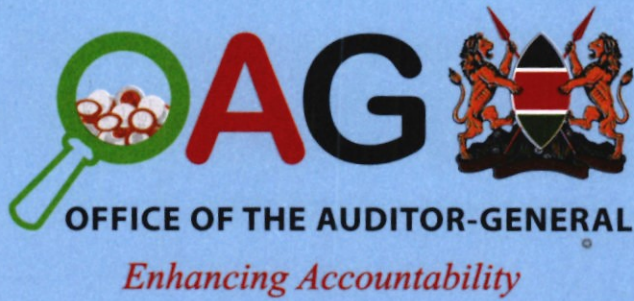


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE OF SUPPLIES
EXAMINATION BOARD**

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

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 20 MAR 2024

DAY: WED

TABLED

Hon Naomi Wagera MP
Deputy Majority Whip
Hon. H. H. H. H.

PRINTED AT
NATIONAL ASSEMBLY

Revised 30th June 2023



KENYA INSTITUTE OF SUPPLIES EXAMINATION BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Table of Contents...	Page
1. Acronyms, Abbreviations and Glossary of Terms.....	iii
2. Key KISEB Information and Management.....	iv
3. The Board of Directors.....	x
4. Key Management Team.....	xiv
5. Chairman's Statement.....	xvi
6. Report of the Chief Executive Officer.....	xvii
7. Statement of Performance against Predetermined Objectives.....	xix
8. Corporate Governance Statement.....	xxiii
9. Management Discussion and Analysis.....	xxix
10. Environmental and Sustainability Reporting.....	xxxiv
11. Report of the Directors.....	xxxviii
12. Statement of Directors Responsibilities.....	xxxix
13. Report of the Independent Auditor for the Financial Statements of KISEB.....	xli
14. Statement of Financial Performance for the year ended 30 June 2023.....	1
15 Statement of Financial Position as at 30 June 2023.....	2
16. Statement of Changes in Net Assets for the year ended 30 June 2023.....	4
17. Statement of Cash Flows for the year ended 30 June 2023.....	5
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023.....	6
19. Notes to the Financial Statements.....	8
20. Appendices.....	39

2. Key KISEB Information and Management

(a) Background information

Kenya Institute of Supplies Examination Board (KISEB) is a body corporate established by section 12 of the Supplies Practitioners Management (SPM) Act No.17 of 2007 of the laws of Kenya.

(b) Principal Activities

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

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

Our Qualifications

KISEB offers two qualifications, namely:

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

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

(c) Fiduciary Management

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

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

(d) Fiduciary Oversight Arrangements

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

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

	<ul style="list-style-type: none">• Enhancing communication between management, internal and external audit and fostering an effective internal audit function.• Reviewing and approving the audit charter where applicable and the internal audit annual work plans.• Reviewing the internal and external audit findings and recommendations and proposing corrective and preventive action where necessary.• Reviewing the systems established to ensure sound public financial• management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.• Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Secretary/Chief Executive Officer.• Conduct Risk Based Audits (RBA) to provide reasonable assurance that risks management processes and structures put in place by management are functioning effectively and recommending appropriate risk mitigation measures where necessary.• Review and evaluate Annual Appropriation Accounts and Statements of assets & Liabilities before they are submitted to Controller and Auditor General by finance department.
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(e) KISEB Headquarters

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

(f) KISEB Contacts

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

3. The Board of Directors





Ref	Directors	Details
1.	 <p data-bbox="252 786 480 846">Mr. Amos Ochieng Board Chairman</p>	<p data-bbox="762 365 1461 846">Mr. Amos Ochieng is currently working as a Supply Chain Consultant and Part-Time Lecturer. Amos has over 20 years of extensive experience in procurement/supply chain management having worked with both local and several multinational organizations locally and overseas. Some of his previous roles include the following: Group Procurement Manager – Dawa Group, Regional Procurement Manager East Africa – SGS, Head of Procurement – Kenya & East Africa – GSK, Group Procurement Operations Manager – Nestle EAR among other senior roles previously held. Amos has BA and an MBA (Procurement & Supply Chain Management) Degree from the University of Nairobi. He is certified MCIPS.</p>
2.	 <p data-bbox="252 1211 576 1272">Ms. Pauline Obonyo Opiyo Board Member</p>	<p data-bbox="762 851 1461 1339">Ms. Pauline Obonyo Opiyo, CFE, MCIPS, MKISM, is an experienced, highly qualified, skilled and competent Procurement Specialist and a Certified Fraud Examiner, with over 24 years of experience in public procurement gained from different positions held in public sector organizations and multiple-donor programs funded by AfDB and World Bank, among others. Currently, she is engaged at the Public Procurement Regulatory Authority (the Authority) where she serves as a manager in-charge of various oversight roles including administrative review and compliance monitoring. Ms. Opiyo’s experience cuts across procurement strategy formulation; public procurement and supply chain management; contract management; procurement reviews/audits and procurement investigations.</p>
3.	 <p data-bbox="252 1704 667 1765">Dr. Gillian Mwaniki Board Member</p>	<p data-bbox="762 1344 1461 1771">Ms. Gillian Mwaniki is currently working at Kenya Institute of Curriculum Development as a Senior Principal Curriculum Development Officer in the Technical and Vocational Education and Training (TVET) department. She holds a PhD in Business administration and Management-Banking and Finance from Kenya Methodist University, a Master’s Degree in Banking and Finance from Moi University, Masters of Science Degree in Entrepreneurship from JKUAT and bachelor degree in Education from Kenya University. She also holds a CPA(K) and Credit professional management from KASNEB.</p>

Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.

7.	 <p>Mr. Mohamed Ibrahim Ali Board Member</p>	<p>Mr. Mohamed Ibrahim Ali is currently working with independent electoral and boundaries commission as Senior Procurement Officer. Mr. Ali holds Msc. in procurement and contract management from JKUAT, Bachelor Business management (Purchasing and Supplies option), Diploma in procurement and Supply – CIPS (UK). Mr. Ali is currently pursuing B.A international studies and Diplomacy from the University of Nairobi. Ali is a reliable and competent procurement and supply chain professional with over Ten (10) years of practical experience in both supply chain management and business development. He has attended senior management course in Kenya school of government, procurement best practices, Risk management & contract management in Dubai-UAE.</p>
8.	 <p>Mr. Leonard O. Adhiambo Board Member</p>	<p>Mr. Leonard O. Adhiambo is a Senior Test Developer at the Kenya National Examinations Council in charge of Business Studies at school and post school levels with 25 years' cumulative experience. He is trained in assessment at the Cambridge Assessment Network, Cambridge University, a graduate of the University of Nairobi in Education, a long serving Teacher and School Administrator, a Quality Management Systems Auditor from the SGS Academy, and a Trainer of Trainers.</p>
9.	 <p>CPA Hezron Njoroge Board Member</p>	<p>CPA Hezron Njoroge is the Head of Internal Audit Department at the Commission for University Education (CUE) with over Fifteen (15) years' experience having worked in Education and Manufacturing sectors. He holds Masters of Science in Finance and Investments (Kenya Methodist University) and Bachelor of Business Administration -Accounting Option (Maseno University). CPA Hezron is a Member of Institute of Certified Public Accountant of Kenya (ICPAK) and Institute of Internal Auditors (IIA).</p>
10.		<p>Ms. Susan Chesang is a Senior Lecturer at the Kenya School of Government, where she is responsible for preparing training materials and administering training in public procurement and many other soft skills. She is a consummate supply chain professional with consolidated experience and expertise of over 15 years in all aspects of supply chain operations, procurement and logistics. She has worked in various public and private organizations including Public Procurement Regulatory Authority (PPRA), International Livestock Research Institute and the</p>

Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.

