenses amounting to Kshs14,046,547. The expenditure includes Kshs.7,495,334 incurred in respect of examination administration, invigilation and supervision. However, the expenditure was not supported with the examiners' signed contracts and attendance registers.

In the circumstance, the accuracy and propriety of the examination expenses amounting to Kshs.7,495,334 could not be confirmed.

### **3. Unsupported Staff Costs**

The statement of financial performance reflects staff costs amounting to Kshs.18,633,752 as further disclosed in Note 10 to the financial statements. The amount includes salaries totalling to Kshs.13,160,349 which differ with the payroll amount of Kshs.8,727,752.28 resulting to unexplained variance of Kshs.4,432,597. Further, the amount includes travel and accommodation costs amounting to Kshs.2,436,040 which was not supported with invitation letters, attendance list for the meetings and evidence of travel.

In addition, review of the senior staff appointment letters indicates that a gratuity amount of 31% was to be paid upon expiry of contract period. However, no provisions have been made for the expected liability and the same has not been disclosed in the financial statements.

In the circumstances, the accuracy of staff costs amounting to Kshs.18,633,752 could not be confirmed.

### **4. Unsupported Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment amounting to Kshs.6,733,434. As previously reported, the assets were inherited from the Institute of Human Resource Management. However, the assets have not been revalued and the basis of their carrying amount has not been disclosed. Further, the assets register was not provided for audit verification.

In the circumstances, accuracy, presentation and disclosure of the property, plant and equipment amounting to Kshs.6,733,434 could not be confirmed.

### **5. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and equivalents amounting to Kshs.25,505,078. However, the cashbooks, bank reconciliation statements and bank balance confirmation certificates in support of the balance were not provided for audit verification.

In the circumstances, the accuracy, completeness and existence of the cash and cash equivalents amounting to Kshs.25,505,078 could not be confirmed.

### **6. Long Outstanding Accounts Receivables**

The statement of financial position reflects accounts receivables amounting to Kshs.3,577,872. However, aging analysis of the receivables was not provided for audit review. Further, no provisions have been made for bad and doubtful debts.

In the circumstances, the accuracy and existence of the accounts receivables amounting to Kshs.3,577,872 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the report on Adverse Opinion, Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, 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.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statements**

The financial statements for the year under review were submitted to the Auditor-General on 24 February, 2023, one year and five months after the statutory deadline of 30 September, 2021. This is contrary to Section 81(4) of the Public Finance Management Act, 2012 which requires the accounting officer for an entity to submit the entity's financial statements to the Auditor-General not later than three months after the end of each financial year.

In the circumstance, Management was in breach of the Public Finance Management Act, 2012.

## **2. Unauthorized Bank Account**

The statement of financial position reflects cash and cash equivalents amounting to Kshs.25,505,078 in respect to a bank balance held at a local bank. However, authority and approval from the National Treasury to open and operate the bank account had not been granted. This is contrary to Section 28(1) of the Public Finance Management Act, 2012 which states that the National Treasury shall authorize the opening, operating and closing of bank accounts and sub accounts for all national government entities.

In the circumstance, Management was in breach of the Public Finance Management Act, 2012.

## **3. Lack of Value for money on Software**

The statement of financial position reflects property, plant and equipment amounting to Kshs.6,733,434. The amount includes software balance of Kshs.633,609 as disclosed in Note 14 to the financial statements. Review of documents revealed that the software was inherited from the Institute of Human Resource Management (IHRM). However, ownership documents for the software were not provided. Further, the software produces conflicting ledgers and trial balance.

In the circumstances, value for money has not been achieved.

## **4. Failure to Remit Revenue**

The statement of financial performance reflects total revenue amounting to Kshs.59,274,370. However, revenue amounting to at least Kshs.17,782,311 or 30% of the revenue collected was not remitted to the Institute of Human Resource Management. This is contrary to Section 17(J) of the Human Resource Management Professionals Examinations Board Act, 2012 which requires the Board to remit at least 30% of the total revenue collected to the Institute of Human Resource Management.

In the circumstance, Management was in breach of the Human Resource Management Professionals Examinations Board Act, 2012.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures

performed, I confirm that internal controls, risk management and governance were not effective.

### **Basis for conclusion**

#### **Corporate Governance**

Review of corporate governance assessment revealed the following:

- i) The Board did not have a substantive Internal Auditor
- ii) The Audit Committee did not hold any meeting during the year under review
- iii) The Board did not have a Corporate Secretary as required by Section 5.5 of the Human Resource Management Professionals Examination Board Management Charter, 2020. The functions of the Corporate secretary were carried out by the Chief Executive Officer
- iv) The Audit Committee comprised of three (3) Members. However, none of the members had qualifications on audit, financial management or risk management
- v) Details and qualifications of the Board members were not kept in their personal files
- vi) The Human Resource Management Professional Examination Board did not have a procurement professional.

