

REPUBLIC OF KENYA



Enhancing Accountability

REPORT NATIONAL ASSEMBLY
PAPERS LAID

DATE: 22 JUL 2006

DAY.

TUESDAY.

TABLED
BY:

LEADER OF MAJORITY

CLERK-AT
THE-TABLE:

HZOFU MWALE

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE OF SUPPLIES
MANAGEMENT**

**FOR THE YEAR ENDED
31 DECEMBER, 2004**



KENYA INSTITUTE OF SUPPLIES MANAGEMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31ST DECEMBER 2024

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



**Kenya Institute of Supplies Management
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For the Year ended 31st December, 2024**

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1. Acronyms, Abbreviations, and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
CPA	Certified Public Accountant
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KISM	Kenya Institute of Supplies Management
MoU	Memorandum of Understanding
OAG	Office of the Auditor-General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
RACI	Responsible, Accountable, Consulted, and Informed
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SPMA	Supplies Practitioners Management Act
TNT	The National Treasury

B: Glossary of Terms

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

Comparative Year- Means the prior period.

Statutory Committee – These are committee established by the enabling legal instrument ie SPMA Act 2007



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2. KEY INSTITUTE INFORMATION AND MANAGEMENT

A) BACKGROUND INFORMATION

The Institute is established under section 3 of the Supplies Practitioners Management Act, 2007. The Institute is domiciled in Kenya and headquartered in Nairobi, at its offices in KISM Towers located along Ngong Road.

B) PRINCIPAL ACTIVITIES

The principal activities of the Institute are grounded on the mandate found in section 5 of the Supplies Practitioners Management Act, 2007. The mandate comprises of the following:

- a) Establish, monitor, improve and publish the standards of the supplies practitioner's profession and safeguard the interest of all supplies practitioners;
- b) Make provision for the training and instruction of persons seeking registration under this Act;
- c) Recommend to the Minister for the time being responsible for education institutions to be approved for training of persons seeking registration under this Act;
- d) Advise the Examinations Council on matters relating to examination standards and policies;
- e) Have regard to the conduct of persons registered and licensed under this Act, and take such disciplinary measures as may be necessary to maintain a proper standard of conduct among such persons;
- f) Perform such other functions as may be necessary for the proper administration of this Act.

Vision of the Institute

Competent and ethical Supply Chain Management Practitioners.

Mission of the Institute

To train, register, license, discipline and regulate supply chain management practitioners.

Core Values

- a) Integrity
- b) Fairness
- c) Transparency
- d) Accountability
- e) Professionalism
- f) Inclusivity
- g) Innovation



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C) KEY MANAGEMENT

The Kenya Institute of Supplies Management day-to-day management is under the following key organs:

D) COUNCIL

As provided for in Section 4 of the Supplies Practitioners Management Act, 2007, the Council is composed of the Chairperson; the Principal Secretary in the Ministry of Finance; the Director General, Public Procurement and Regulatory Authority (PPRA); and six other members elected by members of the Institute.

E) FIDUCIARY MANAGEMENT

The Key Management Personnel who held office during the financial year ended 31st December 2024 and had direct fiduciary responsibility were:



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MANAGEMENT

SN	DESIGNATION	NAME
1	Chief Executive Officer Ag. Chief Executive Officer	Kenneth Matiba, MBS, MKISM 10th April 2024 to date CPA Nicholas Wafula – from 1 st January 2024 to 9th April 2024
2	Director, Corporate Services	CHRP Naomi Jelimo from 11th March 2024 to date
3	Corporation Secretary & Director Legal Services	CS Serah Okumu – from 1st Jan to 30th June 2024
4	Director, Standards and Compliance	Ms. Mary Mutugi, OGW from 25th March 2024 to date
5	Director, Capacity Development and Accreditation	Dr. Ezekiel Chichir from 11th March 2024 to date
6	Registrar	Dr. Martin Gachukia from Jan 2024 to 9th August 2024
7	Deputy Director, Strategy, Planning and Research	Dr. Edwin Wanyonyi from 1st March 2024 - 31st Dec 2024
8	Deputy Director, Marketing and Communication	Ms. Ruth Randa from 25th March 2024 to date
9	Deputy Director, Finance and Accounts	CPA Nicholas Wafula
10	Deputy Director HR and Administration	CHRP Stella Geoffrey
11	Deputy Director, Internal Audit	CPA Douglas Gikunda from 1st Jan to 30th March 2024 CPA Alphonse Otachi from 10th July 2024 to date
12.	Deputy Director Supply Chain Management	Mr. Chilion Ogol



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F) FIDUCIARY OVERSIGHT ARRANGEMENTS

The fiduciary oversight of the Institute is undertaken by the Council through the following Committees:

Committees of the Council

a) *Audit and Risk Management Committee*

This committee is responsible for all oversight and audit and risk management issues of the Institute.

b) *Professionals Standards Committee*

This is the technical committee of the Institute responsible for all member related issues.

c) *Strategy Committee*

This Committee is responsible for oversight over the Institute strategic plan.

d) *Corporate Affairs Committee*

This Committee is responsible for corporate affairs oversight of the Institute.

