

REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
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REPORT

OF

THE AUDITOR-GENERAL

ON

INSTITUTE OF HUMAN RESOURCE MANAGEMENT

**FOR THE YEAR ENDED
30 JUNE, 2025**



INSTITUTE OF HUMAN RESOURCE MANAGEMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

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Institute of Human Resource Management
Annual Report and Financial Statements
for the year ended June 30, 2025

Table of Contents.....	Page
1. Acronyms and Definition of Key Terms	iii
2. Key Entity Information and Management	v
3. Council Members.....	ix
4. Key Management Team.....	xiv
5. National Chairman's Statement.....	xvi
6. Report of the Executive Director	xix
7. Statement of Performance against Predetermined Objectives for FY 2025/2026	xxii
8. Corporate Governance Statement	xxiv
9. Management Discussion and Analysis	xxxii
10. Environmental and Sustainability Reporting	xxxiv
11. Report of the Council.....	xli
12. Statement of Council Responsibilities	xlii
13. Report of the Independent Auditor for the Financial Statement of the Institute of Human Resource Management	xliv
14. Statement of Financial Performance for the year ended 30 June 2025	1
15. Statement of Financial Position as at 30 June 2025	2
16. Statement of Changes in Net Assets for the year ended 30 June 2025.....	3
17. Statement of Cash Flows for the year ended 30 June 2025	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025.....	5
19. Notes to the Financial Statements	7
20. Appendices	49

1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

AWP	Annual Work Plan
CHRM	College of Human Resource Management
CHRP	Certified Human Resource Professional
ED	Executive Director
HR	Human Resource
HRMPEB	Human Resource Management Professional Examinations Board
IHRM	Institute of Human Resource Management
IPSAS	International Public Sector Accounting Standards
MDAs	Ministries Departments and Agencies
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSC	Public Service Commission
SAGAs	Semi-Autonomous Government Agencies

B: Definition of Key Terms

Branch	Means thirty (30) or more registered and fully paid-up members of the institute in a geographical area approved as such by the Council.
Comparative Year	Means the prior period.
Continuing Professional Development (CPD)	Means the ongoing process of acquiring and enhancing.
Council	Means the Council of the Institute constituted pursuant to section 7 of the Act.
Ethical	Refers to principles or standards of conduct that conform to moral values, integrity, and fairness, guiding IHRM in making morally sound decisions and actions.
Fiduciary Management	Members of management directly entrusted with the responsibility of financial resources of the organization.
Institute	Means the Institute of Human Resource Management established under section 3 of the Act.
Member	Means a person registered under the HRMP Act 2012.
People - Centric	Refers to the approach that prioritizes the needs, well-being, and engagement of individuals, emphasizing a focus on human experiences, relationships, and collaboration.
Professional	Means an individual who has acquired specialized knowledge, skills, and expertise in the field of HR and adherence to set ethical standards.

2. Key Entity Information and Management

(a) Background information

The Institute of Human Resource Management is a statutory professional body established under the Human Resource Management Professional (HRMP) Act, No 52 of 2012 on December 31st, 2012. The Institute is domiciled in Kenya and is mandated to regulate the HR professional in Kenya, enhance competencies and capabilities while supporting innovative and transformative HR practices and standards.

(b) Principal Activities

The principal activity of the Institute is the regulation and promotion of human resource practices in Kenya.

Vision

Ethical, people-centric HR professionals

Mission

To regulate and promote the practice of Human Resource Profession in Kenya through;

1. Enhancing competence and capabilities of Human Resource Professionals whilst serving public interest.
2. Supporting innovative and transformative Human Resource Practices and Standards.
3. Building Sustainable Institutional Capacity and Collaborations.
4. Engaging in Human Resource Research, Publication and Knowledge Development

Core objectives

- Transparency & Accountability
- Professionalism
- Innovation
- Compliance & Green practices
- Business Acumen

The functions of the Institute are;

1. Establish, monitor and publish the standards of professional competence and practice amongst Human Resource Professionals
2. Register persons who meet the required Professional and ethics standards,
3. Promote research in Human Resource practice and related matters,
4. Publish books, periodicals, journals and articles on Human Resource,
5. Provide a medium for communication and exchange of information, knowledge and ethical standards for those persons engaged in the field of Human Resources Management;
6. Network with regional and international related bodies to promote and develop progressive Human Resource Management practices,
7. Hold examinations and prescribe tests of competency deemed appropriate to qualify for membership and certification by the Institute,
8. Advise the Examinations Board on matters relating to examination standards and policies;
9. Advise the Registration Committee on matters relating to registration
10. Regulate the practice, competence and professional conduct of Human Resource Professionals;
11. Promote and protect the welfare and interests of the Human Resources Profession,
12. Promote inter-professional collaboration with other Professional bodies; and
13. Carry out any other functions prescribed for it under any of the provisions of this Act or under any written law.

(c) Key Management & Council

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

No.	Designation	Name
1.	Executive Director	CHRP Quresha Abdullahi
2.	Head of Corporate Affairs & Communication	Irene Kimacia
3.	Head of Operations & Shared Services	Fredrick Karani
4.	Deputy Director, Human Resource & Development	Jane Munoru
5.	Manager, Training & Membership Registration Services	Milka Owao
6.	Manager, Finance	Job Akuno

Institute of Human Resource Management
Annual Report and Financial Statements
for the year ended June 30, 2025

No.	Designation	Name
1.	National Chairman	CHRP Odero Phillip Dalmas
2.	Vice Chairperson	Ms. Beatrice Bii
3.	Member	Ms. Catherine Mwangi
4.	Member	Ms. Hellen Apiyo
5.	Member	Mr. John Mwanzia
6.	Member	Mr. Jackson Alwanga
7.	Member	Mr. Couch Mathangani Muya
8.	Member	Ms. Patricia Okello
9.	Member	Ms. Amina Gedi
10.	Secretary	CHRP Quresha Abdullahi

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Executive Director	CHRP Quresha Abdullahi
2.	Head of Corporate Affairs & Communication	Irene Kimacia
3.	Head of Operations & Shared Services	Fredrick Karani
4.	Deputy Director, Human Resource & Development	Jane Munoru
5.	Manager, Training & Membership Registration Services	Milka Owao
6.	Manager, Finance	Job Akuno

(e) Fiduciary Oversight Arrangements

1. National Council
2. Committees
 - i) Finance, Administration and Resource Mobilization Committee
 - ii) Registration, Compliance and Quality Assurance Committee
 - iii) Complain, Investigation & Disciplinary Committee
 - iv) Human Resource (HR), Public Policy & Lobbying Committee
 - v) Governance, Integrity, Audit and Risk Committee
 - vi) CPD & Membership Services Committee

(f) Institute Headquarters

P.O. Box 6132 - 00300
Prism Towers, 24th Floor,
3rd Ngong Avenue
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 020 221 3745, 224 0213
E-mail: info@ihrm.or.ke
Website: www.ihrm.or.ke

(h) Institute Bankers

1. Absa Bank
Harambee Avenue Branch
P.O. Box 30120
GPO 00100
NAIROBI, KENYA
2. Kenya Commercial Bank of Kenya
Kipande House Branch
P.O. Box 30012
GPO 00100
NAIROBI, KENYA

(i) Independent Auditor

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



(j) Principal Legal Adviser

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



3. Council Members

Ref	Directors	Details
1.	<p>CHRP Odero Phillip Dalmas</p> 	<p>National Chairman</p> <p>CM Odero Philip Dalmas, CHRP (K), is the National Chairman of the Institute of Human Resource Management (IHRM), a position he has held since July 7, 2022. A seasoned HR expert with a wealth of experience in human resource management, he has made a notable impact in both the public and private sectors. Currently, Mr. Dalmas serves as the Chief Officer for Public Works in Migori County, where he leverages his skills in HR and public service to drive operational and organizational efficiency.</p> <p>In addition to his HR expertise, he holds a Master’s Degree in Supply Chain Management and Logistics, further enhancing his ability to oversee complex public service operations. His leadership at IHRM reflects a deep commitment to advancing HR practices and standards in Kenya, advocating for professional excellence and capacity building within the industry.</p>
2.	<p>Ms. Beatrice Bii</p> 	<p>Vice Chairperson</p> <p>CM Beatrice Bii, CHRP(K), is a highly accomplished and versatile HR and Administration Expert with over 12 years of progressive experience across diverse industries. She specializes in transforming HR and administrative functions to drive organizational excellence through strategic solutions that attract top talent, enhance employee engagement, and improve operational efficiency.</p> <p>CM Beatrice has a proven track record of developing and implementing innovative HR strategies, policies, and procedures that align with business objectives while fostering a positive work culture. In addition to her HR expertise, she is skilled in streamlining administrative operations to ensure compliance with industry standards and seamless business processes. A natural communicator and collaborator, Beatrice excels at building strong cross-functional relationships to support organizational goals and drive business success. She currently serves as a member of the KNQA Council and has been representing the Rift Valley region in the Council of IHRM since July 7, 2022.</p>




<p>3.</p>	<p>Ms. Catherine Mwangi</p> 	<p>Council Member – Central Region Representative CM Catherine Mwangi, CHRP (K), is an experienced Human Resources expert and consultant with a wealth of experience in HR management and strategic leadership. She holds an MBA specializing in Human Resource Management, which has further strengthened her expertise in guiding organizations through effective HR practices. Since July 2023, she has been serving as a Council Member representing the Nairobi/Central and North Eastern Region, where she plays a pivotal role in shaping HR policies and initiatives. As an HR consultant, Catherine is recognized for her ability to provide strategic solutions that enhance talent acquisition, employee engagement, and organizational performance. Her leadership and dedication to advancing HR standards have made her a key figure in the HR community.</p>
<p>4.</p>	<p>Ms. Hellen Apiyo</p> 	<p>Council Member – Ministry of Labour Representative CM Hellen Apiyo is a Council Member representing the Ministry of Labor and Social Protection, with an extensive career dedicated to labor administration and policy development. Currently serving as the Commissioner for Labor at the Ministry, she plays a critical role in shaping labor laws and regulations in Kenya, advocating for fair labor practices, workers’ rights, and improved workplace standards. With a Master of Arts in Development, Employment, and Labour Studies, Hellen has cultivated a deep understanding of labor market dynamics and equipped her with the necessary skills to address complex labor issues such as employment relations, workplace safety, and dispute resolution, while promoting economic development through equitable labor practices. In addition to her expertise in labor policy, Hellen is also an Advocate of the High Court of Kenya. Her leadership in the Ministry of Labor and Social Protection, combined with her representation at the Council, demonstrates her unwavering commitment to fostering fair and just labor environment in Kenya. Her contributions continue to drive reforms aimed at safeguarding workers’ rights and enhancing the overall effectiveness of Kenya’s labor systems.</p>




<p>5.</p>	<p>Mr. John Mutisya Mwanzia</p> 	<p>Council Member – Coast/Eastern Region Representative</p> <p>CM John Mutisya Mwanzia is a seasoned Human Resource professional with a Bachelor's degree in Business Administration (BBA) specializing in Human Resource Management. With over 28 years of experience in HR Administration Management, he has worked across various sectors both locally and internationally. His expertise extends to Recruitment, Strategy & Policy Development, Implementation, Administration, and Finance.</p> <p>CM John is highly knowledgeable in labor markets and is considered an all-rounder in the HR field. He has successfully established Human Resource Departments from the ground up and restructured organizations in diverse business sectors. Currently, he serves as a Council member representing the Coast/Eastern Region in the Council of the IHRM since July 7, 2022.</p>
<p>6.</p>	<p>Mr. Jackson Alwanga</p> 	<p>Council Member – State Department for Public Service, Ministry for Public Service, Gender and Affirmative Action Representative</p> <p>CM Alwanga Jackson is a seasoned Human Resources professional currently serving as a Council Member representing the Ministry of Public Service, Gender, and Affirmative Action. In his capacity as the Director of Human Resource Development at the Ministry, Mr. Alwanga plays a pivotal role in shaping HR policies, overseeing talent management, and driving initiatives that promote gender equality and affirmative action across the public sector.</p> <p>With a Master of Science in Human Resources, Mr. Alwanga has cultivated a deep expertise in workforce development, strategic HR management, and organizational transformation. His extensive experience spans various facets of HR, including recruitment, performance management, training and development, employee relations, and leadership development. This expertise allows him to effectively guide the Ministry in fostering a skilled, motivated, and inclusive public service workforce.</p>