In the circumstances, the governance system is weak.

#### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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.

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

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

In addition to the responsibility for the preparation and presentation of 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.

Those charged with governance are responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how the Management monitors

compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the controls environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls 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 Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

13 June, 2023

**HUMAN RESOURCE MANAGEMENT  
PROFESSIONALS EXAMINATION BOARD**  
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**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
		Kshs.	Kshs.
<b>Revenue from exchange transactions</b>	<b>Note</b>		
Examination fees		28,171,580	14,865,250
Exemption fees		21,752,455	24,051,022
Student Registration fees		5,085,000	5,826,421
Student Registration renewal fees		2,679,150	437,500
Graduation, Penalties, and Sponsorship		144,250	1,343,421
Other Income	7	477,500	337,800
Bank Interest & other Incomes		964,435	844,682
<b>TOTAL REVENUE</b>		<b>59,274,370</b>	<b>47,706,096</b>
<b>Expenditure</b>			
Examination Expenses	8	14,046,547	14,924,012
Admin Expenses	9	20,202,856	13,456,592
Staff Costs	10	18,633,752	12,574,289
Repairs & Maintenance	11	898,370	249,700
Board expenses	12	9,929,176	2,387,827
Depreciation	13	1,384,468	890,514
<b>TOTAL EXPENDITURE</b>		<b>65,095,170</b>	<b>44,482,934</b>
<b>Surplus/ (Deficit) for the period</b>		<b>(5,820,800)</b>	<b>3,223,162</b>

The notes set out on pages 6 to 17 form an integral part of these Financial Statements.  
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

**Ag. Accounting Officer**

**Head of Finance**

**Board Chair**

Name: CHRP Margaret Nguu

Name: Leonard Korir

Name: CS. Sharon Kisire

ICPAK Member No.:

25611





Date: 16.05.2023

Date: 16.05.2023

Date: 16.05.2023

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**14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>Non- current assets</b>			
Property plant & equipment	13	6,733,434	4,348,034
<b>Current assets</b>			
Prepaid Rent	14a	4,065,156	1,425,156
Cash and cash equivalents	14b	25,505,078	36,230,779
Acc Receivables	15	3,577,872	3,457,002
<b>Total Assets</b>		<b><u>39,881,541</u></b>	<b><u>45,460,971</u></b>
<b>Liabilities</b>			
Overpayments	16	1,024,120	782,750
<b>Net Assets</b>			
Retained Earnings	17	38,857,421	44,678,221
<b>Net Assets and Liabilities</b>		<b><u>39,881,541</u></b>	<b><u>45,460,971</u></b>

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

**Ag. Accounting Officer**

**Name: CHRP Margaret Nguu**



**Date: 16.05.2023**

**Head of Finance**

**Name: Leonard Korir**

**ICPAK Member No.:**


**25611**



**Date: 16.05.2023**

**Board Chair**

**Name: CS. Sharon Kisire**



**Date: 16.05.2023**

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**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	Retained Earnings	Recurrent Grant	Total Kshs
<b>As at July 1, 2019</b>	41,455,059	-	41,455,059
Surplus for the year	3,223,162	-	3,223,162
Additions	-	-	-
<b>As at June 30, 2020</b>	<u>44,678,221</u>	-	<u>44,678,221</u>
<b>As at 1 July 2020</b>	44,678,221	-	44,678,221
Surplus/ (Deficit) for the year	(5,820,800)	-	(5,820,800)
Additions	-	-	-
<b>As at June 30, 2021</b>	<u>38,857,421</u>	-	<u>38,857,421</u>

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**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
	Note	Kshs	
Operating surplus		(5,820,800)	3,223,162
Depreciation		1,384,468	890,514
(Increase)/ decrease in A/C receivables		(120,870)	(467,000)
Increase/ (decrease) in payables		241,370	782,750
Prepaid Rent		(2,640,000)	-
<b>Cash generated from operations</b>		<b>(6,955,832)</b>	<b>4,429,426</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment	13	(3,769,869)	(453,539)
		<b>(3,769,869)</b>	<b>(453,539)</b>
<b>FINANCING ACTIVITIES</b>			
Government grant		-	-
Grant from donors		-	-
Net cash generated from financing activities		-	-
Increase/ (decrease) in cash and cash equivalent		<b>(10,725,701)</b>	<b>3,975,887</b>
Cash and cash equivalent at the beginning		<b>36,230,778</b>	<b>32,254,892</b>
Cash and cash equivalent at end of the year	14b.	<b>25,505,078</b>	<b>36,230,778</b>