The SPMA 2007 provides under section 15 and 22 for statutory committees to provide oversight over the registration and disciplinary matters involving members.

Statutory Committees

a) *Registration Committee*

This committee is responsible for receiving, reviewing and approving applications for registration and licensing of members of the Institute in accordance with section 15(3) of the SPMA 2007.

b) *Disciplinary Committee*

This committee is responsible for receiving and investigating complaints against supplies practitioners in accordance with section 22(4) of the SPMA, 2007.

G) ENTITY HEADQUARTERS

KISM Towers, 12th Floor
Ngong Road, Off Ngong Lane
P.O Box 30400 - 00100
Nairobi Kenya

H) ENTITY CONTACTS

Cellphone: +254 111 024 800
Email: admin@kism.or.ke
Website: www.kism.or.ke



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I) ENTITY BANKERS

1. Standard Chartered Bank
Westlands Branch
Woodvale Groove
P.O. Box 14438-00800, NAIROBI
Tel:4443018/2/20,4448956
2. National Bank of Kenya
Ngong Road Branch
P.O Box 72866-00200, NAIROBI
Tel. No. 020-282 8900 | 0703 088 900 | 0732 118 900
3. Ecitizen
NRB Headquarters NSSF Building, Block 'B' 8th floor
Bishops Road.
P.O Box 57007-00200, Nairobi

J) INDEPENDENT AUDITORS

Auditor-General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084 – 00100, NAIROBI
Telefax: 020311482: Tel. 020 342330
Email: oag@oagkenya.go.ke
Website: www.kenao.go.ke





K) PRINCIPAL LEGAL ADVISOR

The Attorney General
Office of the Attorney General & Department of Justice
Sheria House, Harambee Avenue
P.O. Box 40112-00100
Nairobi, Kenya







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3. COUNCIL MEMBERS

#	Council Members	Profiles
1.	 Mr. John Karani Council, MBS, MKISM – Chairman	<p>Mr. Karani is a seasoned Pan African Supply Chain professional with over 30 years' experience in major blue-chip multinationals among them Coca-Cola Africa, Wrigley's East Africa, Glaxo-Smithkline, Diageo, Kenya Cooperative Creameries and Kenya Meat Commission. He is a Board Member/Chairman of several public & private sector organizations. He is currently a Supply Chain Consultant with several Regional & International Organizations. He is the Chairman of the Council. He holds a BA-Economics, MBA, MKISM, MCIPS, C-MILT, AoEC.</p>
2.	 Ms. Maryanne Kuvochi Karanja, MKISM Council Member	<p>Ms. Maryanne is a business leader with over 20 years of track record in Supply Chain and Business strategy development and execution support across Africa. Worked with cross-functional-multi-cultural teams and in matrix organizational structures and developed an appreciation of management of multidisciplinary and diverse teams. She holds B. Com (Finance & Banking major), an MBA (Henley, UK), is a Fellow of CIPS (UK) with an Accountancy qualification, CPA (K). She is a member of the Institute of Directors of Kenya (IOD) and the Women on Boards Network (WOBN). She is the Chairperson Disciplinary Committee.</p>
3.	 Moses A. Omondi, MKISM, CMILT Council Member	<p>Mr. Omondi has over 25 years' experience in SCM. He is the previous Head of SCM at Intercontinental Hotel & Group Procurement Manager Access Kenya Group. He also served in Daystar University and Tibbet & Britten Africa (now DHL SCM). Serves as International Consultant with various development agencies, (past & present) UNCTAD, ESDA, USDA, IGAD, CDE amongst others. He is the Chairman of the Registration Committee. He holds an MSc. (Proc), C-MILT, ITC, MKISM.</p>
4.	 Jeremiah K. Nthusi, OGW, MKISM Council Member	<p>Mr. Nthusi is a seasoned SCM practitioner with over 30 years of experience in Financial Management, Strategic Management, Procurement & Logistics Management. He is also a Certified Trainer of Trainers. He is currently the Director, SCM at the Judiciary. Previously worked at the University of Nairobi, KNBS, Ministry of Finance and in the private sector. He is pursuing a PhD in SCM. He is the Chairman of the Strategy Committee of the KISM Council. He holds a BCom, MSc Proc & Logistics, MBA, MCIPS, MKISM. He holds Strategic Leadership Development Qualifications from Strathmore University and Kenya School of Government among others.</p>