<p>7.</p>	<p>Mr. Couch Mathangani Muya</p> 	<p>Council Member – Nairobi Region Representative Award-winning HR professional, certified career and executive coach, and leadership expert with a focus on helping professionals and executives overcome career challenges. He has specialized in career outplacement services, CV and executive interview preparation, and providing tailored coaching to help individuals find their dream jobs and earn salaries that align with their ideal lifestyles. With extensive experience in HR management at the executive level, Couch Muya supports CEOs, middle, and senior managers in building strong teams capable of driving business success in today's volatile and complex environments. Couch Muya was gazetted as a Council Member with effect from 6th September 2024.</p>
<p>8.</p>	<p>Ms. Patricia Okello</p> 	<p>Council Member – Western Region Representative CM Patricia Okello, CHRP(K), is a highly experienced Human Resources Officer with a diverse and extensive background in the media production industry. Her expertise spans key HR functions, including Strategic Planning, Training, Human Resources Management, and Performance Management, making her a versatile and dynamic leader in her field. She holds a Master's Degree in Labour Management from the University of Nairobi, where she developed a deep understanding of labor relations and organizational dynamics, further sharpening her skills as an HR professional. Currently, CM Patricia serves as the Chief Officer for Public Service Management and Communication in the County of Busia. In this capacity, she plays a pivotal role in shaping and executing strategic initiatives aimed at improving human resource development and enhancing communication frameworks within the county's public sector. Her leadership is instrumental in fostering a productive work. She has been representing the Nyanza/Western region in the Council of IHRM since October 10, 2023. CM Patricia term ended on the 4th of January, 2025 having served second and final term at the Institute's Council.</p>

<p>9.</p>	<p>Ms. Amina A Gedi</p> 	<p>Council Member – North Easter Region Representative HR Manager at Focus CFS, where she leads the human resources function with a focus on talent management, employee development, and organizational growth. With a strong background in HR strategy, Amina excels in creating effective HR policies that align with business objectives while fostering a positive and productive work environment. Amina is committed to supporting both employees and leadership in achieving the company's goals through strategic human capital management. Ms. Gedi was gazetted as a Council Member with effect from 6th September 2024.</p>
<p>10.</p>	<p>CHRP Quresha Abdullahi</p> 	<p>Council Secretary/ Executive Director CM Quresha Abdullahi, CHRP (K) is the Executive Director of the Institute of Human Resource Management (IHRM) and a Certified Human Resource Professional. She holds a Master of Science degree in Human Resource Management from the University of Nairobi. With over 15 years of experience in Human Resource Management at the local, regional, and global levels, Quresha has held several key positions, including East Africa Regional Human Resources Coordinator for the International Rescue Committee (IRC), Human Resource Coordinator for the IRC-Somali Program, and Acting Human Resource Director for the IRC-Horn of Africa and Yemen Region. Her extensive experience includes collaborating with various agencies and working with governments, non-profit organizations, the education sector, and other organizations in multiple countries worldwide.</p>

4. Key Management Team

	Management	Details
1.	<p>CHRP Quresha Abdullahi</p> 	<p>Title - Executive Director</p> <p>Qualification – Masters in Human Resource Management, Bachelor of Arts in Sociology & Psychology & CHRP</p>
2.	<p>Fredrick Karani</p> 	<p>Title - Head of Operations & Shared Services</p> <p>Qualification – Bachelor of Science in Actuarial Science, HND Human Resource</p>
3.	<p>Irene Kimacia</p> 	<p>Title - Head of Corporate Affairs & Communications</p> <p>Qualification – Bachelor of Arts in Communication (Electronic Media), HND Human Resource</p>

<p>4.</p>	<p>Jane Munoru</p> 	<p>Title – Deputy Director, Human Resource & Development</p> <p>Qualification - Masters in Business Administration, Bachelor of Humanities & Social Studies, Diploma in Human Resource and Senior Management.</p>
<p>5.</p>	<p>Milka Owao</p> 	<p>Title - Manager, Training & Membership Registration Services</p> <p>Qualification – Bachelor of Human Resource Management/ Dip. In Business Management, HND Human Resource & CHRP</p>
<p>6.</p>	<p>Job Akuno</p> 	<p>Title - Manager, Finance</p> <p>Qualification – Bachelor of Commerce (Accounting Option) & CPA (K)</p>

5. National Chairman's Statement

Introduction

The Institute of Human Resource Management (IHRM) serves as Kenya's national body for professionals engaged in the practice of Human Resource Management. Its mandate is anchored in the Human Resource Management Professionals (HRMP) Act, No. 52 of 2012. The Institute's Financial Statements present a clear, material, and honest reflection of its performance and growth over the past year. They provide an overview of the impact made through the Council and its Committees, operational and governance achievements, as well as the activities undertaken by the Secretariat during the 2024/2025 financial year.

The report offers a financial perspective on the strides made by the Institute in fulfilling its statutory mandate, while presenting material information in a structured narrative that highlights the Institute's key undertakings. Oversight of the Institute's financial, operational, compliance, and risk management controls is exercised through the Internal Audit function, under the stewardship of the Council's Governance, Integrity, Audit, and Risk Committee. The year under review has been one of progress, learning, and resilience. Amidst a shifting business environment, IHRM remained steadfast in advancing the standards of the HR profession in Kenya.

Key Activities

Throughout the financial year 2024/2025, IHRM implemented a range of strategic initiatives designed to strengthen the human resource profession and enhance value for its members. A key focus was capacity building, where the Institute expanded its training and certification programs by introducing new, industry-relevant courses and workshops to meet emerging needs.

In line with its advocacy role, IHRM actively engaged policymakers and stakeholders to influence HR policies and regulatory frameworks, ensuring that the profession remains aligned with evolving national priorities. These efforts were complemented by significant membership growth, with the Institute recording a 7.7% increase, underscoring the growing relevance and value of IHRM's services.

The Institute also placed strong emphasis on adding value to members. Initiatives included the launch of a revamped mentorship program, the expansion of networking opportunities, and the introduction of new member benefits tailored to enhance professional development and career progression. At the same time, IHRM invested heavily in digital transformation. Upgrades to its digital platforms and the enhancement of the member portal made it easier for members to access resources, manage their credentials, and enjoy a more seamless online experience.

Engagement and collaboration remained a cornerstone of IHRM's work during the year. Member participation in events and training sessions grew by 35%, reflecting improved satisfaction and stronger connections within the profession. Furthermore, the Institute forged strategic partnerships with leading industry players, academic institutions, and international HR bodies, broadening its influence and opening new opportunities for knowledge exchange and professional growth.

Challenges Faced

Despite these achievements, the Institute encountered several challenges that tested its resilience. Economic uncertainty across the country led to reduced budgets for HR initiatives and professional development, limiting the implementation of some of the Council's planned interventions. Frequent regulatory changes also posed hurdles, requiring substantial investment of resources to ensure compliance while keeping members informed and prepared.

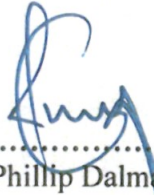
The socio-political climate further added to these challenges. Youth-led demonstrations demanding greater accountability and governance reforms, together with persistent political uncertainty, negatively affected organizational stability and, by extension, HR practices. Nevertheless, IHRM demonstrated resilience through sound strategy and management, sustaining a steady trajectory of financial and operational growth.

Future Outlook

Looking ahead, IHRM is determined to build on its progress while addressing emerging challenges with innovation and foresight. The Institute plans to expand its digital learning and virtual engagement platforms, ensuring that members can access flexible and modern professional development opportunities. It will also intensify its advocacy efforts by deepening engagement with policymakers and aligning HR initiatives with national workforce and employment goals.

Institute of Human Resource Management
Annual Report and Financial Statements
for the year ended June 30, 2025

At the core of its strategy, IHRM will continue to prioritize member value by offering tailored professional development programs, enhancing member services, and creating more opportunities for career advancement. With these priorities in focus, the Institute seeks to strengthen the HR profession, empower its members, and make meaningful contributions to Kenya's socio-economic development through excellence in human resource management.



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Odero Phillip Dalmas

National Council Chairman

6. Report of the Executive Director

Introduction

The financial year 2024/2025 has been one of transformation, resilience, and renewed commitment for the Institute of Human Resource Management (IHRM). Guided by the 2023–2027 Strategic Plan, the Institute has sustained its role as the premier professional body for human resource practitioners in Kenya. Despite operating in an environment characterized by economic austerity, shifting labor market trends, and evolving member expectations, IHRM has remained focused on delivering value to its members, driving professional standards, and consolidating its leadership within the HR profession.

This report provides a reflection on the Institute’s milestones and challenges, drawing not only from internal performance but also from insights in the broader HR landscape as highlighted in IHRM publications, research reports, and stakeholder engagements. It is a testament to the progress made, the resilience demonstrated, and the forward-looking strategies adopted to safeguard the future of HR in Kenya.

Strategic Direction and Institutional Growth

A notable highlight of the year was the review and adoption of the 2023–2027 Strategic Plan. This plan provides a clear roadmap for growth, positioning the Institute as a customer-driven, technologically adaptive, and future-focused institution. It outlines the strategic pillars of professional development, institutional sustainability, compliance with regulatory frameworks, and stakeholder engagement. By aligning activities with these priorities, IHRM has enhanced its service delivery while reinforcing its mandate to promote ethical, competent, and globally competitive HR practice.

Membership growth has also remained central to IHRM’s agenda. The Institute sustained its numbers, reaching 19,292 members in 2024/2025. This achievement, though modest in growth, reflects confidence in the Institute’s services and relevance. Sustaining and growing membership required deliberate engagement, particularly through Continuous Professional Development (CPD) programs, networking forums, and strategic communication. Indeed, approximately 78% of the Institute’s revenue continues to be derived from CPD events. However, government austerity measures on training significantly affected this stream. In response, IHRM employed prudent financial management, diversified its offerings, and embraced digital delivery platforms to cushion against revenue decline.

Navigating a Changing World of Work

The changing dynamics of the world of work in Kenya and globally have continued to inform IHRM's agenda. According to the Future of Jobs 2025 Report, Kenya's labor market is projected to experience a 7% net employment growth between 2025 and 2030. This growth is coupled with an 8% displacement of existing jobs and the creation of 14% new job types. These projections emphasize the importance of re-skilling, up-skilling, and lifelong learning to ensure that Kenya's workforce remains agile and competitive. IHRM has responded to these shifts by strengthening its CPD programs, ensuring that HR professionals are equipped to manage transitions such as automation, artificial intelligence adoption, and digital transformation. Furthermore, the Institute has positioned itself as a thought leader in advocating for strategic workforce planning, enabling organizations to anticipate disruptions and prepare employees for emerging roles.

Employee Well-Being and Mental Health

Equally critical to the HR agenda is employee well-being. The Mental Wellness and Counselling Report (2023) revealed that 25% of outpatients and 40% of inpatients in Kenya are affected by mental health conditions. These statistics reflect a silent crisis that has profound implications for productivity, organizational culture, and national development. IHRM has integrated workplace wellness into its advocacy and training. Through seminars, workshops, and policy dialogues, the Institute has encouraged organizations to embed mental health policies, strengthen Employee Assistance Programs (EAPs), and reduce stigma around mental illness. HR professionals are being challenged to move beyond compliance and demonstrate leadership in cultivating healthy, supportive, and productive work environments.

Generational Shifts in the Workforce

Another defining feature of the workplace in recent years has been the rise of Generation Z employees. As highlighted in IHRM's HRM Magazine (September 2024), integrating Gen-Z requires more than traditional recruitment practices. Employers must design flexible work policies, embrace digital engagement, and offer career growth pathways that resonate with this generation's values. For IHRM, this generational shift is an opportunity to guide organizations in intergenerational workforce management. Programs now emphasize inclusivity, mentorship, and digital transformation to bridge gaps between older and younger workers. By doing so, organizations can harness the creativity, technological fluency, and global outlook of Gen-Z while preserving the institutional wisdom of older generations.

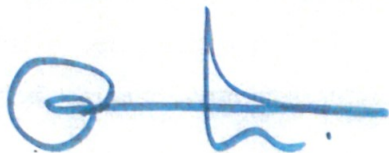
Compliance, Professional Standards, and Recognition

To further promote excellence, IHRM has continued to host its Annual HR Awards program, which recognizes individuals and organizations that demonstrate innovation, compliance, and impact in HR practice. The awards not only celebrate achievements but also raise the profile of HR as a driver of organizational competitiveness and national development. They have become a benchmark of quality and a source of inspiration for practitioners across the country.

Conclusion

The year under review has underscored the Institute's resilience, adaptability, and unwavering commitment to its mandate. While economic headwinds and government austerity measures posed significant challenges, IHRM responded with innovation, professionalism, and foresight. The Institute's initiatives in membership growth, wellness advocacy, future-of-work preparedness, Gen-Z integration, and compliance frameworks reflect its resolve to remain the leading voice of HR in Kenya.

As the Executive Director, I extend sincere gratitude to the Council, Secretariat, and members of the Institute for their patience, dedication, and partnership. It is only through collective effort that IHRM has sustained its growth trajectory and relevance. Looking forward, the Institute remains steadfast in its promise to be a customer-driven, listening, and visionary body—an institution that not only responds to today's challenges but also anticipates tomorrow's opportunities.