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

**Ag. Accounting Officer**

**Head of Finance**

**Chairman of the Board**

**Name:CHRP Margaret Nguu**

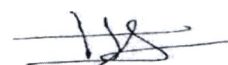
**Name:CPA Leonard Korir**

**Name:CS Sharon Kisire**

**ICPAK Member No.:**

**25611**





**Date: 16.05.2023**

**Date: 16.05.2023**

**Date: 16.05.2023**

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**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original Budget		Adjustments	Final Budget	Actual on		Variance	% of
	Kshs A	Kshs B	Kshs C= (a+b)	Ksh D	Kshs. E= (c-d)	% F= d/c	utilisation	
<b>Revenue</b>								
Examination fees	40,500,000	(11,500,000)	29,000,000	28,171,580	828,420	97%		
Exemption fees	36,500,000	(14,500,000)	22,000,000	21,752,455	247,545	99%		
Student Registration fees	12,000,000	(5,500,000)	6,500,000	5,085,000	1,415,000	78%		
Student Registration renewal fee	1,500,000	1,500,000	3,000,000	2,679,150	320,850	89%		
Graduation, Penalties, and Spon:	-	-	-	144,250	(144,250)	#DIV/0!		
Other Income	8,920,500	(6,363,500)	2,557,000	477,500	2,079,500	19%		
Bank Interest	1,000,000	-	1,000,000	964,435	35,565	96%		
<b>Total Income</b>	<b>100,420,500</b>	<b>(36,363,500)</b>	<b>64,057,000</b>	<b>59,274,370</b>	<b>(4,782,630)</b>			
<b>Expenses</b>								
Examination Expenses	25,306,887	(12,206,887)	13,100,000	14,046,547	(946,547)	107%		
Admin Expenses	21,162,026	(1,481,776)	19,680,250	20,202,856	(522,606)	103%		
Staff Costs	297,500	16,722,500	17,020,000	18,633,752	(1,613,752)	109%		
Repairs & Maintenance	300,000	600,000	900,000	898,370	1,630	100%		
Board expenses	4,000,000	6,000,000	10,000,000	9,929,176	70,824	99%		
Depreciation	800,000	480,000	1,280,000	1,384,468	(104,468)	108%		
<b>Total expenditure</b>	<b>51,866,413</b>	<b>10,113,837</b>	<b>61,980,250</b>	<b>65,095,170</b>	<b>(3,114,920)</b>			
<b>Surplus/ (deficit) for the year</b>	<b>48,554,087</b>	<b>(46,477,337)</b>	<b>2,076,750</b>	<b>(5,820,800)</b>				

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**18. NOTES TO THE FINANCIAL STATEMENTS**

**1 General Information**

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

**2 Statement of Compliance and basis of preparation**

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act the Human Resource Professionals Act, 2012, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3 Adoption of new and revised standards**

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

Standard	Impact
Other	<b>Applicable: 1st January 2021</b>
Improvements to IPSAS	a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. <i>This standard is not applicable to HRMPEB as it did not acquire any business during the year.</i>

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

<b>Standard/ Amendment</b>	<b>Effective date and impact</b>
<b>Other Improvements to IPSAS</b>	<b>Applicable: 1st January 2021</b> b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.
	c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.
	d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the
	<i>This standard is not applicable to HRMPEB as it does not have leases and impairment.</i>
<b>ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021</b>	
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1st January 2023.</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:
	• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
	• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
	• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<i>This standard is not applicable to HRMPEB as it does not hedge its financial instruments</i>	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

<p><b>IPSAS 42: Social benefits</b></p>	<p><b>Applicable: 1st January 2022.</b> The objective of this standard is to improve the relevancy, faithful representatives and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purposes financial reports</p> <ul style="list-style-type: none"> <li>a.) The nature of such social benefits provided by the entity;</li> <li>b.) The key features of the operation of those social benefit schemes;</li> <li>c.) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p><i>This standard is not applicable to HRMPEB as it does not offer social benefit</i></p>
<p><b>Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments</b></p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b.) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c.) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

**iii. Early adoption of standards**

HRMPEB did not adopt early any new or amended standards in year 2020-2021.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a. Revenue recognition**

**i. Revenue from non-exchange transactions**

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

**Transfers from other Government entities**

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

**ii. Revenue from exchange transactions**

**1) Rendering of services**

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

**2) Sale of goods**

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

**3.) Interest Income**

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

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**b. Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Costs includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised 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 recognised in statement of financial performance as incurred. Where an asset is acquired in a non exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

	<b>Rate</b>
Furniture & fitting	12.50%
Computers	30.00%
Softwares	20.00%
Office Equipment	12.50%
Library books	5.00%

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

**c. Leases**

HRMPEB does not have any leases.