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#	Council Members	Profiles
5.	 CPSP Jeniffer Cirindi, MKISM Council Member	<p>Ms. Jeniffer is a qualified supply chain professional, highly impactful leader, CP3P, member of CIPS UK with over 19 years' experience in supply chain management and Public Finance Management. She is currently the Procurement and Supplies Manager at the Kenya Ports Authority. She is the Chairperson of the Professional Standards Committee. She holds a Bachelor of Education degree and an MBA.</p>
6.	 Fidel Muema, MKISM Council Member	<p>Mr. Muema has over 9 years of experience in Procurement & Supply Chain Management and is currently the Head of Procurement at Makueni County Government. He is the winner of the KISM Best Supply Chain Research Paper Award 2022, a mentor, coach and a champion to ensure inclusivity in all sectors. He holds a Bachelor of Science degree in Purchasing and Supplies Management (First Class Honours), an MSc in Procurement and Logistics, PhD Supply Chain Management (Finalist) and a Diploma in Procurement and Supply CIPS-UK. He is a licensed professional and is the Chairman of the Audit & Risk Management Committee.</p>
7.	 Mark Kanda, MKISM Council Member	<p>Mr. Kanda is a public procurement practitioner with over 20 years of experience in SCM in a higher institution of learning (JKUAT) and in the water sector. He is currently the Head of Procurement at the Lake Victoria North Water Works Development Agency. He holds a Master's Degree in Procurement and Logistics from JKUAT and Bachelor's degree in Purchasing and Supplies Management from Moi University. He chairs the Corporate Affairs Committee. He was a Founder Member of the Board of Directors of the Kenya Institute of Supplies Examination Board (KISEB).</p>
8.	 Henock Kirungu, MKISM Council Member/PPRA	<p>Mr. Kirungu has over 25-years' experience in public procurement and in the public service and was involved in the development of Kenya's public procurement and asset disposal system through initiating, implementing and enforcing public procurement laws, policies, strategies and guidelines at different dispensations. He holds a Bachelor of Commerce degree, a Diploma in Supplies Management and an MBA.</p>



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#	Council Members	Profiles
9.	 Martin Ainea Omuse Council Member/CS National Treasury	<p>Mr. Omuse has vast experience in auditing having worked for over 10 years as National Treasury Sub-County Internal Auditor. Currently he is the Deputy Accountant General working with the National Treasury in the Department of National Assets and Liabilities (NALM). He holds a Master Degree in Business Administration (BBM) from Masinde Muliro University. He is also has undergone training under strategic leadership, senior management and a member of the following professional bodies, ICPAK, IIA, KIM, CFE.</p>
10.	 Kenneth Matiba, MBS, MKISM Chief Executive Officer/ Council Secretary	<p>Mr. Matiba is a dynamic Supply Chain Professional with a foundational leadership background and a sterling 15 years of experience, spread locally, regionally, and internationally. He is the Secretary to the Council and the Accounting Officer of the Institute. He has previously worked at the Office of the Auditor-General, German Development Cooperation, Ethics and Anti-Corruption Commission, Kenya Industrial Estates Limited among others. Currently, he is a Supply Chain Management (PhD) Candidate. He holds a Master Science Degree in Procurement & Logistics, First Class Honours Bachelor of Science Degree in Supply Chain Management among others. He holds several professional qualifications in Forensic Investigations, Logistics and Transport, Strategic Management, Resource Mobilization among others. He is a Member of KISM, KIM and IRSK among others.</p>







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4. MANAGEMENT TEAM

Ref	Management	Details
1.		Kenneth Matiba, MBS, MKISM Mr. Matiba is a dynamic Supply Chain Professional with a foundational leadership background and a sterling 15 years of experience, spread locally and internationally. He is the Secretary to the Council and the Accounting Officer of the Institute. He has previously worked at the Office of the Auditor-General, German Development Cooperation, Ethics and Anti-Corruption Commission, Kenya Industrial Estates Limited among others. Currently, he is a Supply Chain Management (PhD) Candidate. He holds a Master Science Degree in Procurement & Logistics, First Class Honours Bachelor of Science Degree in Supply Chain Management among others. He holds several professional qualifications including in Strategic Leadership Development Program, Forensic Investigations, Logistics and Transport, Strategic Management, Resource Mobilization among others. He is a Member of KISM, KIM and IRSK among others.
2.		CHRP Naomi Jelimo Director, Corporate Services. She has MBA - Strategic Management, Bachelor Degree in Agribusiness Management, Post Graduate Diploma in Human Resource Management, Certified Human Resource Professional (CHRP). A Licensed member of the Institute of Human Resource Management. She has over 20 years' experience.
3.		CS Serah Esendi Okumu Corporation Secretary and Director, Legal Services. She has Master of Laws (LLM), Post-graduate Diploma in Law (KSL) and Bachelor of Laws. A licensed member of the Law Society of Kenya and the Institute of Certified Secretaries with over 15 years' experience.
4.		Ms. Mary Mutugi, OGW Director, Standards and Compliance. She has a Masters of Arts (International Conflict Management), Bachelor of Law, Post Graduate Diploma in Law. A Licensed member of the Law Society of Kenya with over 15 years' experience in development of standards and regulatory compliance.







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Ref	Management	Details
5.		Dr. Ezekiel Chirchir (PhD) Director, Capacity Development and Accreditation. He has a DhP in Business Management (Strategic Management), MBM (Purchasing & Supplies Management), Bachelor of Business Management (Purchasing & Supplies Option) and Diploma in Business Administration. A certified member of Kenya Institute of Supplies Management and Kenya Institute of Management.
6.		Dr. Martin Gachukia (PhD) The Institute's Registrar. He has PhD (Supply Chain Management), Msc in Procurement and Logistics, Bachelor in Philosophy. He is a licensed member of Kenya Institute of Supplies Management.
7.		Dr. Edwin Wanyonyi (PhD) Deputy Director Strategy, Planning and Research. He has PhD in Business Administration, MBA, Bachelor of Business Administration (Accounting). A member of Kenya Institute of Management and Kenya Association of Fundraising Professional Members.
8.		Ms. Ruth Randa Deputy Director, Marketing and Communication. She has MBA (Strategic Management), Bachelor of Business Management in Marketing, Post Graduate Diploma in Human Resource. A member of the Public Relations Society of Kenya.
9.		CPA. Nicholas Wafula Otsieno Deputy Director, Finance and Accounts. He is a holder of Bachelor of Commerce (Finance), Certified Public Accountant (K) and a full member of ICPAK and IIAK.