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CHRP Quresha Abdullahi

Executive Director

7. Statement of Performance against Predetermined Objectives for FY 2025/2026

The Strategic Plan for the year 2023-2027 marks yet another milestone in the life of the Institute and gaining significant momentum with the enactment of the Human Resource Management Professionals (HRMP) Act No. 52 of 2012. The Institute has developed annual work plan for each financial years of the plan period and cascaded it further to departmental and individual work plans plus corresponding activities and available budget.

The key activities under the various strategies objectives that are aligned to respective focus areas.

KRA 1. Compliance with HRMP Act;

KRA 2. Strengthening Member Services and Welfare;

KRA 3. Credible Information and Knowledge on Human Resource Management;

KRA 4. Development of HR Professionals /Profession; and

KRA 5. Institutional Sustainability and Growth

The Institute has set various targets as key performance indicators as indicated below;

Strategic Issues	Objective	Key Performance Indicators	Activities	Achievements
KRA 1: Compliance with HRMP Act.	To promote compliance with the HRMP Act, 2012 for enhanced professionalism and ethical conduct.	% level of Compliance with HRMP Act	<ul style="list-style-type: none"> • Promote ethics and governance culture in the HR Profession • Ensure compliance with the HRMP Act and regulate the practice and professional conduct of Human Resource professionals • Bench-marking on global Human Resource best practices and trends • Protect members operating within the provisions of the HRMP Act. • Review the HRMP Act 2012 • Develop relevant regulations and Policies • Provide road map for the development of standards • Participate in national debates on policy formulation. • Create awareness on newly established standards. • Register HR Practitioners 	<p>More than 4,000 members were sensitized on the Human Resource Standards</p> <p>A compliance audit was carried out during the year, and the recommended measures were duly implemented.</p>

Institute of Human Resource Management
Annual Report and Financial Statements
for the year ended June 30, 2025

KRA 2: Strengthening Member Services and Welfare.	To promote and protect the welfare and interests of Human Resource profession.	% level of satisfaction HR practitioners	<ul style="list-style-type: none"> • Digitalization/digitization of processes • Provision of quality and accessible CPD programs • Establish mechanism to manage expected change • Establish protection mechanisms for HR Professionals • Empower branch network for efficient service delivery. 	Digitization of citizen-facing services was undertaken to enhance accessibility, efficiency, and service delivery.
KRA 3: Credible information and Knowledge on Human Resource Management. Stakeholders.	To conduct HR research and engage in consultancy to support the growth of public and private sector.	1) No. of Policy advisories provided to key stakeholders 2) % of HR hub established	<ul style="list-style-type: none"> • Engage in public policy formulation and advisory on Best HR Practices • Promote research in human resource practice and related matters • Operationalize the consultancy unit • Establish digital platforms for delivery of HR Professionals 	A centralized communication channel was established to streamline information flow and enhance stakeholder engagement
KRA 4: Development of HR Professionals /Profession	To engage in public policy formulation and advisory on Best HR Practices.	Number of HR professionals in good standings	<ul style="list-style-type: none"> • Engage in advocacy and lobbying • Collaborate with relevant stakeholders to leverage on individual strengths • Promote ethics and governance culture in the HR Profession 	Mentorship program were conducted to support the professional growth and development.
KRA 5: Institutional Sustainability and Growth	To strengthen IHRM institutional Capacity.	1) % Implementation of approved HR staffing Levels. 2) % level of financial sustainability 3) % level of Automation 4) % of institutional corporate services	<ul style="list-style-type: none"> • Diversify IHRM revenue streams • Prudent utilization of resources • Establish internal audit • Enhance Risk Management • Strengthen the institute's institutional capacity and knowledge management • Establish rewards and sanctions. • Leverage on ICT for enhanced service delivery • Strengthen Corporate Governance • Enhance Efficiency and effective institute operations • Enhance employee productivity and effectiveness • Enhance communication and stakeholder engagement 	CPD revenue recorded an increase compared to the previous year. Preparation and approval of Risk Management Policy

8. Corporate Governance Statement

Corporate Governance (CG) is the system of rules, practices and processes by which organizations are directed, controlled and held to account. It essentially involves balancing the interests of the Institute's varied stakeholders, such as the Members, the Secretariat, Suppliers, Government and the Community. At IHRM, the Council is mandated to control and direct the activities, affairs, operations and property of the Institute with a view of contributing to the long-term sustainability and success of the Institute.

The Council of IHRM is committed to upholding the principles of Corporate Governance by ensuring full compliance with all relevant applicable laws and regulations and best corporate practices. To facilitate the discharge of its obligations, the Council has established and delegated authority to various Council Committees whose membership is majorly composed of Council members with appropriate skill set and expertise to deal with specific issues falling under the various committees.

1. The Council

a. The Council Charter

IHRM has Charters in place that govern the operations of the Council and its Committees in the stewardship of the Institute. The Council fulfills its fiduciary obligations to the members and other stakeholders by maintaining control over the strategic, financial, operational and compliance issues as guided by the Council Charter and other operating regulations. The Council Charter explicitly defines the composition, role, scope, mandate, selection criteria for Council members and the duties of Council members. Any amendments to the Charter require the approval of the Council.

b. Council Appointment, Size, And Diversity

In accordance with section 7(1) of the Human Resource Management Professionals Act, 2012 ("the HRMP Act"), the Council consists of Nine (9) members; six (6) persons who are qualified human resource professionals nominated by the Council, one (1) of whom is appointed by the Council from amongst the members of the Institute as Chairperson of the Council, two persons nominated by the Cabinet Secretary of the ministry for the time being responsible for labour and human resource development and another from public service and the Executive Director.

Diversity is of key importance to the Council's composition. The Council remains particularly attentive to its constitution by offering a diverse and synergistic range of qualifications, skills, experience, professional and industry knowledge to enable it to provide judgement, independent of management, on material matters. Further, in compliance with Article 27(8) of the Constitution of Kenya, 2010, the Council upholds the two-thirds gender principle, ensuring that not more than two-thirds of its members are of the same gender.

The Independent Council members form at least one-third of the total number of Council Members, reflecting a strong level of independence in the Council that further enables adequate representation and protection of the rights of members. All Independent Council members hold office for a period not exceeding three years and are eligible for re-appointment for one more term of a period not exceeding three years. Any removal of a Council member is done through formal revocation by the appointing authority.

c. Role of the Council

The Council is the ultimate authority of IHRM. Its role is to define IHRM's strategic vision, ensure that internal controls are operating effectively and oversee the quality of the information provided to the members and other stakeholders.

The Council has delegated authorities to four (4) Council committees (the Membership & CPD Committee, the Human Resource, Public Policy & Lobbying Committee, the Governance, Integrity, Audit and Risk Committee and the Finance, Administration and Resource Mobilization) and two (2) Statutory Committees (the Registration Committee and the Complain, Investigation and Disciplinary Committee) established by law to assist the Council in delivering its responsibilities and ensuring that there is appropriate independent oversight of internal control and risk management.

Each of these committees has established terms of reference, which are regularly reviewed to ensure alignment with the best practices and to maintain appropriate authority for fulfilling their responsibilities without creating unnecessary duplication of roles.

d. Independence and Conflict of Interest

Independence is critical to performing the duties of a Council member, as it ensures freedom of analysis, judgment, decision-making and action. All Council members must comply with provisions of the Council Charter and declare any personal or potential conflict of interest that may arise.

Council members are expected to bring views and judgement to Council deliberations that are independent of the Secretariat and free of any relationship or circumstances that could materially interfere with the exercise of objective judgement, having regard to the best interest of the Institute and its stakeholders as a whole.

Council members must avoid any situation that might give rise to a conflict between their personal interest and that of the Institute. Any Council member with a material personal interest in any matter being considered during a Council or Committee meeting is expected to disclose the same and will neither vote nor be present when the matter is being discussed or voted on.

e. Council Induction, Training and Professional Development

In line with best practice and the provisions of good corporate governance, every Council member is required to undergo an induction program upon appointment. This ensures that members are well-oriented to the Institute's mandate, structures, policies, and strategic objectives. In 2024/2025 financial year, the Council participated in a structured training program on corporate governance, equipping members with up-to-date knowledge on emerging trends, compliance requirements, and industry best practices. The training reinforced their capacity to provide effective oversight, strategic leadership, and informed decision-making in guiding the Institute.

f. Succession Plan

The appointing authority ensures that the Council appointments are staggered so that the respective expiry dates of the Council members terms fall at different time to facilitate succession in the Council.

g. Council and Individual Council Member Evaluation

In line with prescribed regulatory stipulations, the Council conducted an annual evaluation of its own performance, the performance of the Chairman, individual Council members, the Executive Director and Corporation Secretary on 18th July 2025 and the Evaluation Report was being developed to be tabled to the Council.

h. Chairman and Executive Director

The roles and responsibilities of the Chairman and the Executive Director are separate and clearly defined. The scope of these roles is approved and regularly reviewed by the Council to ensure that no individual has unfettered decision-making powers. The Chairman is responsible for the leadership and governance of the Council while the Executive Director is responsible for the management of the Institute and implementation of the strategies and policies approved by the Council.

2. Council Meetings

The Council meets once every quarter but may, from time to time, organize special meetings in response to urgent matters. IHRM has an Annual Work Plan and Calendar of Meetings, which guide the Council on areas of focus during the year. The Chairman, in conjunction with the Executive Director, sets the agenda for each meeting. In the ordinary course of business, Council papers are circulated in good time prior to the date of the meeting. Council members are entitled to request for additional information where they consider it necessary to make an informed decision. During the financial year ended 30 June 2025, the Council held four (4) Council meetings and three (3) special Council meetings.

Details of Council members' attendance at Council meetings are set out below:

	Position	Council Member Name	Eligible Meeting	Meetings Attended	% Overall Attendance
1	Chair	CHRP Odero Philip Dalmas	7	7	100.0 %
2	Vice Chair	CHRP Beatrice Bii	7	6	85.7 %
3	Secretary	CHRP Quresha Abdullahi	7	7	100.0 %
4	Member	CHRP Catherine Mwangi	7	7	100.0 %
5	Member	Mr. John Mwanzia	7	7	100.0 %
6	Member	Ms. Amina Gedi	5	5	100.0 %
7	Member	Mr. Mathangani Muya	5	5	100.0 %
8	Member	Ms. Hellen Apiyo	7	7	100.0 %
9	Member	Mr. Jackson Alwanga	7	7	100.0 %
10	Member	CHRP. Patricia Okello	4	4	100.0 %

Council Committees

a) Complain, Investigation and Disciplinary Committee

This Committee upholds the ethical standards and integrity of the Institute’s members by thoroughly investigating allegations of misconduct by a Human Resource (HR) Professional and implementing appropriate disciplinary actions against any HR Professional found culpable.

In the year 2024/2025, the Committee met four (4) times as shown here below:

	Position	Council Member Name	Eligible Meeting	Meetings Attended	% Overall Attendance
1	Chair	Mr. Mathangani Muya	2	2	100.0 %
2	Member	Ms. Hellen Apiyo	3	3	100.0 %
3	Chair	CHRP. Patricia Okello	2	2	100.0 %

b) Registration Committee

This Committee receives, considers and approves applications for registration as a member of IHRM and grants membership certificates in accordance with the provisions of the HRMP Act. In addition, it monitors compliance with professional quality assurance and other standards published by the Council for observance by the Members of the Institute.

In the year 2024/2025, the Committee met four (4) times as shown here below:

	Position	Council Member Name	Eligible Meeting	Meetings Attended	% Overall Attendance
1	Chair	CHRP Catherine Mwangi	4	4	100.0 %
2	Member	Mr. Tom Odede	4	4	100.0 %
3	Member	Ms. Phoebe Nyangi	4	4	100.0 %
4	Member	CHRP Grace Kaome	4	4	100.0 %
5	Member	CHRP Margaret Nguu	4	3	75.0 %

c) Finance, Administration and Resource Mobilization Committee

This Committee ensures that the Institute's financial stability and operational efficiency by overseeing financial planning, budgeting, administrative processes, and resource mobilization strategies, thereby supporting the achievement of the Institute's mission and strategic objectives.

Institute of Human Resource Management
Annual Report and Financial Statements
for the year ended June 30, 2025

In the year 2024/2025, the Committee met four (4) times as shown here below:

	Position	Council Member Name	Eligible Meeting	Meetings Attended	% Overall Attendance
1	Chair	CHRP Catherine Mwangi	4	4	100.0 %
2	Member	Mr. Jackson Alwanga	4	4	100.0 %
3	Member	Ms. Amina Gedi	2	2	100.0 %
4	Member	CHRP Patricia Okello	2	2	100.0 %

d) Governance, Integrity, Audit and Risk Committee

This Committee enhances the Institute's accountability and transparency by systematically overseeing the management of governance practices, ethical standards, internal controls, and risk management processes.