4. Key Management Team

Ref	Management	Details	
1.		Name Dr. Fred Ongisa Position Secretary/CEO Appointed on November 13 th 2020 Key Qualifications PhD SCM, CP3P, MSc PL, DPSM, B.Ed.	
2.		Name Cyprian Airo Position Examinations Coordinator Appointed on July 1 st 2021 Key Qualifications MSc PL, B.Ed., DEM, CIPS	
3.		Name Sebastian Mwalili Position Marketing & PR Appointed on February 14 th 2017 Key Qualifications BA, Communications & PR	
4.		Name Regina Kariuki Position Examinations Coordinator (Operations) Appointed on February 13 th 2013 Key Qualifications BA	

5. Chairman's Statement

I am pleased to present a review of KISEB's key operational performance for the year ended 30th June 2023. The review also highlights our strategic priorities in the short and medium-term focusing on improving service to customers and ensuring sustainable growth. Our role as a national supply chain management professional certification is critical considering that skilled human resource is an enabler and a key driver for economic and social development. In this regard, the Board made remarkable progress in the quest to enhance KISEB capacity to fulfil its legal mandate. During the year, we prioritised development of ICT infrastructure, development of study guides, procurement of office equipment, development and review of policies and procedures and upgrade of the enterprise resource planning system. These projects will continue into 2023/24 financial year.

KISEB has over the months made progress towards discharging its mandate of certifying procurement and supply chain management professionals. The Board strives to build on the foundation laid to deliver quality professional curriculum and certification programme for sustainable development.

The year under review (30th June 2023) was however a challenging period for the Board. The past year presented us with tough operating conditions, including changes in taxation, political uncertainty surrounding the elections, and a significant economic slowdown compounded by rising inflation, currency depreciation, drought, and famine. Overall, the Board has achieved great milestones as summarised below.

Looking Forward

The KISEB Strategic Plan 2021-2026 will serve as a strategic guide to position the Board as the authoritative examination and certification body in supply chain management. To this end, the Board has aligned its strategic direction with key national, regional and international development goals, notably the Bottom-up Economic Transformation Agenda (BETA), the Kenya Vision 2030, Third Medium Term Plan (MTP III), the United Nations' Sustainable Development Goals to ensure that KISEB has the desired impact in supporting sustainable economic development. Our inaugural five-year Strategic Plan projects greater impact in the supply chain management profession through increased efficiency, competitiveness, financial sustainability and responsiveness.

KISEB will steer the development of supply chain management in Kenya in a way that supports national, regional and international development objectives. The Strategic Plan 2021-2026 encompasses seven key Strategic objectives: 1) To review and implement revised curriculum to produce a globally ethical and competent SCM professional; 2) To develop quality and relevant

these headwinds and deliver beyond expectations outcomes. The past year presented us with tough operating conditions, including changes in taxation, political uncertainty surrounding the elections, and a significant economic slowdown compounded by rising inflation, currency depreciation, drought, and famine.

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

Operational Performance

During the financial year 2022/23, KISEB derived its revenue from four (4) streams: Exam registration fees, exam entry fees, exemption fees and annual registration fees. The graph below shows the number of clients who patronised our products and services.

Revenue 2022/23	Stream	CPSP-K Candidates	APS-K candidates
Registration		745	16
Exam entry		2346	30
Exemptions		1298 units exempted	-
Annual renewal		814	-

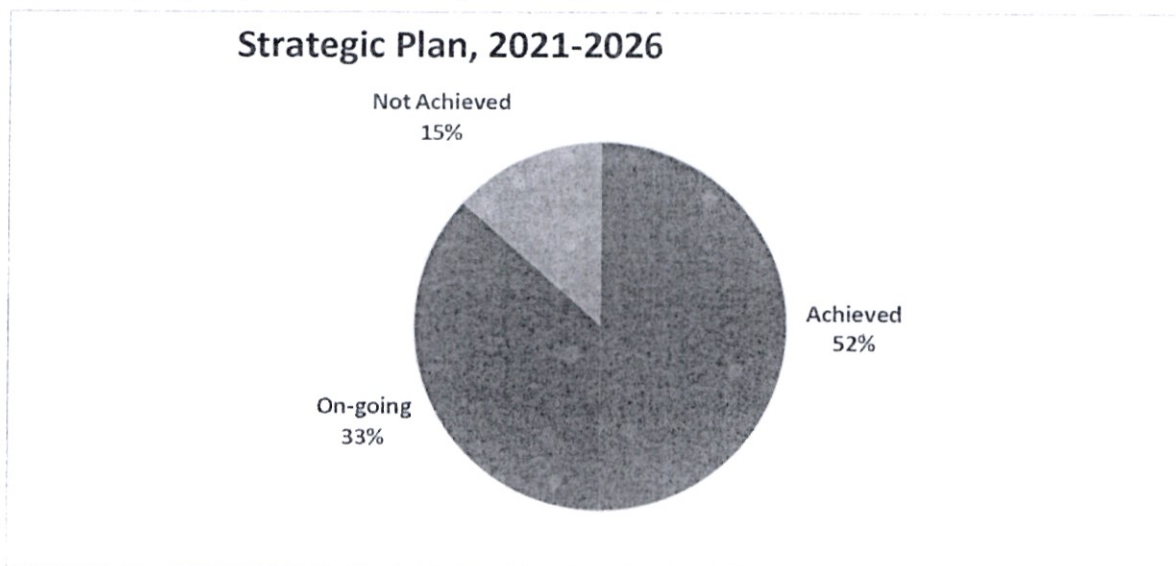
Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Key Outputs for 2022/23	Key Performance Indicators	Status Achievements & 2022/23
Curriculum Development, Quality Assessment and Certification;	training needs assessment (TNA) documented/report	A TNA report	Achieved
	Examination papers piloted Report on piloting	Number of examination papers piloted	40 (achieved)
	Trainers' capacity building workshop held, approved trainers programme	1 workshop annually	1 (achieved)
	Accredited curriculum, Accreditation certificate	Accredited curriculum, Accreditation certificate	1 (Achieved)
	Database of candidates mentored,	Number of student clinics and mentorship programmes	Achieved
	Research report	1 research in SCM undertaken	Not achieved
	Electronic and non-electronic support materials disseminated	Number of subscribers Number of support materials disseminated	33 (On-going)
	Established electronic resource centre	Established electronic resource centre	Not Achieved
	Certificates issued to candidates within the year of sitting	Certificates issued to 90% of the candidates within the year of sitting	Achieved
	Establish proficiency tests for clients in key SCM competencies	1 proficiency test/year	Not achieved
	Award ceremony held annually	Award ceremony held annually	Achieved
	Approved policy framework	Approved accreditation policy	Achieved
	Accredited training institutions	Number of accredited training institutions	78 (on-going)
Institutional strengthening	ICT policy, ICT disaster recovery plan developed	Approved ICT policy and disaster recovery plan	Achieved

Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.

Strategic Pillar	Key Outputs for 2022/23	Key Performance Indicators	Status Achievements & 2022/23
	Annual GoK grants allocation	GoK Printed estimates, Management accounts	Achieved
	Cost containment initiatives adopted	Number of cost containment initiatives identified	Achieved
	Internal controls	Quarterly reports	Achieved
	Compliance with approved budget	Quarterly reports	Achieved
	Compliance with approved Procurement and asset disposal plans	Procurement and asset disposal plans developed	Achieved

Summary of implementation of strategic objectives



Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.

Prof. Urbanus Mutwiwa	Member	Member		Member	
Dr. Gillian Mwaniki	Member	Member			Member
Mr. Leonard Adhiambo	Member	Member			Member
Mr. Hezron Njoroge	Member	Member	Member		
Mr. Lazarus Munyao Mulwa	Member			Member	Member

The Board has a formal schedule of agenda items due for deliberations. The members of the Board are given appropriate and timely information to enable them to provide and maintain full and effective direction and control over strategic, financial and operational issues of KISEB. The Board is not involved in the conduct of day-to-day business as this is the responsibility given to the Secretary by law. During the year under review, the key areas of focus for the Board's activities and topics discussed during were on the following matters:

- Recruitment of the Secretary and Chief Executive Officer
- Recruitment of the Deputy Director in charge of Internal Audit
- Approved the audited financial statements for the year ended 30th June 2022
- The Board further considered and approved the unaudited quarterly financial statements
- Reviewed and approved the strategic initiatives and financial plans for the year under review
- Approved the 2023/2024 budget and monitored KISEB performance against the approved budget.
- Reviewed and monitored the litigation cases and their liability to KISEB
- Received a report on the board evaluation.
- Reviewed organisational policies such as ICT Policy, Data Protection Policy, Communication Policy

Curriculum Development, Examination and Quality Assurance (CDEQA) Committee

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

CDEQA Committee			
Name	Role	Appointment Date	Attendance registers 2022/23
Ms Linda Susan Ingari	Chairperson	28 th May 2020	4/4
Prof. Urbanus Mutwiwa	Member	2 nd October 2020	4/4
Dr Gillian Mwaniki	Member	28 th July 2020	3/4
Mr. Leonard Adhiambo	Member	28 th July 2020	1/4
Mr. Hezron Njoroge	Member	28 th July 2020	4/4

Corporate Services Committee

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

Corporate Services Committee			
Name	Role	Appointment Date	Attendance 2022/23
Mr. Mark Kanda	Chairman	28 th May 2020	3/4
Ms Pauline Opiyo	Member	28 th July 2020	4/4
Mr. Hezron Njoroge	Member	28 th July 2020	4/4
Mr. Peter Njoroge	Member	28 th May 2020	2/4
Ms Linda Susan Ingari	Member	28 th July 2020	4/4

Marketing, Accreditation and Resource Mobilisation (MARM) Committee

MARM Committee consists of five members all of whom are non-executive members of the Board. The main focus of the committee is to raise KISEB's relevance and visibility to

Management Structure

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

Internal Controls

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

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

Conduct of Business and Performance Reporting

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

Compliance with Laws

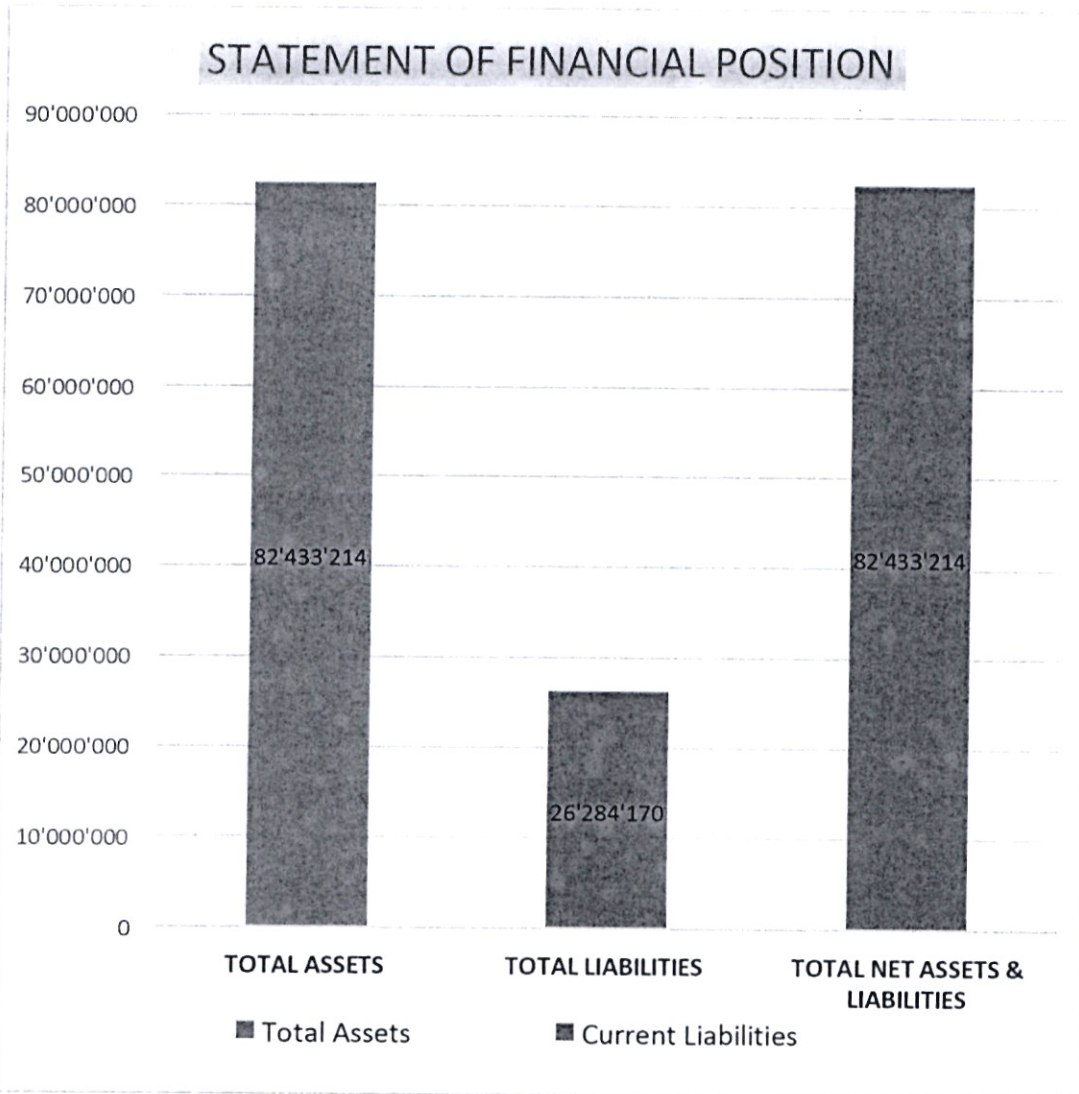
As at the end of the financial year 2022/2023, the Board is satisfied that to the best of its knowledge, the organization has complied with all applicable laws and that business was conducted in accordance with the set laws and regulations. No Board member or employee acted or committed any indictable offence under the Anti-Corruption laws nor has any Board member or employee been involved or been used as conduit for money laundering or any other activity incompatible with the relevant laws. The requirements of the *Mwongozo* guidelines have been complied with. The Board members are updated on changes in laws and regulations, policies, and practices through facilitation to attend relevant seminars and conferences for effective and efficient management of the Board.