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Ref	Management	Details
10.		CHRP Stella Mutanu Deputy Director HR and Administration. MBA (Human Resource Management), BCOM, Certified Human Resource Professional (CHRP) and Diploma in Information Studies. She is a full member of IHRM with a Practicing license.
11.		CPA. Douglas Gikunda Deputy Director, Internal Audit. He holds an MBA (Strategic Management), Bachelor's degree - Economics & Finance, Certified Public Accountant (K). He is a full member of ICPAK and IIAK.
12.		CPA. Alphonse Otachi Deputy Director, Internal Audit. He holds an MSc in Finance, Bachelor of Business & Management (Banking and Finance), Certified Public Accountant(K) and Certified Information Systems Auditor. He is a full member of ICPAK, IIA and ISACA.
13		Chilion Ogol Deputy Director Supply Chain Management. MSC Procurement and Logistics, Bachelor of Business Administration (Marketing), Diploma in Purchasing & Supplies Management, CIPS. He is a licensed member of KISM and Associate member CIPS, UK.



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5. CHAIRMAN'S STATEMENT

The Kenya Institute of Supplies Management (KISM) remains the national professional body for procurement and supply chain management practitioners in Kenya. Established under the Supplies Practitioners Management Act No. 17 of 2007, the Institute continues to uphold professional standards, ethics, and excellence in the industry. The financial statements provide a transparent and objective assessment of the Institute's performance, highlighting key achievements and challenges encountered over the past year. This report offers a structured financial perspective on the strides made in fulfilling KISM's mandate in the financial year 2024. It outlines the impact of the Council and Statutory Committees, operational and governance performance, and significant activities undertaken by Management. The Council's Audit and Risk Committee, along with the Finance, Corporate Affairs, and Human Resource Committee, has played a critical role in providing internal assurance on the execution of the seven strategic pillars outlined in our Strategic Plan. Additionally, the Internal Audit function, under the oversight of the Audit and Risk Committee, continues to assess the Institute's financial, operational, compliance, and risk management controls.

In the financial year 2024, KISM made significant strides in advancing its mandate, with notable achievements across key strategic pillars. Membership growth and licensing saw remarkable progress, with registered members increasing by 11% to 25,053 and licensed practitioners rising by 22% to 4,744. Automation of membership services, introduction of e-certificates, and improved online engagement—marked by a 211% rise in followers—enhanced efficiency and accessibility. Additionally, the Institute strengthened professional discipline by enforcing the Code of Ethics and Standards of Professional Practice, leading to improved accountability and compliance awareness. Regulatory functions were further reinforced through the introduction of the 2024 CPD Guidelines, Disciplinary Investigations Manual, and Disciplinary User Guide, ensuring standardized governance and case-handling procedures.

Professional capacity-building remained central, with 67 in-person training programs attended by 5,765 professionals, 14 virtual programs with 1,635 participants, and 45 in-house specialized training sessions reaching 1,666 professionals. The review of CPD Guidelines ensured alignment with industry trends and statutory requirements, supporting continuous professional development. These achievements underscore KISM's commitment




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to excellence, financial prudence, and sustained value delivery to its members and stakeholders. The Institute remains dedicated to enhancing governance, regulatory compliance, and professional growth within the supply chain management sector.

Financial sustainability remained a key priority, with a 25% increase in revenue growth, driven by membership fees, licensing, and workshops. Events such as the Heads of Procurement Forum and the National Dialogue, attended by key industry leaders, contributed to the Institute’s financial surplus. However, challenges such as pending bills from the KISM Towers project required strategic financial management to mitigate financial strain. Institutional strengthening efforts included the operationalization of the College of Supply Chain Management, governance policy enhancements, ICT system upgrades, and strategic partnerships with regional and international organizations. Benchmarking with institutions such as IHRM, ICPAK, ICS, and IFPSM facilitated the adoption of best practices, while collaborations with SIDA, Malawi Institute of Procurement, and EACC expanded KISM’s influence.

In 2024, KISM demonstrated resilience and commitment to strengthening Kenya’s procurement and supply chain profession, achieving significant milestones in membership growth, regulatory compliance, financial sustainability, and professional development. Despite challenges such as regulatory setbacks and financial obligations, the Institute remains confident that strategic initiatives will drive sustained growth, operational efficiency, and enhanced service delivery. The Council remains dedicated to advancing the profession, advocating for industry best practices, and positioning KISM as a regional leader. We appreciate the continued support of our members, stakeholders, and partners as we forge ahead.