**d. Nature and purpose of reserves**

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

**e. Cash and cash equivalent**

Cash and cash equivalents comprise cash on hand and cash at bank, short term deposits, on call deposits and highly liquid investments within original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**f. Retirement benefit obligation**

HRMPEB and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. HRMPEB's contributions obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**g. Budget information**

The original budget for the FY 2020-2021 was approved by the Board in January 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented on page 5 of these financial statements.

**h. Intangible asset**

Intangible assets acquired separately are initially recognised 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 amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in statement of financial performance in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**i. Subsequent events**

Subsequent to the conclusion of the 2020/21 cut-off period, the Board composed a formal correspondence addressed to the National Treasury, wherein they sought the requisite approval to continue the operation of their NCBA account. Furthermore, the Board also initiated correspondence with the Institute of Human Resource Management, pertaining to the remittance of 30% of the Board's revenue. To date, responses to both aforementioned letters are still pending.

**j. Currency**

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

**k. Taxes**

***Current income tax***

HRMPEB has not provided for taxation as it is exempted from income tax.

**l. Comparative figures**

HRMPEB prepared the 2020-2021 financial reports with comparison to the previous year as presented.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**m. Related party disclosures**

***Nature of related party relationships***

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

***Government of Kenya***

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

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

**5 Significant Judgement and Sources of Estimation Uncertainty**

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

**a.) Estimates and assumptions**

HRMPEB based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of HRMPEB. Such changes are reflected in the assumptions when they occur.

**b.) Useful lives and residual values**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6 FINANCIAL RISK MANAGEMENT**

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

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

**i. Market risk**

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

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

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

**ii. Credit Risk**

HRMPEB has exposure to credit risk, which is the risk that a customer will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.

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

**iii. Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the HRMPEB's Board.

HRMPEB manages liquidity risk through continuous monitoring of forecasts and actual cash

**iv. Foreign Currency Risk**

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

**v. Interest rate risk**

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

**vi. Capital Risk Management**

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

	<b>2021</b>	<b>2020</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Accumulated surplus (Deficit)	<u>(5,820,800)</u>	<u>38,857,421</u>
	<u>(5,820,800)</u>	<u>38,857,421</u>

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	2021	2020
	Kshs.	Kshs.
<b>7. Other Income</b>		
Sale of Syllabus	30,000	118,000
Student ID Cards Replacement fees	8,500	14,800
Accreditation Application fees	150,000	-
Accreditation fees	280,000	25,000
TENDER PURCHASE FEE	9,000	
Accreditation Renewal Fees	-	180,000
	<b>477,500</b>	<b>337,800</b>
<b>8. Examination Expenses</b>		
Test Item Development	4,163,622	1,828,612
Exam Moderation & Quality Checking	455,260	445,075
Printing of Examination Scripts, Answer Booklets & Envelopes	2,017,034	1,056,121
Examination Administration, Invigilation & Supervision	4,537,973	3,689,004
Examination Marking	1,767,698	2,291,548
Printing of Registration & Exemption Forms	-	40,000
Inspection for Accreditation	35,000	-
Hospitality Expenses (Meals and Refreshments)	1,069,960	596,145
Certificates Award Cost	-	4,415,487
Printing of Certificates	-	562,020
	<b>14,046,547</b>	<b>14,924,012</b>
<b>9. Admin Expenses</b>		
Water	46,718	67,963
Internet Charges	406,750	430,997
Telephone Charges	39,550	29,700
Electricity	163,117	143,969
Rent and Parking Fees	4,777,319	4,443,811
Licences, Fines & Penalties	35,000	35,000
Office Expenses and Consumables	894,326	568,099
Postage Charges	9,450	9,450
Stationery	857,417	833,324
Publicity, Advertising, Marketing & Communication	1,561,879	3,167,016
Sundry Expenses	-	65,002
Hire of Facilities	799,681	342,140
Bank Charges	711,599	357,012
Mpesa Charges	25,268	-
Service Charge & Other Charges	109,140	-
Insurance Charges	245,120	-
Conference and Hotel Charges	1,405,100	546,275
Audit (Accounting) Fees	872,321	193,141
Students Refund	604,469	-
Consultancy, Taskforce, and Facilitation Fees	6,628,632	2,223,693
Legal Fees	10,000	-
	<b>20,202,856</b>	<b>13,456,592</b>