Ethics and Code of Conduct

KISEB Board members and employees are expected to act with integrity, courtesy and equity in all their dealings with each other and with all our stakeholders as guided by KISEB Board

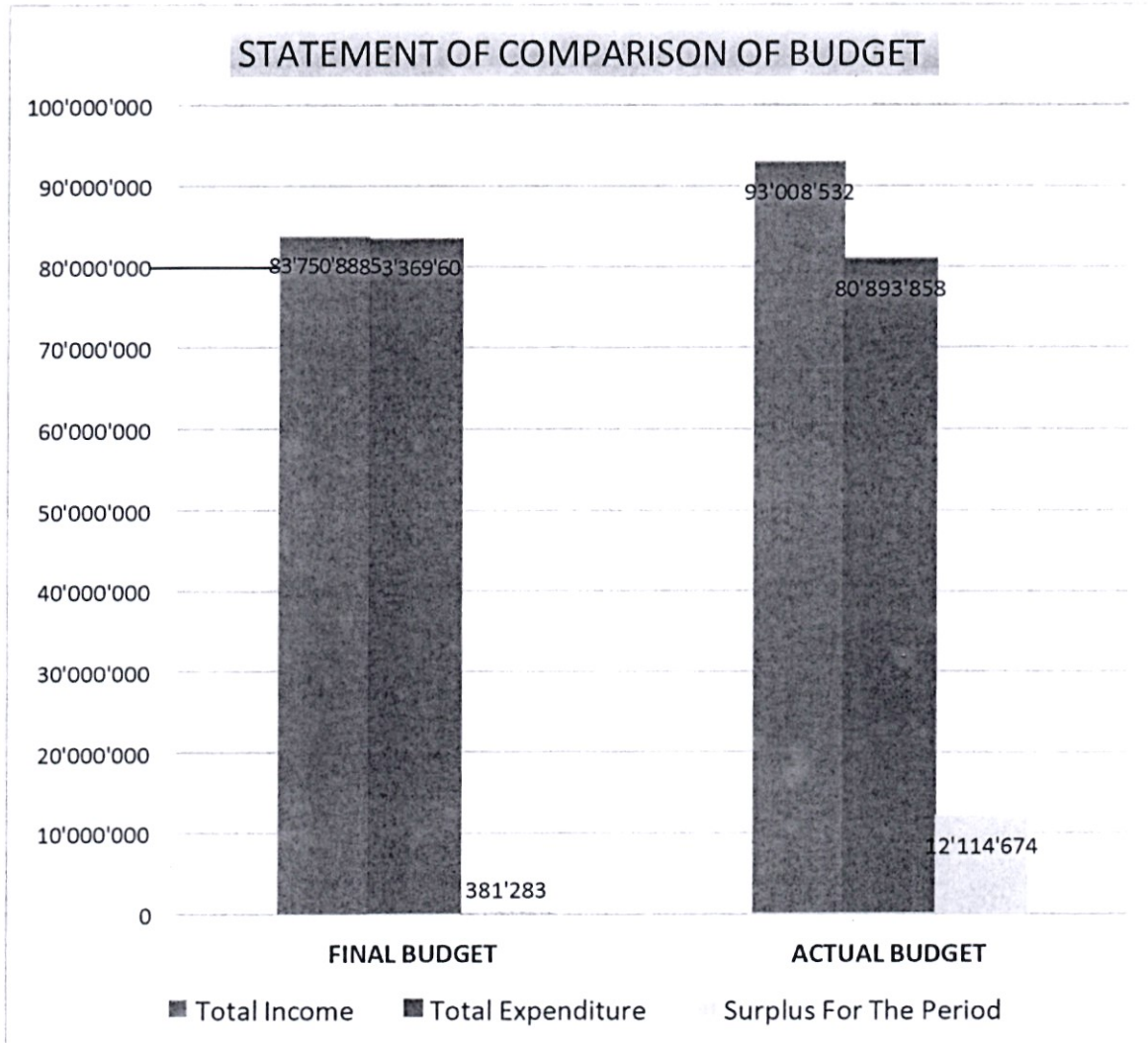
b) KISEB's operational and financial performance

As at 30th June 2023 the Board's assets had grown to Kshs 82,433,214. In the same year KISEB received revenues from CPSP-K registration fees, examinations fees, exemption fees and annual renewal fees totalling Kshs 44,096,409. The summary of the financial position as at 30th June is shown in the bar chart below.



(d) Budget Utilization

The income received during the period is Kshs 93,008,532 and the expenditure is Kshs 80,893,858 thus achieving an accounting surplus of Ksh 12,114,674. The comparative between the budget and the actual performance is shown in the bar chart below.