John Karani, MBS, MKISM, MCIPS
Council Chairperson

Sign 

Date..... 27/06/2025



6. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Kenya Institute of Supplies Management (KISM) is a pivotal institution in the field of procurement and supply chain management in Kenya. Its mandate is derived from the Supplies Practitioners Management Act No. 17 of 2007, which was enacted to regulate the practice and ensure the professionalism of supply chain practitioners in the country. The Institute plays a crucial role in regulating and advancing the procurement and supply chain profession in Kenya. Established under the Supplies Practitioners Management Act No. 17 of 2007, KISM is entrusted with setting and enforcing standards for the industry, ensuring that procurement professionals are well-equipped with the necessary skills and knowledge to uphold integrity and efficiency in their practices.

The institute provides certification, continuous professional development, and a framework for ethical conduct within the field. By fostering professionalism and adherence to best practices, KISM contributes to the effective management of resources and sustainable development in Kenya's public and private sectors.

In the year 2024, the Institute continued to play a pivotal role in enhancing and sustaining the standards and practices of supply chain management within the country. As the professional body responsible for regulating and developing the supply management profession in Kenya, KISM focused on strengthening its educational programs, with its product offering carefully selected to advance training and certification courses that equipped professionals with the necessary skills to navigate the evolving landscape of supply chain operations. The institute also expanded its advocacy efforts, working closely with government agencies and industry stakeholders to promote best practices and ethical standards in procurement and supply management. Additionally, KISM hosted several conferences and workshops, fostering a platform for knowledge exchange and networking among supply chain professionals. These initiatives not only contributed to raising the



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profile of supply management as a critical component of economic growth but also reinforced KISM's commitment to its credo in advancing the profession and enhancing service delivery across various sectors.

As we present the annual report and financial statements for the Institute, I am filled with immense pride in our collective achievements over the past year. Despite a challenging global environment and geopolitical tensions, we take pride in our demonstrated collective resilience, innovation, and steadfast commitment to excellence in the management of the Institute's affairs.

This year, we have made significant strides in enhancing our professional development programs, ensuring our members are equipped with cutting-edge skills and knowledge to navigate the complexities of modern supply chains. Our initiatives in digital transformation have further strengthened our capacity to deliver value to our stakeholders and adapt to the rapidly evolving industry landscape.

Our financial performance reflects prudent management and strategic investments aimed at long-term sustainability and growth. We have achieved a solid financial position, enabling us to continue our mission in advancing the supply management profession in Kenya and beyond.

I extend my heartfelt gratitude to our dedicated staff, board members, and partners for their unwavering support and commitment. Together, we will continue to elevate the standards of supply chain management and drive impactful change in the communities we serve.

Kenneth Matiba MBS, MKISM
Secretary/Chief Executive Officer

Sign 

Date..... 



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7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024

The strategic plan is outlined into strategic initiatives/activities under the various strategic objectives that are aligned to respective strategic focus areas. Each strategic initiative will be defined with a clear RACI to ensure proper accountability in the implementation, monitoring and evaluation, and follow-up.

- 1 Strategic Focus Area 1: Ensure seamless onboarding of members
- 2 Strategic Focus Area 2: Membership Discipline
- 3 Strategic Focus Area 3: Regulation of Practitioners
- 4 Strategic Focus Area 4: Membership Welfare and Advocacy
- 5 Strategic Focus Area 5: Financial Sustainability
- 6 Strategic Focus Area 6: Institutional Strengthening
- 7 Strategic Focus Area 7: Training and Professional Capacity Development

KISM develops its annual work plans based on the above strategic plan 2020 to 2024 whose pillars are indicated above. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. KISM achieved its performance targets set for the FY 2024 period for its 2020 - 2024 strategic pillars.

i) PROGRAMME AND PERFORMANCE REVIEW 2024

The table below presents the performance of each functional and strategic business unit over the period. The report outlines the performance based on key outputs and performance indicators of programmes and sub- programmes against the planned targets. It also analyzes the financial performance and assesses the status of implementation on construction of KISM Towers for the Institute for the period under review.

In the year 2024, the Institute had set various targets as key performance indicators as indicated below



Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Output	Impacts
Pillar 1: Ensure seamless onboarding of members	1) Growth in membership and licensed practitioners	a. Increased membership registration to 16,000 b. Number of licensed members c. Member retention rate d. Automation of member process e. Updated member register	a. Member recruitment Initiatives and outreaches b. Students visit c. Branding and Marketing d. Sensitization Workshops e. Member TAT f. E-membership certificates, cards, and licenses g. Published member register	a. Growth of membership base from 22,474 (in 2023) to 25,053 (in 2024), translating to 11% growth. b. Growth of members licensed from 3,845 to 4,932, translating to 28% growth c. Online followers grew from 11000 to 23,211 translating to 211%, thus improving brand visibility d. Realtime access to services as a result of the automated membership services
	2) Sustained compliance levels	a. Membership registration and licensing policy	a. Membership registration and licensing policy	a. Transparency in the registration and licensing process b. Aligns membership and licensing with legal and industry-specific requirements. c. Online authentication of member Certificates, Cards and Licenses