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	<b>2021</b>	<b>2020</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>10. Staff Costs</b>		
Salaries	13,160,349	9,272,529
Medical Expenses	34,372	9,000
Casual Wages	115,400	778,210
Travel and Accommodation Costs	2,436,040	674,440
Staff Membership and Subscriptions	15,000	12,000
Staff Medical Insurance	2,435,091	1,479,958
Staff Welfare	437,500	341,100
Staff Uniforms	-	7,052
	<b><u>18,633,752</u></b>	<b><u>12,574,289</u></b>
<b>11. Repairs &amp; Maintenance</b>		
Software Maintenance	898,370	222,500
General Office and Equipment Repairs and Maintenance	-	27,200
	<b><u>898,370</u></b>	<b><u>249,700</u></b>
<b>12. Board Expenses</b>		
Sitting Allowance	5,269,856	1,575,000
Travel & Accommodation	4,659,320	812,827
	<b><u>9,929,176</u></b>	<b><u>2,387,827</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

13. Property Plant and Equipment						
	Software	Computers & Networking	Office Equipment	Library Books	Furniture, Fittings & Fixtures	Total
Takeover at cost as at 01/07/2018	972,000	2,356,533	1,919,529	344,078	1,719,470	7,311,610
Revaluation	-	-	-	-	-	-
Additions	388,000	531,564	54,800	53,715	392,198	1,420,277
Disposal	-	-	-	-	-	-
Cost As at 30th June 2019	1,360,000	2,888,097	1,974,329	397,793	2,111,668	8,731,887
<b>Depreciation</b>						
As at 01/07/2018	280,500	1,022,819	326,797	18,620	629,074	2,277,810
Charge for the year	272,000	866,429	246,791	19,890	263,959	1,669,068
Acc Dep As at 30th June 2019	552,500	1,889,248	573,588	38,510	893,033	3,946,878
NBV as at 30th June 2019	807,500	998,849	1,400,741	359,284	1,218,635	4,785,009
Cost as at 01/07/2019	807,500	998,849	1,400,741	359,284	1,218,635	4,785,009
Revaluation	-	-	-	-	-	-
Additions	-	158,460	203,993	6,000	85,086	453,539
Depreciation for the year	(161,500)	(347,193)	(200,592)	(18,264)	(162,965)	(890,514)
NBV As at 30th June 2020	646,000	810,116	1,404,142	347,019	1,140,756	4,348,034.00

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

13. Property Plant and Equipment						
	Software	Computers & Networking	Office Equipment	Library Books	Furniture, Fittings & Fixtures	Total
Cost/ Valuation as at 01/07/2020	646,000	810,116	1,404,142	347,019	1,140,756	4,348,034
Revaluation	-	-	-	-	-	-
Additions	146,011	1,111,919	576,749	-	1,935,190	3,769,869
NBV as at 30th June 2021	792,011	1,922,036	1,980,891	347,019	3,075,946	8,117,903
Depreciation	158,402	576,611	247,611	17,351	384,493	1,384,468
Netbook value As at 30th June 2021	<b>633,609</b>	<b>1,345,425</b>	<b>1,733,280</b>	<b>329,668</b>	<b>2,691,452</b>	<b>6,733,434</b>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14a. Prepaid Rent**

Prepaid rent to Realite	1,425,156
Prepaid rent to Mwalimu Sacco	2,640,000
	<u>4,065,156</u>

**14b. Cash and Bank Balances**

	2021 Kshs.	2020 Kshs.
NCBA	25,505,078	36,222,361
Petty Cash	-	8,418
	<u>25,505,078</u>	<u>36,230,779</u>

**15. Acc Receivables**

As at 1st July 2020	3,457,002	3,457,002
Additions	120,870	
Total	<u>3,577,872</u>	<u>3,457,002</u>

**16. LIABILITIES**

Students Overpaymentst	1,024,120	782,750
	<u>1,024,120</u>	<u>782,750</u>

**17. Retained Earnings**

Retained Earnings comprises of balance from the previous year and surplus/ (deficit) for the current year

	<b>Kshs.</b>
Balance as at 1 July 2020	44,678,221
Surplus for the year	(5,820,800)
Additions	-
Balance as at 30 June 2021	<u>38,857,421</u>

**18. EVENTS AFTER REPORTING PERIOD**

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

**19. CURRENCY**

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

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

Prior period's audit has not been done