(e) KISEB’s compliance with statutory requirements

All statutory compliance and requirements have been complied with. Kenya Institute of Supplies Examination Board was able to remit all statutory deductions namely PAYE, NSSF, NHIF and withholding taxes.

that create uncertainty. The mitigation strategies that have been put in place include; an endeavour by the Board to have a clear understanding of the its mandate amongst the internal and external stakeholders, development of service charter and sharing it with all the stakeholders, rebranding, implementation of customer feedback, signing of MOU's with strategic stakeholders, communicating and enforcing the Board's code of conduct and ethics, and, developing and implementing the anti- corruption and whistle blowing policy.

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

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

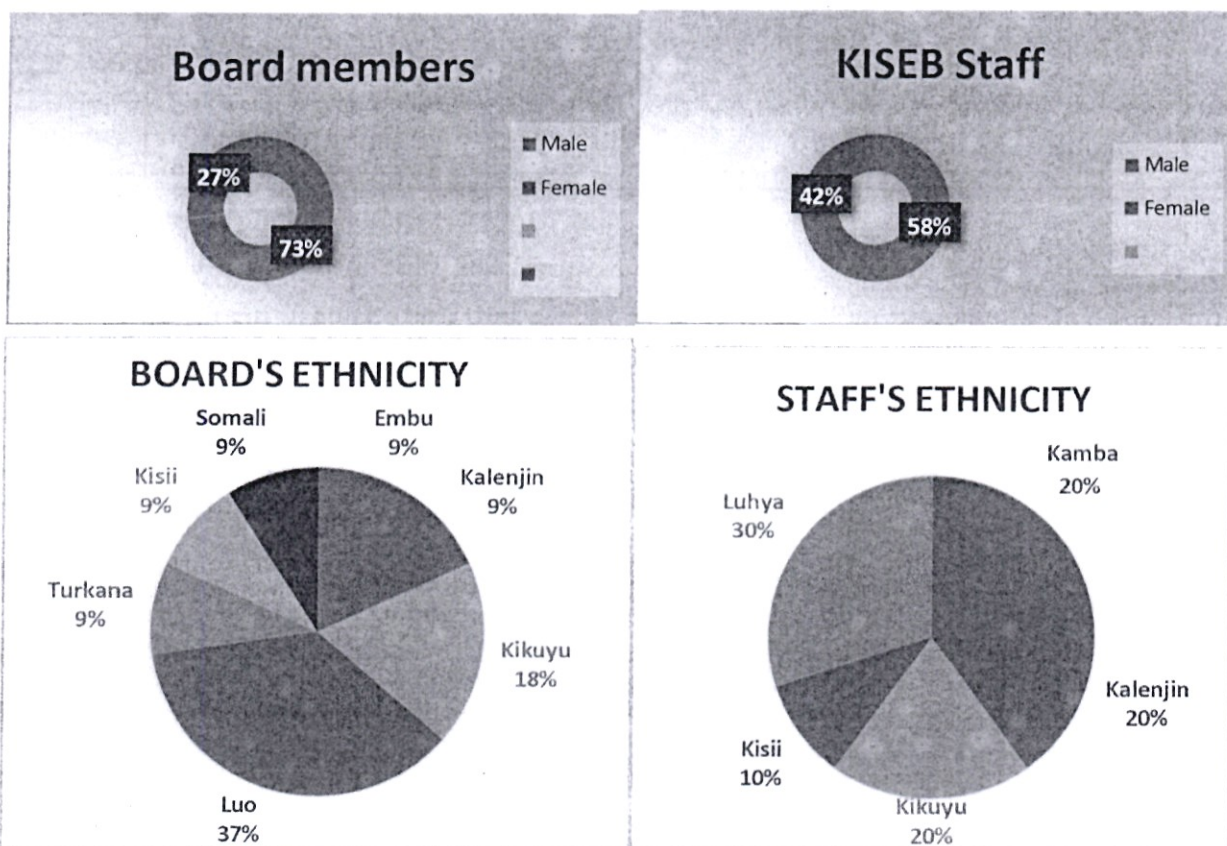
vi) Governance Risks: The risk mitigation measures on this risk include signing of the Board charter, strategic leadership and management training programs, Professional trainings for various professionals within the Board; and, Board of Directors training on Corporate Governance and Risk Management.

h) Material arrears in statutory/financial obligations

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

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

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



iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

KISEB is a political organisation that respects all aspects of human rights. The Board has several policies such as human resource policy and procedure manual that guide against corruption, discrimination and abuse of power. KISEB commits to ethical marketing of its products and services.

b) Responsible Supply chain and supplier relations

In line with the procurement regulatory framework and policy, all suppliers are treated fairly at all stages of the procurement process. This means being open with all suppliers on the procedures, timescales, requirements, and criteria for selection amongst others. KISEB discourages the unfair use of buying power or influence. KISEB does not tolerate corruption in any form (direct or indirect). Our vendors are paid within 21 days upon verification of all the documents.

Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.



12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, -Section 27 of Supplies Practitioners Management Act, 2007 (require the Directors to prepare financial statements in respect of that KISEB, which give a true and fair view of the state of affairs of the KISEB at the end of the financial year/period and the operating results of the KISEB for that year/period. The Directors are also required to ensure that KISEB keeps proper accounting records which disclose with reasonable accuracy the financial position of the KISEB. The Directors are also responsible for safeguarding the assets of the KISEB.

The Directors are responsible for the preparation and presentation of the KISEB's financial statements, which give a true and fair view of the state of affairs of the KISEB for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the KISEB; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the KISEB; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the KISEB's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) the Supplies Practitioners Management Act 2007. The Directors are of the opinion that the KISEB's financial statements give a true and fair view of the state of KISEB's transactions during the financial year ended June 30, 2023, and of the KISEB's financial position as at that date.

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

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

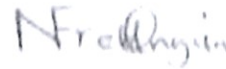
Approval of the financial statements

Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.

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



Name: Amos Ochieng
Chairman of the Board



Name: Fred Ongisa, PhD, CP3P
Chief Executive Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF SUPPLIES EXAMINATION BOARD FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Institute of Supplies Examination Board set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2023, and statement of financial performance, statement of cash flows, statement of changes in net assets, statement of comparison

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

In my opinion, the financial statements present fairly, the financial position of the Kenya Institute of Supplies Examination Board as at 30 June, 2023, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Public Finance Management Act, 2012 and the Supplies Practitioners Management Act, 2007.

Basis for Conclusion

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amount of Kshs.83,750,885 and Kshs.93,008,532 respectively resulting to an over performance of Kshs.9,257,647 or 11% of the approved budget. Similarly, the Board spent Kshs.80,893,858 compared to approved budget of Kshs.83,369,602 resulting to under absorption of Kshs.2,475,744 or 3% of the budget.