In the year 2024/2025, the Committee met four (4) times as shown here below:

	Position	Council Member Name	Eligible Meeting	Meetings Attended	% Overall Attendance
1	Chair	Mr. John Mwanzia	4	4	100.0 %
2	Member	Ms. Hellen Apiyo	4	3	75.0 %
3	Member	Mr. Jackson Alwanga	4	4	100.0 %
4	Member	Mr. Mathangani Muya	4	3	75.0 %

e) Human Resources, Public Policy and Lobbying Committee

This Committee assists the Council to strategically align the Institute's Human Resources policies with evolving public policy and regulatory landscapes, while effectively advocating for legislative and regulatory changes that support the Institute's goals and values.

In the year 2024/2025, the Committee met four (4) times as shown here below:

	Position	Council Member Name	Eligible Meeting	Meetings Attended	% Overall Attendance
1	Chair	CHRP Beatrice Bii	4	4	100.0 %
2	Member	Mr. Jackson Alwanga	4	4	100.0 %
3	Member	Ms. Amina Gedi	3	4	100.0 %

f) Membership and Continuous, Professional Development (CPD) Committee

Membership and Continuous, Professional Development (CPD) Committee to foster member engagement and professional growth by developing strategies and programs that attract and retain members while providing ongoing educational opportunities that enhance their skills and knowledge, ensuring the Institute meets its goals of sustainability and excellence in professional development.

In the year 2024/2025, the Committee met four (4) times as shown here below:

	Position	Council Member Name	Eligible Meeting	Meetings Attended	% Overall Attendance
1	Chair	Ms. Amina Gedi	4	3	75.0 %
2	Member	CHRP Beatrice Bii	4	4	100.0 %
3	Member	Mr. John Mwanzia	4	4	100.0 %

g) Council Composition Changes

The key changes in the Council composition during the financial year under review are as below;

	Council Members whose term expired	Position
1	Ms. Patricia Okello	Nyanza/Western Region Representative

3. Policies

a. Ethics and Code of Conduct

The Institute is dedicated to fostering high-quality, long-term relationships with all its stakeholders, including members, local communities, partners, the Government, and civil society. This commitment is reflected in our continuous efforts to engage, collaborate, and uphold shared values that contribute to mutual growth and sustainable development. In line with this commitment, the Institute has also gazetted the Code of Conduct and Professional Ethics, which serves as a guiding framework to ensure that all professionals within the human resource industry adhere to the highest standards of integrity, accountability, and ethical behavior. This code not only strengthens the professionalism within the industry but also builds trust and enhances the Institute’s engagement with stakeholders, ensuring that all interactions are governed by transparency, fairness, and respect.

b. Governance Audit

Corporate governance continues to be a key priority of the Council in exercising its mandate as being responsible and accountable to all stakeholders. The Council has put in place procedures, systems and controls to safeguard their interests in line with the highest standards of corporate governance. The Institute is yet to conduct a Governance Audit. The Council of the Institute reaffirms its commitment to upholding the principles of Corporate Governance at all times by ensuring full compliance with all relevant applicable laws and regulations, notably the Mwongozo – the Code of Corporate Governance for State Corporations. The Institute ensures clearance by the parent Ministries for any request requiring approval prior to implementation.

c. Whistle Blowing Policy

As an Institute, we believe in conducting our affairs in a fair and transparent manner by adopting the highest standards of integrity. IHRM is committed to developing a culture where it is safe for all our stakeholders to raise concerns and grievances on any misconduct.

d. Communication Policy

IHRM is committed to relating openly with its members and other stakeholders by providing regular information on its performance and addressing any areas of concern.

9. Management Discussion and Analysis

Revenue

During the financial year 2024/2025, the Institute recorded total revenue of KES 278.5 million, representing a decline of KES 47.9 million or approximately 14.7% compared to the KES 326.4 million reported in 2023/2024. This decline was largely driven by a reduction in income from membership services, particularly annual subscription fees, which remain a critical source of recurring revenue for the Institute.

The contraction in membership-related income is attributable to several underlying factors. Firstly, the challenging economic environment in the country placed financial strain on members and organizations, resulting in delayed or non-renewal of annual subscriptions. Secondly, increased competition from alternative professional associations and service providers has affected membership retention and recruitment. Lastly, the slower uptake of new membership registrations, compared to historical growth trends, contributed to the shortfall in expected revenues. While other revenue streams such as training programs, certification courses, and consultancy services continued to contribute positively, they were not sufficient to fully offset the decline in membership subscriptions. In response, management has commenced the implementation of revenue diversification strategies, including expansion of professional training offerings, digital service delivery, and development of new member engagement initiatives aimed at strengthening retention.

Looking forward, the Institute is committed to re-aligning its revenue strategy by focusing on innovation in service delivery, targeted marketing, and strategic partnerships. These measures are expected to stabilize revenue streams, reduce reliance on subscription income, and gradually restore the revenue base in subsequent financial periods.

Operating Costs

Total operating costs for the year 2024/2025 amounted to KES 286.1 million, a reduction of KES 28.9 million compared to KES 315.0 million in 2023/2024. This represents a cost reduction of approximately 9.2%. The decline reflects the Institute's deliberate and sustained efforts to strengthen financial discipline and efficiency in resource utilization.

The cost reduction was achieved through a series of budgetary control measures, including rationalization of administrative expenses, streamlining of procurement processes, and tighter monitoring of discretionary spending. Specific areas of cost savings were realized in outsourced services, utilities, and travel-related expenditure, owing to the adoption of virtual platforms and enhanced internal resource management. In addition, the Institute undertook restructuring initiatives aimed at improving operational efficiency. This included the consolidation of certain functions, greater use of technology to automate routine tasks, and renegotiation of supplier contracts to achieve more favorable terms. Despite these positive strides, some costs remained relatively fixed, particularly employee-related expenses and facility maintenance, which continue to constitute a significant portion of the operating budget.

Management recognizes the need to sustain cost optimization without undermining service delivery or the Institute's long-term growth prospects. Accordingly, future cost management strategies will balance efficiency with strategic investment in critical areas such as technology, research, and member services.

Profit

In 2023/2024, the Institute reported an operating surplus of KES 10.7 million, which was a positive reflection of prudent management and relatively strong revenue streams at the time. However, in 2024/2025, the Institute posted an operating deficit of KES 7.6 million, representing a significant reversal in financial performance.

The deficit underscores the challenges faced in sustaining adequate revenue growth amid rising operational demands. Despite commendable progress in cost control, the decline in revenues outweighed the benefits of cost reduction. This outcome highlights the vulnerability of the Institute's financial results to fluctuations in its primary revenue sources, particularly membership subscriptions. Moving forward, management has identified profitability restoration as a key priority. This will be pursued through a two-pronged approach: first, by accelerating revenue diversification initiatives to reduce dependence on a single income stream, and second, by embedding continuous improvement practices to ensure that cost structures remain lean, efficient, and aligned with strategic objectives.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The Institute of Human Resource Management is a leading professional membership organisation in advancing growth and development in human resource activities. The Strategic Plan (2023 – 2027) marks yet another milestone in the life of the Institute, a visible high point in a long and eventful journey that began over 30 years ago. The successful implementation of this plan has been demonstrated by the efficiency and effectiveness in terms of quality, accuracy, speed and real time capability for interactive feedback with the various stakeholders.

The institute has been doing continuous situation analysis to identify the micro and macro thematic areas of competitiveness, the value the Institute can derive from the identified areas in order to reposition strategically going forward. This has enabled exploring operational and systemic weakness that may have led to underperformance with a view of acknowledging, appreciating, learning and creating room for improvement. The basic model of analysis applied is a reflection on the current Institute's structure, systems, strategy, people and environment (S3PE). The people component of the Institute is further disintegrated into Institute's staff, skills, styles and shared values.

The sustainability landscape is constantly changing and requires taking a wide angled view of the Institute and the context in which it operates namely; employees, stakeholders and members.

- a) Sustainability assessment to identify current activities and potential gaps,
- b) Benchmarking against other professional bodies, membership entities and human resource profession to identify areas of strength, weakness, opportunity and risk,
- c) Horizon scanning to identify upcoming risks and opportunities on a timescale,
- d) Materiality assessment to identify the issues that matter and new guidelines,
- e) Stakeholder engagement to hold a meaningful dialogue and receive constructive feedback through activities,
- f) Reporting and engagement to communicate and explain progress to stakeholders

ii) Environmental Performance

Institute of Human Resource Management takes responsibility and compelled to create a link between disclosure on environmental performance. The Institute takes pride as this is the instrument to report on indicators of environmental performance, highlight achievements and engage readers of the degree of involvement. The Institute also uses this as a tool to communicate with various target groups namely; members, general public, employees and other stakeholder highlight the various linkages to the report. This analysis has enabled the Institute to;

- a) Continue to strengthen environmental institutions and environmental management systems at all levels, and ensure the effective implementation of environmental protection policies.
- b) Ensure that the green growth strategy is a central pillar of development that involves the Government plans and contributes to the environmental impact of their policies.
- c) Promote greater use of economic instruments for environmental management, particularly environmental taxes, and eliminate damaging subsidies.
- d) Continue strengthening information systems, education, participation and justice in environmental matters with a view to raising awareness of sustainable development throughout the country.

The Institutes main objectives on environmental performance are; identify and evaluate environmental effects in its activities, adopt a mitigation hierarchy to anticipate and avoid negative impact, promote improved environmental and social performance through the effective use of management systems, ensure that grievances are responded to and managed appropriately, promote and provide means for adequate engagement with communities and to ensure that relevant environmental and social information is disclosed and disseminated. Environmental performance has benefited the Institute by; providing management with information to help exploit the cost savings that good environmental performance brings and secondly, giving a chance to set out what we believe is significant in the Institute's environmental performance.

iii) Employee Welfare

The Institute designed a performance management scheme to encourage career development, enhance employee skills and competencies, improve on service delivery and appropriately reward employees' performance. The system provides for the establishment and communication of employees' performance plans and procedures for evaluating employee' performance. In additional the Institute has in place other documents such as Career Progression Guideline and Staff Grading & Establishment Guidelines which all support the employee welfare.

Over the period, the Institute has incurred costs as tabulated below towards Employee Training & Development as a commitment to enriching the engagement terms.

Period	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Amount (Kshs)	283,950	112,500	290,140	201,400	1,292,063	1,194,269

The need and importance of employee welfare is being increasingly appreciated at the Institute which is why, the Council have continuously improved the working environment facilities and amenities, healthy and peaceful surroundings, improved the living standards of the employees and keep them contented under the realm of employee welfare. The Institute is committed to producing a caring and supportive working environment which is conducive to the welfare of all employees, and which enables them to develop towards their full potential. These have been achieved through policies and procedures relating to staff health and welfare, legislation relating safety and compliance with Occupational Safety and Health Act of 2007 (OSHA) as well as appropriate medical cover.

iv) Market place practices

a) Responsible competition practice.

Institute of Human Resource Management is responsible for conducting business with high integrity. The Institute is keen on making positive contribution to the economy, environment and social progress to the society it operates in. Effective competition practices been beneficial in many ways including; avoiding liabilities, avoiding adverse reputation of Institute and other negative consequences. The effective competition management at the Institute has enabled dynamic markets, driven productivity, innovation and increase value to the consumers.

The Institute is dedicated to reinforcing responsible competition practices through risk identification, risk assessments, risk migration and constant review of the process to improve the commitment plus compliance. The Institute is keenly providing competitive prices, variety of product choices, ensuring small and medium-sized enterprises have equitable opportunity and creating a conducive environment to global markets for the services.

b) Responsible Supply chain and supplier relations

The Institute of Human Resource Management supplier relationship remain very critical in providing services to the members and general public. The Institute has put in place a robust mechanism for identifying suppliers, prequalification of suppliers, detailed contract agreements, clear terms and conditions, clear payments plans with suppliers to ensure reliable procurement of goods/services. The sourcing program delivers value to the Institute and society by supporting supplier sustainability, innovating together with suppliers and promoting suppliers' diversity.

In the process of creating, protecting and growing long term environmental, social and economic values for all the stakeholders in the supply chain, the Institute can advance corporate sustainability, ensure compliance with laws and regulations. The Institute is driven to make the supply chain more economically inclusive and be able to support further economic development through employment creation and increased income.

c) Responsible marketing and advertisement

At the Institute of Human Resource Management, we recognize that our marketing and advertising strategies wield significant influence in shaping our society. Responsible marketing and advertising transcend mere catchphrases; they epitomize the values we cherish. Ethical marketing stands at the core of our approach, grounded in principles that guide our responsible conduct.