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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Output	Impacts
Pillar 2: Membership Discipline	Enforce compliance to Disciplinary Policy, Code of Ethics, Regulations Guidelines and Standards of Professional Practice	<ul style="list-style-type: none"> a. No. of cases investigated b. Member compliance report c. Number of advisories issued 	<ul style="list-style-type: none"> a. Investigation reports, b. Letters to all MDAC c. Sensitization reports, d. Implementation of the Code of Ethics and Disciplinary Policy and Procedures, Standards of Professional Practice, e. Advisories to recruiting agencies; 	<ul style="list-style-type: none"> a. Strengthened Professional Discipline (Investigation reports) b. Improved Member Accountability as a result of implementation of the code of ethics, disciplinary policy and procedures and standards of professional practice c. Increased Awareness and Compliance through sensitization
Pillar 3: Regulation of Practitioners	Safeguard the public interest through regulation	<ul style="list-style-type: none"> a. Standards of Professional Practice; b. Legal regime 	<ul style="list-style-type: none"> a. CPD Guidelines, 2024 b. Disciplinary Investigations Manual c. Disciplinary User Guide 	<ul style="list-style-type: none"> a. Standardized professional practice b. Improved compliance and governance c. Strengthened the disciplinary process with the introduction of a disciplinary investigation manual to streamline case handling, investigations and enforcement. d. Increased awareness and accessibility with the disciplinary user guide



Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Output	Impacts
Pillar 4: Membership Welfare and Advocacy	Review the Institute's membership welfare and enhance the SCM Brand through strategic partnerships, devolution.	<ul style="list-style-type: none"> a. Number of members recognized; b. Number of corporate visits c. Sensitization on Compliance d. Regional Chapter policy 	<ul style="list-style-type: none"> a. Member recognition b. Corporate visits c. sensitization on Compliance d. Regional Chapter policy public participation e. Formation of the regional chapters 	<ul style="list-style-type: none"> a. Increased member engagement and recognition b. Strengthened corporate relation from the 17 corporate visits c. Facilitated public participation in the regional policy formation fostering inclusivity and industry collaboration. d. Decentralized services for accessibility of professional services from various regions
Pillar 5: Financial Sustainability	Enhance financial probity through revenue maximization and prudent utilization of resources	<ul style="list-style-type: none"> a. Grow income by 25% b. Absorption of the budget 	<ul style="list-style-type: none"> a. Diversified market and product portfolio; b. Partnerships c. Control costs and wastage reduction d. Risk management framework 	<ul style="list-style-type: none"> a. Increased revenue growth from membership, Licenses, and workshops b. sustained productivity levels and in keeping with the industry trends c. Enhanced business opportunities from both conventional and emerging markets to sustain the growth trajectories
Pillar 6: Institutional Strengthening	Strengthen the capacity of the institute in line with the relevant regulations to support the delivery	<ul style="list-style-type: none"> a. Level of implementation of governance instruments. b. Level of digitization and digitalization of the institute services c. Number of benchmarking reports 	<ul style="list-style-type: none"> a. Manuals and Governance instruments- Diversity and Inclusivity, Succession Planning Policy and Work-Life Balance Policy, Communication Policy 	<ul style="list-style-type: none"> a. Operationalization of all approved policies for operational efficiency and effectiveness b. Institute categorization and Implementation of the HR Instruments a. Onboarding best practices as a result of benchmarking locally with



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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Output	Impacts
	of its mandate.	<ul style="list-style-type: none"> d. Corporate Social Responsibility e. MoUs and Collaboration Agreements 	<ul style="list-style-type: none"> b. KISM College of Supply Chain Management operationalized c. MoUs and Collaboration Agreements d. Upgraded ICT System and purchase of ICT equipment and ERP system and automated membership services e. Staff recruitment 	<ul style="list-style-type: none"> IHRM, ICPAK, ICS, and internationally, IFPSM b. Improved organizational systems and management practices through Partnership/MOUs with SIDA, Malawi Institute of Procurement, CARRISCA, ICS, CiARB, EACC, Fortinus and KISEB c. Improved environmental sustainability and social well-being through tree planting programs
Pillar 7: Training and Professional Capacity Development	Develop Proficiency of the supply chain professionals	<ul style="list-style-type: none"> a. Number of hybrid training Programs b. Number of supply chain professionals trained c. Number of TNA reports d. Number of members issued minimum CPD hours 	<ul style="list-style-type: none"> a. Annual CPD calendar b. Reviewed CPD guidelines c. At least two specialized workshops organized d. Collaborative agreements and MOUs with professional bodies in the region and internationally e. Workshop surveys and performance reports 	<ul style="list-style-type: none"> a. Flexible learning options, 67 training programs held physically with 5,765 professionals trained and 14 held virtually with 1,635 professionals trained, increasing accessibility and inclusivity for professionals across various locations b. Diversification of training products and services to reach the 7 sectors. c. 45 inhouse training and specialized training with 1,666 professionals trained to meet industry-specific skills.



Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Output	Impacts
				<p>d. 67 training programs mounted across the country with a total participation of 5,763 professionals trained.</p> <p>e. Conducted 1 ToT session, strengthening the effectiveness and quality of training programs.</p> <p>f. Reviewed CPD guidelines as a standard for professional practice for practitioners to address emerging issues and align with Statutory requirements.</p>



8. CORPORATE GOVERNANCE STATEMENT

8.1 Role of the Council

Kenya Institute of Supplies Management is committed to the highest standards of corporate governance and ethics in the discharge of its functions. The Institute takes recognition of the various stakeholders including, and most importantly, its members and Government agencies, relating to its obligations as provided in the Supplies Practitioners Management Act, 2007. The Council is responsible for the overall governance of the Institute.