2. Trade and Other Payables Balance

The statement of financial position and Note 20 to the financial statements reflects a balance of Kshs.26,284,170 in respect of trade and other payables for which no explanation was given for failure to settle. Failure to settle bills in the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs as the pending bills form the first charge.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-compliance with Budget Ceiling on Board Expenses

The statement of financial performance reflects Board expenses totalling Kshs.10,608,069 which is thirteen percent (13%) of the total expenditure of Kshs.84,611,131 contrary to Circular no. OP/CAB.9/1A on Management of State Corporations which requires that Board expenses for a financial year be capped at Kshs.30 million or 5% of the operations and maintenance budget of the state corporation whichever is less and that any exceeding budget shall require the approval of the Cabinet Secretary for The National Treasury. Although Management explained that during the year, the Board was required to approve several policies including implementation of human resources policies, recruitment of the Chief Executive Officer and to administer examinations three times which required board approval, no approval from the Cabinet Secretary of The National Treasury was provided.

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

2. Unbalanced Budget

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.83,750,885 and final expenditure budget of Kshs.83,369,602 resulting to budget surplus of Kshs.381,283 contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 on budget guidelines which provides that at all times during budget formulation and approval the budget shall be balanced.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me

to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, GBS
AUDITOR-GENERAL

Nairobi

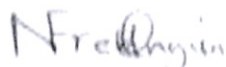
13 February, 2024

Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.

14. Statement of Financial Performance for the year ended 30 June 2023

	Notes	2022-2023	January 2021- June 2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Government grant	6	48,125,000	50,000,000
Other grants-from KISM		-	18,540,801
		48,125,000	68,540,801
Revenue from exchange transactions			
Examination fees	7	44,096,409	33,759,925
Other income	8	787,123	-
Total revenue		93,008,532	102,300,726
Expenses			
Use of goods and services	9	51,970,384	44,403,768
Employee costs	10	18,257,904	18,781,998
Board expenses	11	10,608,069	11,738,733
Depreciation and amortization expense	12	3,717,273	954,429
Repairs and maintenance	13	57,501	-
Total expenses		84,611,131	75,878,928
Surplus for the period		8,397,401	26,421,798

The notes set out on pages 7 to 35 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Fred Ongisa, PhD, CP3P
Chief Executive Officer
Date:15th September,2023



Abigael Chesir
ICPAK M/No:31040
15th September,2023



Amos Ochieng
Chairman of the Board
15th September,2023

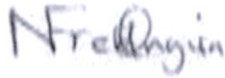
Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.

15 Statement of Financial Position as at 30 June 2023

	Notes	2022-2023	January 2021- June 2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	46,552,664	40,294,309
Accounts receivable	15	6,201,881	735,282
Inventories	16	1,298,763	661,111
Funds Due from KISM	17	9,361,071	9,361,071
Total Current Assets		63,414,379	51,051,773
Non-current assets			
Property, plant and equipment	18	11,716,613	4,805,278
Intangible assets	19	7,302,222	4,800,000
Total Non-Current Assets		19,018,835	9,605,278
Total assets		82,433,214	60,657,051
Liabilities			
Current liabilities			
Trade and other payables	20	26,284,170	17,519,808
Non-current liabilities			
Total liabilities		26,284,170	17,519,808
Net assets			
Reserves	21	11,968,774	7,354,374
Accumulated surplus		44,180,270	35,782,869
Total net assets		56,149,044	43,137,243
Total net assets and liabilities		82,433,214	60,657,051

Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2023.

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



Fred Ongisa, PhD, CP3P

Abigael Chesir

Amos Ochieng

Chief Executive Officer

ICPAK M/No:31040

Chairman of the Board

Date: 15th September, 2023 **Date: 15th September, 2023** **Date: 15th September, 2023**

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

Description	Retained earnings	Reserves	Total
	Kshs	Kshs	Kshs
As at January 1, 2021	9,361,071	-	9,361,071
Surplus for the year	26,421,798	-	26,421,798
As at June 30, 2022	35,782,869	7,354,374	43,137,243
As at July 1, 2022	35,782,869	7,354,374	43,137,243
Additions	-	4,614,400	4,614,400
Surplus for the year	8,397,401	-	8,397,401
As at June 30, 2023	44,180,270	11,968,774	56,149,044

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

	Notes	2022-2023	January 2021- June 2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	48,125,000	50,000,000
Other grants-from KISM		-	18,540,801
Examination fees	7	44,096,409	33,759,925
Other income	8	787,123	-
Total receipts		93,008,532	102,300,726
Payments			
Use of goods and services	9(a)	49,310,273	28,280,353
Employee costs	10	18,257,904	18,781,998
Board expenses	11	10,608,069	11,738,733
Repairs and maintenance	13	57,501	-
Total payments		78,233,747	58,801,084
Net cash flows from operating activities		14,774,785	43,499,642
Cash flows from investing activities			
Purchase of PPE and intangible asset	17(a)	(8,516,430)	(3,205,333)
Net cash flows used in investing activities		(8,516,430)	(3,205,333)
Cash flows from financing activities			
Net cash flows used in financing activities		-	
Net increase/(decrease) in cash and cash equivalents		6,258,355	40,294,309
Cash and cash equivalents at period start	14	40,294,309	-
Cash and cash equivalents at Period end	14	46,552,664	40,294,309

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs	Kshs
	a	b	C=(a+b)	d	e=c-d	F=d/c*100
Revenue						
Government grant	48,750,000	-	48,750,000	48,125,000	625,000	99
Examination fees	34,329,885	-	34,329,885	44,096,409	(9,766,524)	128
Other income	671,000	-	671,000	787,123	(116,123)	117
Total revenue	83,750,885	-	83,750,885	93,008,532	(9,257,647)	111
Expenses						
Employee cost	19,804,476	-	19,804,476	18,257,904	1,546,572	92
Use of goods and services	52,528,925	-	52,528,925	51,970,384	558,541	99
Board expenses	10,936,201	-	10,936,201	10,608,069	328,132	97
Repairs and maintenance	100,000	-	100,000	57,501	42,499	58
Total expenditure	83,369,602	-	83,369,602	80,893,858	2,475,744	97
Surplus for the period	381,283	-	381,283	12,114,674		
Capital expenditure	30,346,049	-	30,346,049	9,930,830	20,415,219	33

Budget notes

a) Government grant

The Board did not receive the full exchequer for Q4 of FY 2022/2023. The Board received exchequer of 10,625,000 against expectation of 11,875,000.

b) Repairs and maintenance

The variance is due to less than anticipated repair works during the year.

c) Capital expenditure

The funds were for partitioning of office space at KISM Towers 10th floor but the procurement process had not been completed by 30th June, 2023.

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Kenya Institute of Supplies Examination Board 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 Kenya Institute of Supplies Examination Board.