Transparency is paramount, and we are unwavering in our commitment to provide clear and accurate information regarding our programs and services. We staunchly eschew deceptive or misleading advertising practices. Privacy ranks high on our list of priorities; respecting the privacy of our clients and stakeholders is non-negotiable. We refrain from sharing personal information without consent, adhering to all data protection laws. Furthermore, social responsibility is a bedrock principle, with a focus on promoting programs and services that make a positive societal impact, while rejecting harmful products or practices.

Responsible marketing and advertising find their genesis in ethical behavior. We uphold the highest standards of honesty, transparency, and integrity, categorically rejecting deceptive or misleading practices. Our code of ethics serves as an unwavering compass, ensuring that every advertising and marketing campaign aligns seamlessly with our values. We pledge to deliver accurate information, protect consumer privacy, and treat competitors with due respect.

Our marketing endeavours are meticulously designed to reach the right audience while championing inclusivity and diversity. We customize our messages to cater to the needs and interests of our audience, ensuring relevance and engagement. Diversity and inclusion are celebrated in our advertising, representing individuals from diverse backgrounds, abilities, and perspectives. Discrimination and harmful stereotypes have no place in our materials, and we fervently advocate for equal opportunities and equitable treatment for all. Responsible marketing is not a static commitment but a dynamic, ongoing endeavour. For the Institute of Human Resource Management, responsible marketing and advertising practices are not just a commitment; they are an integral part of our identity. We firmly believe that ethical, transparent, and respectful marketing endeavours foster trust and cultivate lasting relationships within our community.

d) Product stewardship

Product and Services Stewardship at the Institute of Human Resource Management revolves around the vigilant management and oversight of our extensive range of offerings. The primary goal of this stewardship is to ensure that our products and services consistently adhere to high-quality standards, align with the Institute's mission and values, and meet the diverse needs of our target audience while also embracing sustainability and ethical considerations.

Key aspects and responsibilities encompassed by Product and Services Stewardship at the institute include:

1. **Quality Assurance** - Rigorous monitoring, evaluation, and improvement efforts are undertaken to ensure that our products and services consistently meet established quality standards.
2. **Alignment with Mission and Values** - We remain steadfast in our commitment to ensure that all our offerings align harmoniously with the institute's mission, values, and strategic objectives.
3. **Customer/User Satisfaction** - Valuable feedback from our clients and members, who are avid users of our products and services, is diligently collected. This feedback informs our efforts to better understand their needs and preferences, driving necessary adjustments.
4. **Compliance** - We leave no stone unturned in ensuring that every product and service offered complies meticulously with pertinent laws, regulations, and industry standards, encompassing legal, ethical, and environmental dimensions.
5. **Sustainability** - An integral focus lies in considering the environmental and social impacts of our products and services. We endeavour to minimize waste, energy consumption, and resource utilization while actively promoting sustainable practices.

6. Innovation - In an ever-evolving landscape, we remain committed to constant innovation in the development of new products and services to remain competitive and meet emerging needs.
7. Risk Management - We place paramount importance on identifying and mitigating risks associated with our offerings. This entails addressing potential issues related to safety, security, and reputation.
8. Resource Allocation - The meticulous management of resource allocation, spanning finances, personnel, and technology, is vital in supporting the development and maintenance of our products and services.
9. Continuous Improvement - We embrace a culture of continuous improvement, driven by feedback and performance data. This manifests as regular changes and updates to our offerings to ensure they remain effective and relevant.
10. Communication and Marketing - Effectively communicating the value and benefits of our products and services to our target audience is a core priority. This involves a robust marketing, advertising, and public relations effort.
11. Ethical Considerations - The development and provision of our products and services are underpinned by an unwavering commitment to ethical and socially responsible practices. This encompasses addressing issues such as fairness, equity, and diversity.
12. Financial Management - The financial aspects of our products and services are meticulously managed. We believe in fair and competitive pricing, prudent budgeting, and responsible revenue generation in the market.
13. Evaluation and Reporting - We conduct regular evaluations of the performance of our products and services, providing comprehensive reports to our stakeholders, including leadership, board members, and the larger member community.

Product and Services Stewardship is a pivotal function within the Institute of Human Resource Management. It serves as the bedrock for maintaining the institute's sterling reputation, ensuring the efficient utilization of resources, and nurturing a culture of unceasing improvement and innovation.

v) Corporate Social Responsibility / Community Engagements

The Institute has actively engaged in various Corporate Social Responsibility (CSR) and community outreach initiatives throughout the year. These activities have focused on supporting environmental sustainability, empowering students and communities, and promoting public welfare. Below is a detailed account of Institute's CSR initiatives and their impact on society.

Majority of these nationwide initiatives were part of Institute’s commitment to supporting the government’s goal of planting 15 billion trees by 2032. Through tree planting at various locations, Institute contributed to environmental conservation and sustainability. These events emphasize the importance of Institute’s ecological stewardship involved in collaboration with local communities, schools, and leaders.

In conclusion, Institute’s CSR and community engagement activities have significantly contributed to societal welfare. From empowering students and women to promoting environmental conservation, these initiatives reflect Institute’s commitment to creating a positive social impact across different regions in Kenya. Through these efforts, Institute continues to strengthen its role as a responsible institution dedicated to sustainable development and community upliftment.

Branch Name	Activity	Event Date
Mt. Kenya North	Meru University Town Campus	26 th July, 2024
Mt. Kenya South	Ruiru (Tatu City - Unity Homes)	26 th July, 2024
North Rift	Seguton Primary School, Kabarnet, Baringo County	26 th July, 2024
Western	1. Career at Mundika Boys Secondary School 2. Korinda Women's Prison's Mundika Home 3. Benedictine Home for Elderly	24 th July, 2024
Nyanza	Siaya Prisons CSR/Mental talk	20 th July, 2024
Central Rift	Kabarak University Town Campus-Career Guide	23 rd July, 2024
South Rift	Catalysing Growth through Innovative Leadership	19 th July, 2024
Coast/Eastern	Grandsons /Abrahams Educational Centre, Kilifi County	27 th July, 2024
North Eastern	Frontier college & Wajir	24 th July, 2024
Muranga Branch	1. PCEA Church (Muranga Sagana Road) at Githara-Ini 2. Marangwa level 4 Hospital	27 th July, 2024
Nairobi North East	Kamukunji Grounds - Tree Planting	27 th July, 2024
Nairobi South West	USIU University Students - Performance Management	27 th July, 2024
Nairobi North East	1. Kamukunji Grounds (Tree Planting) 2. Training: Cultivating a Leadership Signature.	27 th July, 2024 31 st July, 2024
Transwest	Tree planting at County Government of West Pokot	27 th July, 2024

11. Report of the Council

The Council submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Institute of Human Resource Management affairs.

i) Principal activities

The principal activity of the Institute is to promote professional human resource practices in Kenya.

ii) Results

The results of the Institute for the year ended June 30, 2025, are set out on page 1- 5.

iii) Council

The members of the Council who served during the year are shown on page vi – viii.

iv) Surplus remission

The Institute did not make any surplus during the year and hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Council



.....
Name: CHRP Quresha Abdullahi

Secretary to the Council

12. Statement of Council Responsibilities

Section 81 of the Public Finance Management Act, 2012 requires the Council to prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial period and the operating results of the Institute for that period. The Councils are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Councils are also responsible for safeguarding the assets of the Institute.

The Councils are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year (period) ended on June 30, 2025. 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 Institute; (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 Institute; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Councils accept responsibility for the Institute'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 Councils are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2025, and of the Institute's financial position as at that date.

The Councils further confirms the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

Institute of Human Resource Management
Annual Report and Financial Statements
for the year ended June 30, 2025

Nothing has come to the attention of the Councils to indicate that the Institute 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 Institute's financial statements were approved by the Council on 19/09/2025
2025 and signed on its behalf by:



.....
Name: Odero Phillip Dalmas
National Council Chairman



.....
Name: CHRP Quresha Abdullahi
Accounting Officer

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON INSTITUTE OF HUMAN RESOURCE MANAGEMENT FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the report on the Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the Report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Institute of Human Resource Management (IHRM) set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Institute of Human Resource Management as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Human Resource Management Professional Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively, as listed in the attached **Appendix I**. The status during the year under review revealed that the issues remained unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the other information set out on page iv to xliii which comprise of Key Entity Information and Management, Council Members, Key Management Team, National Chairman's Statement, Report of the Executive Director, Statement of performance against predetermined objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council and Statement of Council Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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. Non-Compliance with Employment Requirements on Persons with Disabilities

Review of staff records revealed that the Institute has thirty-two (32) staff members. However, none of them falls under Persons with Disabilities (PWD) category. This was contrary to provisions of Section 4(f) of the Persons with Disabilities Act, 2025 which requires minimum of five per centum (5%) of the staff establishment be reserved for persons with disabilities.

In the circumstances, Management was in breach of the law.

2. Lack of Approved Remuneration Structure

As previously reported, during the year under review, the Institute incurred an amount of Kshs.57,923,106 in respect of employee costs which was based on the Institute's Manual and the Remuneration Structure approved by the State Corporation Advisory Committee (SCAC). However, the structure was not approved by the Salaries and Remuneration Commission (SRC) contrary to the provisions of Article 230(4) of the Constitution.

In the circumstances, Management was in breach of the law.

3. Non-Compliance with the One-Third Basic Salary Rule

Review of the payroll data for the year under review revealed that two (2) officers earned net salaries that were less than one-third of their basic pay. This was contrary to Section 19(3) of the Employment Act, 2007 which states that, the total amount of all deductions which may be made by an employer from the wages of the employee at any one time shall not exceed two-thirds of such wages.

In the circumstances, Management was in breach of the law.

4. Unapproved Over-Expenditure

The statement of comparison of budget and actual amounts reflects an unapproved over-expenditure on two (2) components as shown in the table below;

No.	Expenditure Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Performance Difference (Kshs)	Percentage (%) of Utilization
1	Contracted Professional Services	9,500,000	15,359,823	(5,859,823)	162%
2	Use of Goods and Services	109,125,100	148,607,095	(39,481,995)	136%

However, the approval for the over-expenditure was not provided for audit review and the source of the surplus funds were not disclosed.

In the circumstances, Management was in breach of law.

5. College of Human Resource Management (CHRM)

5.1 Ownership Dispute and Lack of Control of the College of Human Resources Management (CHRM)

The College of Human Resource Management (formerly IHRM College) was initially established by IHRM (Formerly Institute of Personnel Management) in the year 1997. It was registered as a company limited by guarantee on 14 October, 2008 with nine (9) Governors (Directors/Subscribers) including a representative from IHRM. The Directors of the College were the Council Members of the IHRM at the time and held shares in trust on behalf of the Institution. Minutes of the IHRM Governing Council meeting held on 1 March, 2013, resolved that the new name of the IHRM College was to be College of Human Resources Management and be separated from IHRM main organization.

However, in July, 2019 a section of the Subscribers claimed ownership of the College, forcefully pushing out the Board of Directors appointed by the IHRM Council in July, 2019 when the Council resolved to competitively recruit Board Members to the College. Later, in a letter dated 5 February, 2021 signed by the College Principal and addressed to the IHRM Council, the letter stated that by order of newly constituted CHRM Board, the letter directed the IHRM Council to desist from interfering with the business operations of CHRM which they stated is a legally separate and independent organization.

Audit review conducted in September, 2025 revealed that there were fifty-two (52) Directors and Members. However, it is not clear under what circumstances these subscribers were brought on board and whether there was approval by the Attorney-General in line with Section 6 of the Memorandum and Articles of Association. Further, it is not clear what measures IHRM has taken to regain control and ownership of the College.

In the circumstances, the legal status of the College could not be confirmed.

5.2 Failure to Submit College of Human resource Management Annual Reports and Financial Statements

Review of the documents and information gathered, confirmed that the College was still operational despite the ownership dispute. In addition, Management did not submit the College's separate annual report and financial statements for audit. This is contrary to Section 81(4)(a) of the Public Finance Management Act, 2012 which requires that, not later than three months after the end of each financial year, the Accounting Officer for the entity shall; submit the entity's financial statements to the Auditor-General and a copy of the statement to the Controller of budget, The National Treasury and the Commission for Revenue Allocation.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with the ISSAI 3000 and ISSAI 4000. The Standards requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in the Contract for Provision of Integrated Online Membership Management System

A service contract was entered into by the Institute and the vendor for provision of Integrated Online Membership Management System on 16 April, 2025. The vendor was to offer integration of the membership management systems. The scope of services included support and maintenance, updates and security, hosting and continuous development.

The fees and payments agreed upon were support and maintenance base fee of up to twenty-five thousand (25,000) members amounting to Kshs.195,000 exclusive of Value Added Tax (VAT) per quarter and cloud hosting fee of Kshs.60,000 exclusive VAT per quarter from the first quarter of 2025.