Mwongozo, The Code of Governance for State Corporations offers guidance on how the Council discharges its mandate at the Institute. These responsibilities relate to the proper conduct of Institute business, policy development, strategic planning, monitoring effectiveness and performance, finance, audit, human resource management, equality and diversity, member welfare, and the appointment of the Institute's Officers. The Council has the following committees: Audit and Risk Management Committee; Corporate Affairs Committee; Professional Standards Committee, and the Strategy Committee. The Committees report to the full Council through Committee Reports presented by the Chairpersons of the respective Committees. All resolutions of the Council are executed by the Council Secretary who is the Chief Executive Officer through the Institute's Management Team.

The current Council members term was effective from 24th January 2023. Further, the members of the various Committees of the Council rotated their memberships in various committees effective from November 2024.

8.2 Council Terms

S/N	COUNCIL MEMBER	POSITION	APPOINTMENT	EXIT	TERM
1.	Mr. John Karani, MBS	Chairman	24.01.23	23.01.26	3 years
2.	Mr. Moses Omondi	Elected Member			
3.	Mr. Jeremiah Nthusi				
4.	Ms. Maryanne Karanja				
5.	Ms. Jeniffer Cirindi				
6.	Mr. Mark Kanda				
7.	Mr. Fidel Muema				
8.	Mr. Henock Kirungu	PPRA Representative	14.01.20		
9.	Mr. Martin Omuse	The National Treasury Representative	01.08.22		



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8.3 COUNCIL COMMITTEES & MEMBERSHIP FY 2024

COUNCIL COMMITTEE	DESCRIPTION	MEMBERSHIP
<i>Corporate Affairs Committee</i>	This committee provides oversight of all Corporate Affairs of the Institute. It formulates and makes recommendations on budgets, asset management, financial management, human resources, legal affairs, information communication technology, Supply Chain Management and Marketing and Corporate Communication.	<p>From January 2024- October 2024</p> <ol style="list-style-type: none"> 1. Mr. Mark Kanda – Chairperson 2. Mr. Moses Omondi – Member 3. Mr. Martin Omuse – Member 4. Mr. Nicholas Wafula – Secretary (January 2024 – 10th April 2024) 5. Mr. Kenneth Matiba –Secretary (From 11th April, 2024) <p>From November 2024</p> <ol style="list-style-type: none"> 1. Mr. Moses Omondi – Chairperson 2. Mr. Martin Omuse – Member 3. Mr. Fidel Muema – Member 4. Mr. Kenneth Matiba - Secretary
<i>Professional Standards Committee</i>	This is the Committee responsible for promoting capacity development in the procurement and supply chain management profession by developing policies and providing oversight in training and research. It also assesses the syllabus, conducts equivalency and develops Continuous Professional Development (CPD) programs.	<p>From January 2024 - October 2024</p> <ol style="list-style-type: none"> 1. Ms. Jeniffer Cirindi - Chairperson 2. Mr. Fidel Muema – Member 3. Mr. Henock Kirungu – Member 4. Mr. Nicholas Wafula - Secretary (January 2024 - 10th April 2024) 5. Mr. Kenneth Matiba - Secretary (From 11th April 2024 <p>From November 2024</p> <ol style="list-style-type: none"> 1. Ms. Maryanne Karanja – Chairperson 2. Mr. Moses Omondi - Member 3. Mr. Jeremiah Nthusi, OGW - Member 4. Mr. Kenneth Matiba - Secretary
<i>Strategy Committee</i>	This Committee spearheads the oversight of the implementation of the strategic plan and overall performance management. It monitors key strategy matters of the Institute.	<p>From January 2024 - October 2024</p> <ol style="list-style-type: none"> 1. Mr. Jeremiah Nthusi, OGW – Chairperson 2. Mr. Mark Kanda – Member 3. Mr. Henock Kirungu – Member 4. Mr. Nicholas Wafula - Secretary (January 2024 - 10th April 2024) 5. Mr. Kenneth Matiba - Secretary (From 11th April 2024 <p>From November 2024</p> <ol style="list-style-type: none"> 1. Ms. Jeniffer Cirindi - Chairperson 2. Ms. Maryanne Karanja - Member 3. Mr. Henock Kirungu -Member 4. Mr. Kenneth Matiba - Secretary