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 period 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 2023.*

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

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the KISEB.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the KISEB's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

Notes to the Financial Statements (Continued)

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 KISEB.</p> <p>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,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

iii. Early adoption of standards

KISEB did not early – adopt any new or amended standards in the financial year 2022-2023

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

- a) Revenue recognition
- i) Revenue from non-exchange transactions

Fees

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

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

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

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 KISEB.

Interest income

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

b) Budget information

The original budget for FY 2022/2023 was approved on 15th July 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by KISEB upon receiving the respective approvals in order to conclude the final budget.

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

Notes to the financial statements (continued)

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

Notes to the financial statements (continued)

Summary of Significant Accounting Policies (Continued)

a) Financial assets

Classification of financial assets

KISEB 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.

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.

Notes to the financial statements (continued)

Summary of Significant Accounting Policies (Continued)

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.

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

KISEB assesses, 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Financial liabilities

Classification

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

e) 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 KISEB.

Notes to the financial statements (continued)

Summary of Significant Accounting Policies (Continued)

f) Provisions

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

g) Contingent liabilities

KISEB 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.

h) Contingent assets

KISEB 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 KISEB 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.

i) Nature and purpose of reserves

KISEB creates and maintains reserves in terms of specific requirements.

j) Changes in accounting policies and estimates

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

Notes to the financial statements (continued)

Summary of Significant Accounting Policies (Continued)

k) Employee benefits

Retirement benefit plans

KISEB provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an KISEB pays fixed contributions into a separate KISEB (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the

current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

l) Related parties

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

m) Service concession arrangements

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

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, KISEB 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)

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of KISEB 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:

Notes to the financial statements (continued)

Summary of Significant Accounting Policies (Continued)

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. KISEB based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of. 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 KISEB.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2022-2023	January 2021- June 2022
	KShs	KShs
Unconditional grants		
Operational grant	48,125,000	50,000,000
Other grants	-	18,540,801
Total government grants	48,125,000	68,540,801

Note:

Other grants of 18,540,801 is the amount which KISM catered for on behalf of KISEB in the FY 2021/2022.

7. Examination Fees

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
APS-K examination fees	267,800	93,000
CPSP-K examination fees	26,334,684	21,836,100
APS-K registration fees	650,000	90,500
CPSP-K registration fees	8,052,000	4,991,500
Annual renewal fees	1,330,800	2,200,100
Re-instatement fees	22,000	11,000
Exemption fees	7,061,500	4,535,250
Deferral fees	145,125	2,475
Credit Transfer fees	232,500	-
Total	44,096,409	33,759,925

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

8. Other Income

Description	2022-2023	January 2021- June 2022
	KShs	
Other income	787,123	-
Total other Income	787,123	-

9. Use of Goods and Services

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
Internet	849,136	128,104
Local travel	1,003,982	408,553
Conferences and workshops	-	1,640,520
Professional subscription	47,500	54,069
Staff Training expenses	578,920	-
Fuel expenses	300,000	-
Strategic stakeholders' engagement	6,750,330	-
Service contracts	1,953,534	-
Professional levy	13,228,922	10,093,778
Telephone expenses	71,550	17,000
Postages expenses	67,540	49,975
Car Hire / Taxi	-	28,500
Publicity and advertisement expenses	3,639,291	3,249,911
Newspapers and periodicals	-	320,508
Bank charges	84,474	171,344

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Consultancy general expenses	-	775,000
Printing and stationeries expenses	739,104	2,590,832
Occupational audit expenses		88,400
Miscellaneous expenses	-	165,020
Office expenses	-	1,318,596
Printing of syllabus expenses	-	22,600
Marketing & PR expenses	3,688,438	729,449
Other levies	-	317,238
Examination setters' expenses	2,023,000	4,819,877
Examination markers expenses	4,292,179	4,892,630
Examination moderators' expenses	2,356,785	5,083,504
Content writer expenses	1,310,000	2,660,000
Printing examination expenses	653,893	527,665
Exam administration expense	6,835,840	2,598,300
Printing certificate expenses	1,340,887	1,155,678
Curriculum expenses	-	156,717
Other expenses	-	290,000
Motor vehicle insurance	155,079	-
Repairs and maintenance	-	50,000
Total	51,970,384	44,403,768

Notes to the Financial Statements (Continued)

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

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
Use of goods and services	(51,970,384)	(44,403,768)
Inventories	(637,652)	(661,111)
Receivables	(5,466,599)	(735,282)
Deferred income	2,961,470	-
Trade and other payables	5,802,892	17,519,808
Total	(49,310,273)	(28,280,353)

10. Employee Costs

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
Basic salary	11,484,329	14,988,395
House allowances	200,500	-
Commuter allowance	24,000	-
Acting allowance	487,500	341,250
NSSF employer contribution	113,400	17,000
Pension employer contribution	561,770	214,283
NITA expense	7,150	-
Staff subsistence allowance	-	548,500
Other allowances	1,205,170	831,173
Staff welfare expenses	2,279,397	591,914
Staff medical and group Life	1,894,688	1,249,483
Total	18,257,904	18,781,998

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

11. Board Expenses

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
Board members training	1,970,212	698,528
Board members local travel	628,381	619,120
Board members welfare expenses	-	56,110
Board members conferences	234,300	529,350
Board members accommodation	-	3,914,650
Board members other related expenses	-	2,168,334
Sitting allowance	6,220,000	2,880,000
Honoraria	880,000	640,000
Mileage	620,176	192,641
Telephone allowance	55,000	40,000
Total	10,608,069	11,738,733

12. Depreciation and Amortization Expense

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
Computer and hardware	1,512,722	817,120
Office printers	167,885	121,250
Furniture and fittings	124,520	4,884
Office equipment	142,535	11,175
Motor vehicles	1,071,833	-
Enterprise Resource Planning	697,778	-
Total	3,717,273	954,429

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

13. Repairs and Maintenance

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
Repairs and maintenance	57,501	-
Total	57,501	-

14. Cash and Cash Equivalents

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
National bank current account	21,148,544	31,350,370
National bank collection account	103,428	112,068
National bank call account	20,787,123	-
M-Pesa paybill account	4,513,569	8,831,871
Total	46,552,664	40,294,309

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022-2023	January 2021- June 2022
		Kshs	Kshs
a) Current Account			
National bank current account		21,148,544	31,350,370
National bank collection account		103,428	112,068
M-Pesa paybill account		4,513,569	8,831,871
b) On - Call Deposits			
National bank call account		20,787,123	-
Grand Total		46,552,664	40,294,309

Notes to the Financial Statements (Continued)