However, the period in which the service contract was to run was not stated nor was there an indication of additional fee incase the members increase beyond twenty-five thousand

(25,000). Further, a payment of Kshs.283,050 was made on 11 April, 2025 to the vendor for membership system subscription quarterly fee maintenance and support and virtual cloud, five (5) days prior to signing of the contract on 16 April, 2025.

In the circumstances, the effectiveness of internal controls relating to project implementation and the membership management portal could not be confirmed.

2. Staff Under-Establishment

Review of the Institute's authorized staff establishment revealed that the authorized establishment was fifty-eight (58) staff members while the number of officers in-post was twenty-three (23). There was, therefore, a deficit of thirty-five (35) staff or 60%. As a result, the Institute may not deliver its mandate effectively owing to the understaffing especially in departments that have no single employee such as Internal Audit, Strategy and Planning and Continuous Professional Development (CPD) enforcement.

In the circumstances, effective service delivery of the Institute could not be confirmed.

3. Lack of Information and Communications Technology Strategy and Steering Committees

Audit review of the Institute's Information and Communications Technology (ICT) environment revealed that there were no approved policies on information technology security including disaster recovery plan and ICT continuity plan. Further, there were no fire suppression systems exposing the Institute to loss of data and ICT equipment in case of unforeseen fire incidents. Consequently, the critical data may not be recovered in case of a disaster. Similarly, the Institute did not have an IT strategic or steering committee which could result in non-implementation of IT governance, as part of enterprise governance. Further, the Institute lacks IT security policy, and thus there is no clear direction on how to maintain information security and safeguard its assets.

In the circumstances, effectiveness and integrity of the information technology system could not be confirmed.

4. Weaknesses in Management of Long Outstanding Receivables

The statement of financial position and Note 17 to the financial statements reflects receivables from exchange transactions balance of Kshs.247,508,572. However, review of the ageing analysis revealed that at of Kshs.113,074,179 was outstanding for more than two (2) years. No evidence was provided to show efforts taken by Management to collect the long outstanding debt.

In the circumstances, the existence of effective mechanism of management of receivables could not be confirmed.

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

Responsibilities of Management and the Council

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 October, 2025

Appendix I : Unresolved Prior Year Matters

1. Unsupported Related Parties' Balance.
2. Unsupported Receivables from Non-Exchange Transactions.
3. Budgetary Control and Performance.
4. Number of Council and Committee Meetings Exceeding Limit.
5. Non-Compliance with the One Third of Basic Salary Rule.
6. Lack of an Approved Remuneration Structure.
7. Ownership Dispute and Lack of Control of the College of Human Resource Management (CHRM).
8. Failure to submit College of Human Resource Management Financial Statements.

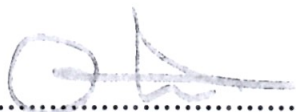
Institute of Human Resource Management
Annual Report and Financial Statements
for the year ended June 30, 2025

14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from exchange transactions			
Revenue from Membership Services	6	238,754,905	293,865,324
Rental Income	7	975,048	975,048
Consultancy	8	29,614,003	22,247,312
Finance Income	9	9,162,534	9,280,202
Total Revenue		278,506,491	326,367,886
Expenses			
Use of Goods & Services	10	180,798,210	190,176,354
Employee Costs	11	57,923,106	57,221,031
Repairs & Maintenance	12	176,076	444,352
Depreciation Expense	13	5,489,707	6,104,271
Contracted Professional Services	14	15,359,823	32,973,487
Council & Governance Costs	15	26,348,341	28,718,142
Total Expenses		286,095,264	315,637,637
Other Gains/(Losses)		-	-
Surplus/(Deficit) before Tax		(7,588,773)	10,730,250
Corporate Tax Provision		-	-
Surplus/(Deficit) for the period		(7,588,773)	10,730,250
Remission to National Treasury		-	-
Net Surplus for the Year		(7,588,773)	10,730,250
Attributable to:		-	-
Surplus attributable to owners of the Institute		(7,588,773)	10,730,250

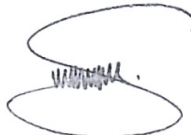
The notes set out on pages 6 to 48 form an integral part of these Financial Statements.

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


.....

Name: Quresha Abdullahi
Accounting Officer

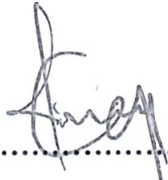
Date 19/09/2025


.....

Name: Job Akuno
Manager, Finance

ICPAK M/No: 9119

Date September 30, 2025


.....

Name: Odera P. Dalmas
Council Chairman

Date 19/09/2025

Institute of Human Resource Management
Annual Report and Financial Statements
for the year ended June 30, 2025

15. Statement of Financial Position as at 30 June 2025

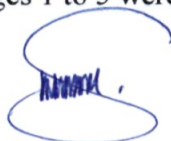
	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	19,482,768	137,692,889
Receivables from exchange transactions	17	247,508,572	265,990,231
Receivables from non-exchange transactions	18	18,027,946	15,725,233
Related Parties	19	13,739,603	13,739,603
Investment in Financial Assets	20	94,000,000	-
Total Current Assets		392,758,889	433,147,956
Non-Current Assets			
Property, plant and equipment	21	41,806,502	48,886,283
Intangible Assets	22	2,880,903	-
Total Non- Current Assets		44,687,405	48,886,283
Total Assets		437,446,293	482,034,239
Liabilities			
Current Liabilities			
Trade and other payables	23	29,433,183	41,254,357
Employee benefit obligation	24	1,868,090	1,634,332
VAT Control Account	25	12,976,582	23,773,482
Corporate Tax Provision	26	-	22,634,786
Total current Liabilities		44,277,854	89,295,957
Financed by:			
Accumulated Funds		393,168,439	392,738,281
Total Liabilities		437,446,293	482,034,239

The financial statements set out on pages 1 to 5 were signed on behalf of the Council Members by:



Name: Quresha Abdullahi
Accounting Officer

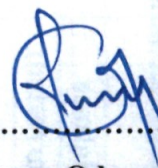
Date 19/09/2025



Name: Job Akuno
Manager, Finance

ICPAK M/No: 9119

Date September 30, 2025



Name: Odera P. Dalmas
Council Chairman

Date 19-09-2025

16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Ordinary Share Capital	Revaluation Reserve	Fair Value Adjustment Reserve	Retained Earnings	Capital/ Development Grants/Fund	Total
As at June 30, 2023	-	-	-	357,885,018	-	357,885,018
Correction of Opening Balance	-	-	-	24,123,013	-	24,123,013
As at June 30, 2023 (Corrected)	-	-	-	382,008,031	-	382,008,031
Surplus/ (Deficit) for the year	-	-	-	10,370,250	-	10,370,250
As at June 30, 2024	-	-	-	392,738,281	-	392,738,281
Adjustments	-	-	-	8,018,931	-	8,018,931
Surplus/ (Deficit) for the period	-	-	-	(7,588,773)	-	(7,588,773)
As at June 30, 2025	-	-	-	393,168,439	-	393,168,439

Institute of Human Resource Management
Annual Report and Financial Statements
for the year ended June 30, 2025

17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash Flow from Operating Activities			
Receipts			
Revenue from Member Services		276,682,519	284,198,179
Total		276,682,519	284,198,179
Payments			
Use of Goods & Services		192,618,385	185,337,675
Employee Costs		57,689,349	49,045,525
Repairs & Maintenance		176,076	339,212
Contracted Professional Services		15,359,823	28,371,645
Council & Governance Costs		26,348,341	28,593,342
Taxes		11,703,428	4,447,841
Total		303,895,402	296,135,239
Net Cash Flow from Operating Activities	27	(27,212,882)	(11,937,061)
Cash Flow from Investing Activities			
Rental Income		1,131,056	893,796
Finance Income		9,162,534	9,280,202
Treasury Bills		(100,000,000)	(34,199,596)
Fixed Assets		(1,290,829)	(1,822,620)
Net Cash flows from Investing Activities		(90,997,239)	(22,202,978)
Net Cash flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		(118,210,122)	(34,140,039)
Cash and cash equivalents at 1 July	16	137,692,889	171,832,927
Cash and cash equivalents at 30 June	16	19,482,768	137,692,889

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	c = (a+b)	d	e = (c-d)	f = d/c
Revenue						
Revenue from Member Services	227,976,500	-	227,976,500	238,754,905	(10,778,405)	105%
Rent Income	720,000	-	720,000	975,048	(255,048)	135%
Consultancy	35,000,000	-	35,000,000	29,614,003	5,385,997	85%
Finance Income	9,550,000	-	9,550,000	9,162,534	387,466	96%
Total Revenue	273,246,500	-	273,246,500	278,506,491	(5,259,991)	102%
Expenses						
Use of Goods & Services	109,125,100	-	109,125,100	148,607,095	(39,481,995)	136%
Employee Costs	57,754,495	-	57,754,495	57,923,106	(168,611)	100%
Repairs & Maintenance	450,000	-	450,000	176,076	273,924	39%
General Expenses	40,896,498	-	40,896,498	32,191,116	8,705,382	79%
Depreciation & Amortization	6,836,999	-	6,836,999	5,489,707	1,347,292	80%
Contracted Professional Services	9,500,000	-	9,500,000	15,359,823	(5,859,823)	162%
Council & Governance Costs	29,032,000	-	29,032,000	26,348,341	2,683,659	91%
Finance Costs	375,000	-	375,000	-	375,000	-
Total Expenses	253,970,092	-	253,970,092	286,095,264	(32,125,172)	113%
Surplus/(Deficit) for the period	19,276,408	-	19,276,408	(7,588,773)	26,865,181	(39%)

Budget Notes

1. **Rental Income** - The income surpassed the approved budget by 35% following the successful leasing and the onboarding of new tenant during the year much earlier than initial anticipated.
2. **Consultancy Income** - Revenue fell short of the budget by 15%. The decline is primarily attributable to reduction in the number of consultancy services in the year than anticipated during the year.
3. **Use of Goods & Services** - The variance is largely driven by higher than anticipated operational demands from the membership activities when the actual attendance exceeds the planned numbers. In addition, unplanned activities and emerging Institute's needs contributed to the additional expenditure.
4. **Repairs & Maintenance** - The absorption rate of 61%, leaving 39% unutilized. This variance is largely attributable to fewer than anticipated breakdowns and maintenance requirements during the year. In addition, the implementation of preventive maintenance programs and improved asset management practices.
5. **General Expenses** - This recorded an underutilization of 21% against the approved budget and is mainly attributable to the cost saving measures implemented during the year, including efficiency in procurement processes and reduced administrative overheads expenditures.
6. **Depreciation & Amortization** - The variance is mainly attributable to delays in capital acquisitions as budgeted for the year financial period. This underutilization highlights the impact on asset acquisition timing on depreciation forecasts and need for closer alignment between capital investment plans and budget estimates.
7. **Contracted Professional Services** - The over expenditure was mainly driven by the need to engage external consultants to support critical assignments, some of which were unplanned but necessary for compliance and operational efficiency. The variance underscores the need for improved planning, cost estimation, and prioritization of outsourced services in future budgets.

19. Notes to the Financial Statements

1. General Information

Institute of Human Resource Management is established by and derives its authority and accountability from Human Resource Management (HRMP) No. 52 of 2012 Act. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya.

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 Institute's accounting policies.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institute. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43:	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Standard	Effective date and impact:
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For &	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Standard	Effective date and impact:
Evaluation of Mineral Resources	<ul style="list-style-type: none"> <li data-bbox="400 239 1445 338">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. <li data-bbox="400 344 1445 495">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <li data-bbox="400 501 1445 775">ii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii. Early adoption of standards

The Institute did not early – adopt any new or amended standards in year 2024/2025.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Institute's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2024/2025 was approved by the Council. No subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. No additional appropriations are added to the original budget by the Institute upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Institute recorded no additional appropriations 2024/2025 budget following the governing Council's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

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

In addition to the basic difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Institute operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Institute and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Biological Assets

The Institute recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

The Institute expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Institute does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Institute's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity did not assess, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are note set out.

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Institute.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Provisions

Provisions are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

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

o) Contingent assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Nature and purpose of reserves

The Institute create and maintain reserves in terms of specific requirements.

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

The Institute provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s) Foreign Currency Transactions

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

t) Borrowing Costs

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

u) Related Parties

The Institute regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Council, the Executive Director and a management team.

v) Service Concession Arrangements

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

w) Cash and Cash Equivalents

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

x) Comparative figures

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

y) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and Assumptions.

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 27. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Notes to the Financial Statements (Continued)

6. Revenue from Membership Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Application & Upgrades	1,057,500	715,000
Seminars, Workshops & Trainings	82,185,799	96,043,329
Conference & Congress	123,978,564	123,335,517
Membership Fees	17,605,000	67,289,148
CPD Accreditation	1,310,043	1,319,226
Other Income – Sponsorship/Award/Branch/Election	12,618,000	5,163,104
Total Revenue from Membership Rendering of Services	238,754,905	293,865,324

The total revenue decreased by a total of KES 55 Million (approximately 23.1%). This reduction is attributable to significant drop in annual subscription and events fees through data invalidity.