15. Receivables from Exchange Transactions
 (a) Receivables from Exchange Transactions

Description	2022-2023	January 2021- June 2022
	Kshs	KShs
Accounts receivable	6,201,881	735,282
Total	6,201,881	735,282

b) Ageing analysis for Receivables from exchange transactions

Description	2022-2023		January 2021- June 2022	
	Kshs		Kshs	
Less than 1 year	5,466,599	88%	735,282	100%
Between 1- 2 years	735,282	12%	-	-
Total (a+b)	6,201,281	100%	735,282	100%

16. Inventories

Description	2022-2023	January 2021- June 2022
	KShs	KShs
Consumables stores	1,298,763	661,111
Total	1,298,763	661,111

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

17. Funds Due from KISM

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

18. Property, Plant and Equipment

	Motor Vehicles	Furniture and fittings	Computers and hardware	Office Equipment	Office Printers	Total
Cost		Shs	Shs	Shs	Shs	Shs
As at 1st January 2021	-	-	-	-	-	-
Additions	-	468,863	3,733,076	1,072,768	485,000	5,759,707
Disposal	-	-	-	-	-	-
As at 30th June 2022	-	468,863	3,733,076	1,072,768	485,000	5,759,707
As at 1st July 2022	-	468,863	3,733,076	1,072,768	485,000	5,759,707
Additions during the year	5,144,800	1,251,350	3,470,880	63,800	-	9,930,830
Disposals	-	-	-	-	-	-
As at 30th June 2023	5,144,800	1,720,213	7,203,956	1,136,568	485,000	15,690,537
Depreciation						
As at 1st Jan 2021	-	-	-	-	-	-
Charge for the year	-	4,884	817,120	11,175	121,250	954,429
As at 30th June 2022	-	4,884	817,120	11,175	121,250	954,429
As at 1st July 2022	-	4,884	817,120	11,175	121,250	954,429
Charge for the year	1,071,833	124,520	1,512,722	142,535	167,885	3,019,495
As at 30th June 2023	1,071,833	129,404	2,329,842	153,710	289,135	3,973,924
Net Book Values						
As at 30th June 2022	-	463,979	2,915,956	1,061,593	363,750	4,805,278
As at 30th June 2023	4,072,967	1,590,809	4,874,114	982,858	195,865	11,716,613

Notes to the Financial Statements (Continued)

18 (a) Cash flows on Purchase of Property plant and equipment

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
PPE	9,930,830	5,759,707
Intangible assets	3,200,000	4,800,000
Asset donated / purchased by 3 rd parties	(4,614,400)	(7,354,374)
Total cash on PPE acquisitions	8,516,430	3,205,333

18 (b) Property, Plant and Equipment at Cost

Description	Cost	Accumulated Depreciation	NBV
	KShs	KShs	KShs
Furniture & fittings cost	1,720,213	129,404	1,590,809
Office equipment cost	1,136,568	153,710	982,858
Computer and hardware cost	7,203,956	2,329,842	4,874,114
Office printers	485,000	289,135	195,865
Motor vehicle	5,144,800	1,071,833	4,072,967
Total	15,690,537	3,973,924	11,716,613

Notes to the Financial Statements (Continued)

19. Intangible Assets

Intangible assets comprises of Enterprise Resource Planning used by the Board in its operations.

Description	2022-2023	January 2021- June 2022
	Kshs.	Kshs.
Cost		
At beginning of the period	4,800,000	4,800,000
Additions	3,200,000	-
Disposal	-	-
At end of the period	8,000,000	4,800,000
Amortization and impairment		
At beginning of the period	-	-
Amortization	-	-
At end of the year	697,778	-
Impairment loss	-	-
At end of the period	697,778	-
Net book value	7,302,222	4,800,000

20. Trade and Other Payables

Description	2022-2023		January 2021- June 2022	
	Kshs		Kshs	
Trade payables	23,322,700		12,003,870	
Withholding tax payable	-		523,188	
Deferred income	2,961,470		4,992,750	
Total	26,284,170		17,519,808	
Ageing analysis: (Trade and other payables)	Period ended 30th June 2023	% of the Total	Comparative period prior year for Eighteen months	% of the Total
	Under one year	16,190,392	62%	17,519,808
	1-2 years	10,093,778	38%	-
	Total (tie to above total)	26,284,170	100%	17,519,808

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

21. Reserves

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
Asset grants	11,968,774	7,354,374
Total	11,968,774	7,354,374

Note:

The asset grants amount of 11,968,774 includes 8,000,000 for Enterprise Resource Planning, 2,284,400 for Computers, 485,000 for Office printer and 1,199,374 for Servers and Peripherals.

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

22. Cash Generated from Operations

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
Surplus for the year before tax	8,397,401	26,421,798
Adjusted for:		
Depreciation and amortization	3,717,273	954,429
Working capital adjustments		
Increase in inventory	(637,652)	(661,111)
Increase in receivables	(5,466,599)	(735,282)
Increase in deferred income	2,961,470	-
Increase in payables	5,802,892	17,519,809
Net cash flow from operating activities	14,774,785	43,499,643

i) Credit risk

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

Notes to the Financial Statements (Continued)

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023				
Receivables from exchange transactions	6,201,881	6,201,881	-	-
Bank balances	46,552,664	46,552,664	-	-
Total	52,754,545	52,754,545	-	-
As at 30 June 2022				
Receivables from exchange transactions	735,282	735,282	-	-
Bank balances	40,294,309	40,294,309	-	-
Total	41,029,591	41,029,591	-	-

Financial Risk Management

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

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

Notes to the Financial Statements (Continued)

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023				
Trade payables	16,190,392	-	10,093,778	26,284,170
Total	16,190,392	-	10,093,778	26,284,170
As at 30th June 2022				
Trade payables	-	-	-	17,519,808
Total	-	-	-	17,519,808

iii) Market risk

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

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

Notes to the financial statements (continued)

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

a) Foreign currency risk

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

Financial Risk Management

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

b) Interest rate risk

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

The interest rate risk exposure in the period under review was not realized or recognized since KISEB did not have any interest earning deposits invested.

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

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

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

iv) Capital Risk Management

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

Description	2022-2023	January 2021- June 2022
	Kshs	Kshs
Retained earnings	8,397,401	26,421,798
Capital reserve	11,968,774	7,354,374
Total Funds	20,366,175	33,776,172
Total borrowings	Nil	Nil
Gearing	Nil	Nil

23. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

24. Events after the Reporting Period

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

25. Ultimate And Holding Entity

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

26. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Lack of internal audit function	The Board recruited the Deputy Director in charge of Internal Audit	Resolved	

N. Fralhyin

C.E.O

Date: 15th September, 2023

Kenya Institute of Supplies Examination Board
Annual Reports and Financial Statements
for the year ended June 30, 2023.

Appendix II: Projects implemented by KISEB

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

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)
Nil	Nil	Nil	Nil	Nil	Nil	Nil