7. Rental Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Rental Income	975,048	975,048
Total Revenue from Rental Income	975,048	975,048

The rental income from the apartment has remained unchanged over the last two financial years.

8. Consultancy

Description	2024-2025	2023-2024
	Kshs	Kshs
Consultancy	29,614,003	22,247,312
Total finance income	29,614,003	22,247,312

The decline is mainly due to reduced reliance on external consultants, completion of prior projects, and cost containment measures that optimised the considering use of internal resources.

9. Finance Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest income from Treasury Bills	9,162,534	9,280,202
Total finance income	9,162,534	9,280,202

Interest income has remained consistent year on year with a minimal variance (approximately 1.3% decrease) indicates stable investment returns and the reduction in the investment amount.

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

10. Use of Goods & Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Direct Costs		
Materials & Publication	17,793,216	37,072,834
Venue & Accommodation	85,334,916	72,946,642
Out of Station	-	726,660
Transport & Mileage	1,087,650	1,895,256
Travelling Costs	2,657,580	5,408,582
Consultancy	17,139,808	12,072,752
Other Costs	5,578,172	4,467,816
Allowances/Accommodation/Transport	19,015,753	21,454,962
Total Direct Costs	148,607,095	156,045,504

The Institute has put efforts to reduce costs through hybrid events, sharing resources with partners to co-host events and securing reliable corporate sponsorships on various activities in the period.

Description	2024-2025	2023-2024
	Kshs	Kshs
a) Administrative Expenses		
Office Supplies	2,454,456	1,945,243
Office Cleaning	621,205	654,531
Transport & Mileage	254,440	699,740
Postage & Courier	458,448	427,464
Printing & Stationery	405,312	1,005,287
Advertisement & Publicity	1,551,623	895,723
Motor Vehicle	1,254,223	1,680,358
Corporate Social Responsibilities	489,000	400,000
General Insurance	1,106,685	1,024,665
License & Permits	463,855	294,071
Penalty & Fines	364,137	114,072
Bank Charges	511,003	401,400
	9,934,386	9,543,093
b) Office Rent		
Office Rent	10,131,814	11,350,582
Service Charge	2,731,178	2,975,067
Parking Fees	960,000	1,029,750
	13,822,991	15,355,399
c) Office Utilities		
Telephone & Internet	2,015,743	2,129,098
Office Utilities/Electricity	334,416	381,203
	2,350,158	2,510,301
d) Rental Expense		
Service Charge	327,795	189,113
	327,795	189,113

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Description	2024-2025	2023-2024
	Kshs	Kshs
e) Travelling & Accommodation		
Out of Station	843,850	1,203,370
Ground Transport & Mileage	206,700	39,000
Flight Costs	-	146,885
	1,050,550	1,389,255
f) Branch Costs		
Venue, Accommodation & Transport	3,588,726	4,456,580
Flight Costs	-	287,905
Other Costs	1,116,509	399,204
	4,705,235	5,143,689
Total General Costs (a+b+c+d+e+f)	32,191,116	34,130,850
Total Use of Goods & Services	180,798,210	190,176,354

Cost of Use of Goods and Services decreased representing a reduction of approximately 5%. This decline can be attributed to better cost control measures and improved procurement efficiencies.

11. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross Salaries & Wages	33,557,427	30,463,915
Employer Contribution to NSSF	811,799	475,200
Housing Allowances	3,824,618	3,607,573
Transport Allowances	1,989,000	1,923,000
Acting & Overtime Allowances	580,176	653,000
Telephone Allowances	655,000	566,457
Performance & Bonus Allowances	-	2,733,125
Gratuity	2,273,783	5,461,665
Employer Contribution to Pension	1,041,537	1,079,032
Employer Contribution to Housing Levy	556,281	455,457
Employer Contribution to NITA	15,300	15,300
Other Employee Related Costs	12,618,185	9,787,307
Employee Costs	57,923,106	57,221,031

The costs increased marginally (reflecting a net change of approximately 1.2%). The costs remained generally constant, with increases in certain expense lines offset by reductions in others.

Notes to the Financial Statements (Continued)

12. Repairs & Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Repairs & Maintenance	176,076	444,352
Total Repairs & Maintenance	176,076	444,352

The decreased primarily due to reduced breakdowns and minimal refurbishments during the year.

13. Depreciation & Amortization Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Furniture & Equipment	178,339	187,388
Fixtures & Fittings	3,553,845	4,054,150
Computers & Printers	835,028	711,132
Motor Vehicles	510,938	681,250
Intangible Assets	411,558	470,352
Total Depreciation & Amortization	5,489,707	6,104,271

The adoption of the reducing balance method of depreciation of fixed assets and the absence of significant asset purchases during the period, resulted in lower depreciation charges over time.

14. Contracted Professional Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Financial & Compliance	2,140,000	1,722,154
Legal & Secretarial	4,380,415	11,290,292
Audit	775,862	387,931
Other Consultancy	8,063,545	19,573,109
Total Contracted Professional Services	15,359,823	32,973,487

The Institute has implemented cost cutting measures to reduce consultancy expenses, following instances of budget overruns in prior years including prioritizing the assignments to engage.

15. Council & Governance Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
ALMANAC	3,741,270	-
Venue & Accommodation	-	3,270,089
Meeting Allowances	-	16,610,397
Elections	890,000	1,740,000
Flights	1,589,330	1,356,149
Others	2,609,931	5,741,507
Accommodation/ Meeting/ Transport	17,517,810	-
Total Council & Governance Costs	26,348,341	28,718,142

There is a reduction in governance costs in the financial year due to cost cutting measures. The expenses categories are reclassified to improve management reporting and promote transparency.

Notes to the Financial Statements (Continued)

16. Cash & Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Absa bank	7,349,266	17,082,484
Kenya Commercial bank	12,041,197	20,577,392
Petty Cash	92,305	33,012
Treasury Bills	-	100,000,000
Total Cash and Cash Equivalent	19,482,768	137,692,889

Detailed Analysis of Cash & Cash Equivalents

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current account			
Absa bank	821498910	7,349,266	17,082,484
Kenya Commercial bank	1203884745	12,041,197	20,577,392
Sub- Total		19,390,463	37,659,877
b) Others (Specify)			
Petty Cash	-	92,305	33,012
Treasury Bills	-	-	100,000,000
Sub- Total	-	92,305	100,033,012
Grand total	-	19,482,768	137,692,889

Decrease is attributable to reclassification of Treasury Bills to Investment in Financial Assets.

17. Receivable from Exchange Transactions

a) Current Receivables from Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current receivables		
Other exchange debtors	247,508,572	265,990,231
Total current receivables	247,508,572	265,990,231

b) Long- term Receivables from Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Total Receivables	-	-
Total non-current receivables	-	-
Total Receivables (a+b)	247,508,572	265,990,231

The decrease in accounts receivables is attributable to improved debt collection, reconciliation of the non-identified receipts and settlement of long outstanding balances during the reporting year.

Notes to the Financial Statements (Continued)

c) Ageing analysis for Receivable from exchange transactions

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the totals
Less than 1 year	80,389,864	32.48%	98,449,963	37.01%
Between 1 -2 years	54,044,528	21.84%	62,586,895	23.53%
Between 2-3 years	56,866,292	22.98%	52,802,722	19.85%
Over 3 years	56,207,887	22.71%	52,150,651	19.61%
Total	247,508,572	100.00%	265,990,231	100.00%

d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	2024-2025	2023-2024
	Kshs	Kshs
Total Receivables	-	-
Total non-current receivables	-	-
Total Receivables (a+b)	-	-

e) Prepayments from customers

Description	2024-2025	2023-2024
	Kshs	Kshs
	120,989,921	-
Total trade and other payables	120,989,921	-

Notes to the Financial Statements (Continued)

18. Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Deposit – Fuel	160,000	160,000
Deposit - Car Park	13,075	13,075
Rent Deposit – IHRM	4,920,757	4,920,757
Rent Deposit – HRMPEB	915,197	1,136,726
Deposit – Security	20,000	20,000
Deposit – Telephone	75,610	75,610
5% Corporate Tax Withheld	2,922,046	-
Loan Account – Borrowing	1,000,000	1,000,000
M/V Disposal Deposit	956,250	956,250
Salary Advance	237,500	305,000
General Insurance	259,367	250,815
Medical Inpatient	416,574	443,945
Medical Outpatient	183,876	1,061,881
Prepaid Rent	2,508,398	2,436,302
Employee	3,424,122	2,815,787
Debit Card	15,174	47,834
Deferred Rental Revenue	-	81,252
Receivables from Non-Exchange	18,027,946	15,725,233

The refundable deposits balance carried forward relates to supplier deposits and prepayments. The increase is due to withholding taxes from customers, to be offset in the next annual tax filing.

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the totals
Less than 1 year	7,045,011	39.08%	7,513,426	47.8%
Between 1 -2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	10,982,935	60.92%	8,211,807	52.2%
Total	18,027,946	100.00%	15,725,233	100.0%

There are no comparative figures for Prepayment presented, as this is the first year of reporting.

Notes to the Financial Statements (Continued)

Refundable Deposits

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Customer Deposits	-		-	
Prepayments	3,605,715		4,192,942	
Other Deposits	14,422,230		14,015,858	
Total Deposits	18,027,946		18,208,800	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	7,045,011	39.08%	40,000	0.29 %
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	10,982,935	60.92%	13,975,858	99.71 %
Total	18,027,946	100.00 %	14,015,858	100.00 %

Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Medical Inpatient	416,574	-
Medical Outpatient	183,876	-
General Insurance	259,367	-
Prepaid Rent	2,508,398	-
Total current receivables	3,368,215	-

Deferred Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Deferred Income	-	81,252
Total Deferred Income	-	81,252

Income relates to apartment rental receipts for the period recognized in next financial year.

19. Related Parties Disclosure

	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
Opening Balance	13,739,602	13,739,602
Receipts made to IHRM on behalf of related parties	-	-
Payments made by IHRM on behalf of related parties	-	-
Closing Balance	13,739,602	13,739,602

The related parties balance has remained unchanged for an extended period, and the Council is engaging with the parties (mainly HRMPEB and CHRM) to facilitate settlement of the same.

Notes to the Financial Statements (Continued)

20. Investments in Financial Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Investment in Treasury bills		
Absa Bank	94,000,000	100,000,000
Grand Total	94,000,000	100,000,000

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

Cost & Depreciation Rate	Land & Buildings	Motor vehicles	Office Equipment	Computers & Printers	Fixtures & Fittings	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost						
As at 1st July 2023	12,200,000	5,450,000	1,785,252	2,462,129	53,857,787	75,755,168
Additions	-	-	132,000	1,279,650	417,866	1,829,516
As at 30th June 2024	12,200,000	5,450,000	1,917,252	3,741,779	54,275,653	77,584,684
Additions	-	-	115,000	1,124,118	51,711	1,290,829
As at 30th June 2025	12,200,000	5,450,000	2,032,252	4,865,897	54,327,365	78,875,514
Depreciation and Impairment						
As at 1st July 2023	-	(2,725,000)	(418,150)	(1,371,339)	21,842,454	(26,356,943)
Depreciation	-	(681,250)	(187,388)	(711,132)	(4,054,150)	(5,633,920)
As at 30th June 2024	-	(3,406,250)	(605,538)	(2,082,471)	25,896,604	(31,990,863)
Depreciation	-	(510,938)	(178,339)	(835,028)	(3,553,845)	(5,078,150)
As at 30th June 2025	-	(3,917,188)	(783,877)	(2,917,499)	(29,450,449)	(37,069,013)
Net Book Values						
As at 30th June 2024	12,200,000	2,043,750	1,311,714	1,659,308	28,379,049	45,593,821
As at 30th June 2025	12,200,000	1,532,813	1,248,375	1,948,398	24,876,916	41,806,502

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

Valuation

Land and buildings/ Equipment (be specific) were valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2021). These amounts were adopted on 1st July 2021.

Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land & Buildings	12,200,000	-	12,200,000
Motor Vehicle	5,450,000	3,917,188	1,532,813
Office Equipment	2,032,252	783,877	1,248,375
Computers & Printers	4,865,897	2,917,499	1,948,398
Furniture & Fittings	54,327,365	29,450,449	24,876,916
Total	78,875,514	37,069,013	41,806,502

Investment Property

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	12,200,000	12,200,000
Addition/ Disposal/ Depreciation/ Impairment	-	-
At end of the year	12,200,000	12,200,000

The Investment Property book value remained the same over the subsequent years, as there was no additions, disposals, revaluations or depreciation movement during the period.

Notes to the Financial Statements (Continued)

22. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At beginning of the year	4,657,500	4,657,500
Additions	-	-
Adjustment	-	-
Valuation	-	-
At end of the year	4,657,500	4,657,500
Amortization and impairment		
At beginning of the year	1,365,040	894,688
Adjustment	-	-
Depreciation	411,558	470,352
At end of the year	1,776,597	1,365,040
NBV	2,880,903	3,292,461

The reduction in Intangible Assets is attributable to the depreciation charge for the year.

23. Trade and Other Payables

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade Payables	21,897,630	33,485,762
Other Payables	7,535,552	-
Council	-	(224,870)
WHT 5% Deduction	619,645	760,073
Accruals – End of Year	6,271,645	7,067,630
Rent Deposit Refundable - Tenant	228,762	228,762
Council WHT	415,500	(64,000)
Total Trade & Other Payables	29,433,182	41,253,357

Reduction is mainly attributable to settlement of outstanding supplier obligations in the year

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Ageing analysis: (Trade & Other Payables)	2024-2025	% of the Total	2023- 2024	% of the Total
Under one year	29,096,132	98.85%	64,000	22.2%
1-2 years	89,376	0.30%	224,870	77.8%
2-3 years	247,675	0.84%	-	-
Over 3 years	-	-	-	-
Total	29,433,182	100.00 %	288,870	100.00 %

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

Current Provisions

Description	Leave Provision	Bonus Provision	Gratuity Provision	Other Provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 01.07.2024	1,079,509	-	5,461,665	387,931	6,929,105
Additional Provisions	3,207,475	-	2,149,783	914,386	6,271,644
Provision Utilised	1,079,509	-	5,461,665	387,931	6,929,105
Change due to discount and time value for money	-	-	-	-	-
Transfers from non - current provisions	-	-	-	-	-
Balance as at 30.06.2025	3,207,475	-	2,149,783	914,386	6,271,644

24. Employee Benefits Obligations

Description	2024-2025	2023-2024
	Kshs	Kshs
P.A.Y.E	1,039,163	930,612
S.H.I.F	76,713	38,100
N.S.S.F	162,720	122,400
SACCO	213,014	237,616
PENSION	262,480	252,781
N.I.T.A	114,000	106,610
NET PAY	(1)	(53,786)
Total trade and other payables	1,868,090	1,634,332

Employee obligation costs represent end of June statutory payroll deductions payable.

Retirement benefit Asset/ Liability

The Institute did operate a defined benefit scheme for all full-time employees from July 1, 2024. The scheme is administered by ICEA Lions Life Assurance while ICEA Lions Life Assurance are the custodians of the scheme. The scheme is based on 7.5% percentage of basic salary of an employee at the time of retirement. There was no actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at 30th June, 2025. On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The Institute also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Institute's obligation under the scheme is limited to specific contributions legislated from time to time.

Notes to the Financial Statements (Continued)

Effective February 2025, the Institute has been making monthly contributions to NSSF as per the Tier I and Tier II Structure. Other than NSSF the Institute also has a defined contribution scheme operated by ICEA Life Assurance Pension Fund. Employees contribute 7.5% while employers contribute 7.5% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

Service Concession Arrangements

Description	2024-2025	2023-2024
	Kshs	Kshs
Fair value of service concession asset recognized under PPE	78,875,514	82,242,185
Accumulated depreciation to date	37,069,013	33,355,902
Net carrying amount	41,806,502	48,886,283
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	41,806,502	48,886,283

Increase in accumulated depreciation attributable to normal depreciation charges for the year, coupled with the reclassification of Intangible Assets previously categorized in PPE.

Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Institute did not make any remittance to the Consolidated Fund.

25. VAT Control Account

Description	2024-2025	2023-2024
	Kshs	Kshs
VAT Control Account	12,976,582	23,773,482
Total VAT Control Account	12,976,582	23,773,482

The reduction in the VAT Control Account balance is mainly attributed to adjustments of liabilities to the tax period ending 31st December 2023 under the tax amnesty program.

26. Corporate Tax Provision

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance brought down	22,634,786	37,613,096
Corporate Tax Provision - Adjustment	22,634,786	14,978,310
Total Corporate Tax Provision	-	22,634,786

The reduction in prior years' corporate tax provision balance is attributed to the successful filing of outstanding tax returns and/or settlement of liabilities under the tax amnesty program.

Notes to the Financial Statements (Continued)

27. Cash generated from Operations

	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the year before tax	(12,560,273)	10,730,250
Adjusted for Cash Flow from Operating Activities		
Depreciation	5,489,707	6,104,271
Investment Income	(9,162,534)	(9,280,202)
Rental Income	(975,048)	(975,048)
Provisions	(31,406,651)	7,455,561
Operating Profit Before Working Capital Adjustments	(48,614,798)	14,034,831
Working Capital Adjustments		
Change in Receivables from Exchange Transactions	23,290,649	(75,314,876)
Change in Receivables from non-Exchange Transact	(2,140,202)	13,281,670
Change in Trade and Other Payables	(11,820,175)	14,417,330
Change in Related Parties	-	-
Change in VAT Control	(10,796,900)	7,205,022
Change in Employee Benefit	233,757	(539,348)
Change in Corporate Tax	22,634,786	14,978,310
Total Cash Flow from Operating Activities	(27,212,883)	(11,937,061)

28. Financial Risk Management

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

Notes to the Financial Statements (Continued)

i) Credit risk

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2025				
Receivables from exchange transactions	247,508,572	247,508,572	-	-
Receivables from non-exchange transactions	18,027,946	18,027,946	-	-
Bank & Cash Equivalent	19,482,768	19,482,768	-	-
Total	285,019,286	285,019,286	-	-
As at 30 June 2024				
Receivables from exchange transactions	265,990,231	265,990,231	-	-
Receivables from non-exchange transactions	15,725,233	15,725,233	-	-
Bank balances	137,692,889	137,692,889	-	-
Total	419,408,353	419,408,353	-	-

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Council sets the Institute's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Institute's Councils, who have built an appropriate liquidity risk management framework for the management of the Institute's short, medium and long-term funding and liquidity management requirements. The Institute manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Institute under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	17,725,813	820,138	3,351,679	21,897,630
Provisions	6,271,645	-	-	6,271,645
Employee benefit obligation	1,868,090	-	-	1,868,090
Total	25,865,548	820,138	3,351,679	30,037,365
As at 30 June 2024				
Trade payables	25,596,573	5,299,999	2,589,191	33,485,762
Provisions	7,455,561	-	-	-
Employee benefit obligation	1,634,332	-	-	1,634,332
Total	34,686,466	5,299,999	2,589,191	42,575,656

Notes to the Financial Statements (Continued)

iii) Market risk

The Institute has put in place an internal audit function to assist it in assessing the risk faced by the Institute on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

a) Foreign currency risk

The Institute has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Institute manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. The carrying amount of the Institute's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

2025

	Amount	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2025			
Financial Assets			
Bank & Cash Balances	19,482,768	-	19,482,768
Debtors	247,508,572	-	247,508,572
Total Financial Assets	266,991,340	-	266,991,340
Financial Liabilities			
Trade and other payables	29,433,183	-	29,433,183
Total Financial Liabilities	29,433,183	-	29,433,183
Net Foreign Currency Asset/(Liability)	237,558,158	-	237,558,158

2024

	Amount	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2024			
Financial assets			
Bank & Cash Balances	137,692,889	-	137,692,889
Debtors	265,990,231	-	265,990,231
Total financial assets	403,683,120	-	403,683,120
Financial Liabilities			
Trade and Other Payables	41,253,357	-	41,253,357
Total Financial Liabilities	41,253,357	-	41,253,357
Net Foreign Currency Asset/(Liability)	362,429,763	-	362,429,763

The Institute is mainly transacting in local currency (Kenya Shillings) with very minimal exposure to foreign currency trading fluctuations.

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Financial Risk Management

Sensitivity analysis

The Institute did not analyse its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis would have been performed on the same basis as the prior year.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	393,168,439	392,738,281
Capital reserve	-	-
Total Funds	393,168,439	392,738,281
Total Borrowings	-	-
Less: Cash and Bank Balances	19,482,768	137,692,889
Net Debt/(Excess Cash and Cash Equivalents)	373,685,671	255,045,393
Gearing	95%	65%

29. Related Party Disclosure

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

- i) HRMPEB – Human Resource Management Professional Examination Board
- ii) CHRМ – College of Human Resource Management
- iii) Ministry of Public Service

	2024-2025	2023-2024
	Kshs	Kshs
Payments made by IHRM on behalf of related parties		
Benevolent Fund	-	-
Huduma SACCO	-	-
Total	-	-
a) Key management compensation		
Council Costs	26,348,341	28,718,142
Compensation to Key Management	27,612,164	23,124,260
Total	53,960,505	51,842,402

Council Costs reduced in the period whereas, Key Management Compensation had an increase from gratuity costs incurred as emoluments and other remuneration to senior management.

Notes to the Financial Statements (Continued)

30. Contingent Assets and Contingent Liabilities

Contingent Assets

	2024-2025	2023-2024
	Kshs	Kshs
Contingent Assets	-	-
Total	-	-

There were no contingent asset estimates reported for the last two financial years.

Contingent Liabilities

	2024-2025	2023-2024
	Kshs	Kshs
Contingent Liabilities		
High Court Petition No. E448 of 2021	-	2,000,000
Civil Appeal Number No. E572 of 2021	750,000	750,000
Constitutional Petition No. E116 of 2022	-	1,500,000
Constitutional Petition No. E394 of 2022	3,000,000	3,000,000
Nairobi ELRC Petition No. E154 of 2023	750,000	-
VAT Arrears Demand Notice	10,006,208	-
Total	14,506,208	7,250,000

These relates to ongoing legal cases whose outcomes remain uncertain as at the reporting date. The decrease in the estimate is due to the settlement and/or withdrawal of certain cases during the year.

31. Program for Results (PforR) Disclosure

Name of PforR	Name of Financing Partners					
	Opening Cumulative for 2023-2024		2024-2025		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Expenditure Details						
Program Code	-	-	-	-	-	-
Sub-program						
Total	-	-	-	-	-	-

There were no Program for Results (PforR) reported for the last two financial years.

Notes to the Financial Statements (Continued)

32. Events after the Reporting Period

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

33. Ultimate and Holding Institute

The Institute of Human Resource Management is a semi - autonomous Government Agency under the Ministry of Public Service and Human Capital Development. Its ultimate parent is the Government of Kenya.

34. Currency

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

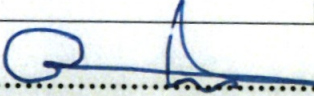
Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

20. Appendices

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

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

Ref No.	Issue / Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe:
Report on the Financial Statements				
1	Unsupported Related Parties' Balance	Council to engage the related parties further for settlement of the balances in the report.	Not Resolved	31/12/2025
2	Unresolved Prior Year Matters	The prior years has since been addressed and dropped from the latest annual audit reports.	Partly Resolved	31/12/2025
Report on Lawfulness and Effectiveness in Use of Public Resources				
1	Unauthorized Over Expenditure	The overspending was due to uncertainty in the number of participants leading to an increased in expenditure.	Not Resolved	30/06/2025
2	Revenue from Consultancy Services - Outsourced Consultancy Services	Consultancy services are outsourced from the third-party consultancy firms going forward	Resolved	01/07/2024
3	Irregular Procurement of Contracted Services	The Institute has already issued a notice to terminate Legal and Secretariat contracted services.	Resolved	01/07/2024
Report on Effectiveness of Internal Controls, Risk Management and Governance				
1	Lack of an Internal Audit Unit	Principal Internal Auditor has since been hired for the position following request made the Principal Secretary of the State Department for Public Service for special approval to recruit personnel.	Resolved	01/08/2025
2	Lack of Risk Management Policy	The Risk Management Policy is approved and awaiting official signing by the Council members for enactment.	Resolved	01/07/2024

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Executive Director (Institute of Human Resource Management)

.....
 19/09/2025
Date:

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Appendix II: Projects implemented by Institute of Human Resource Management

Project Title	Project Number	Donor	Period/ Duration	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these Financial Statements (Yes/No)
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Appendix III: Status of Projects Completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				
					Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Planning and Devolution	N/A	Recurrent	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ministry of Planning and Devolution	N/A	Development	N/A	N/A	N/A	N/A	N/A	N/A	N/A
USAID	N/A	Donor Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ministry of Planning and Devolution	N/A	Direct Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A

Institute of Human Resource Management
Annual Reports and Financial Statements
for the year ended June 30, 2025

Appendix V : Inter-Entity Confirmation Letter

Name of Transferring Entity :

Name of Beneficiary Entity :

Confirmation of amounts received by Institute of Human Resource Management as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
-	-	-	-	-	-

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Source of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	
-	-	-	-	-	-	-	-	-

Appendix VII: Reporting on Disaster Management Expenditure

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