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<p><i>Audit and Risk Management Committee</i></p>	<p>The committee has oversight over policies governing internal controls in all functions and processes. It develops audit strategies and enforces audit controls, reviews reports on internal audits then advises on appropriate interventions.</p>	<p>From January 2024- October 2024</p> <ol style="list-style-type: none"> 1. Mr. Fidel Muema – Chairperson 2. Ms. Maryanne Karanja – Member 3. Mr. Martin Omuse – Member 4. Mr. Alphonse Otachi - Secretary (as from July 2024) <p>From November 2024</p> <ol style="list-style-type: none"> 1. Mr. Jeremiah Nthusi, OGW - Chairperson 2. Mr. Martin Omuse - Member 3. Mr. Mark Kanda - Member 4. Mr. Alphonse Otachi - Secretary
<p><i>Full Council</i></p>	<p>The full Council membership responsible for approving policies and undertaking the oversight role in management of the Institute’s affairs.</p>	<ol style="list-style-type: none"> 1. Mr. John Karani, MBS – Chairperson 2. Mr. Moses Omondi - Member 3. Mr. Jeremiah Nthusi, OGW – Member 4. Mr. Mark Kanda - Member 5. Mr. Fidel Muema - Member 6. Ms. Maryanne Karanja - Member 7. Ms. Jeniffer Cirindi - Member 8. Mr. Henock Kirungu – Member <i>(Representative, DG PPRA)</i> 9. Mr. Martin Ainea Omuse - Member <i>(Representative, PS National Treasury)</i> 10. Mr. Kenneth Matiba, MBS - Secretary/CEO

8.4 STATUTORY COMMITTEES & MEMBERSHIP FOR THE FY 2024

COUNCIL COMMITTEE	DESCRIPTION	MEMBERSHIP
<p><i>Registration Committee</i></p>	<p>This committee has the mandate to receive and approve registration applications, grant practicing certificates and licenses, monitor compliance of professional standards, prescribe quality assurance regulations, and investigate members’ conduct.</p>	<ol style="list-style-type: none"> 1. Mr. Moses Omondi – Chair <i>(From January 2023 – October 2024)</i> 2. Mr. Mark Kanda – Chair <i>(From November 2024)</i> 3. Mr. Paul Nthiga - Member 4. Mr. Samson Mugwe - Member 5. Mr. Hosea Kemboi - Member 6. Ms. Joyce Simiyu - Member 7. Mr. Peter Ndung’u – Member 8. Ms. Mercy Mburugu – Member 9. Mr. Kenneth Matiba – CEO/Secretary



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COUNCIL COMMITTEE	DESCRIPTION	MEMBERSHIP
<i>Disciplinary Committee</i>	This committee receives and investigates complaints against supplies practitioners. It has the mandate to issue sanctions anticipated under the Act for professional misconduct, which include and are not limited to removal from the register, suspension of registration, revocation of practicing licenses of supplies practitioners or fines as provided for under the Act.	<ol style="list-style-type: none"> 1. Ms. Maryanne Karanja – Chairperson (<i>From January 2023 - October 2024</i>) 2. Mr. Fidel Muema – Chairperson (<i>From November 2024</i>) 3. Ms. Judith Chimau - Member 4. Mr. Samson Masila – Member 5. Mr. Evance Ongati - Member 6. Mr. Kennedy Ariembi - Member 7. Mr. Thomas Otieno – Member 8. Dr. Rebecca Mutia - Member 9. Mr. Paraag Devani - Member 10. Mr. Kenneth Matiba – Secretary

8.5 RELATED BOARD OF MANAGEMENT MEMBERSHIP FOR THE FY 2024

BOARD	DESCRIPTION	MEMBERSHIP
<i>Kenya College of Supply Chain Management Board</i>	The Board is responsible for overseeing the Kenya College of Supply Chain Management, which equips potential supply chain professionals with the skills and knowledge. It ensures that training meets regulatory standards, supports certification, helping to professionalize and regulate supply chain management.	From January 2024 to December 2024 <ol style="list-style-type: none"> 1. Mr. Jeremiah Nthusi OGW - Chairman 2. Mr. Jeniffer Cirindi - Member 3. Maryanne Karanja - Member 4. Dr. Harley Mutisya - Member 5. Dr. Caren Chepngetich - Member 6. Dr. Vincent Ochieng - Member Ms. Flormina Ngina - Member

8.5 KISM COUNCIL & COMMITTEES MEMBERSHIP FY 2024

A. KISM COUNCIL			
Total No. of Meetings			07
Name	Role	When Appointed	Meetings Attended
Mr. John Karani, MBS	Chairman	24.01.2023	7/7
Mr. Jeremiah Nthusi, OGW	Member	24.01.2023	7/7
Mr. Moses Omondi	Member	24.01.2023	7/7
Mr. Mark Kanda	Member	24.01.2023	7/7
Mr. Fidel Muema	Member	24.01.2023	7/7
Ms. Jeniffer Cirindi	Member	24.01.2023	7/7
Ms. Maryanne Karanja	Member	24.01.2023	7/7
Mr. Ainea Martin Omuse	Member	01.08.2022	7/7
Mr. Henock Kirungu	Member	24.01.2023	7/7
Mr. Nicholas Wafula	Secretary	24.06.2023	3/3
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	5/5



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C. PROFESSIONAL STANDARDS COMMITTEE

Total No. of Meetings			06
Name	Role	When Appointed	Meetings Attended
Ms. Jeniffer Cirindi	Chairperson	24.01.2023	5/5
Ms. Maryanne Karanja	Chairperson	01.11.2024	1/1
Mr. Henock Kirungu	Member	24.01.2023	5/6
Mr. Fidel Muema	Member	24.01.2023	5/6
Mr. Moses Omondi	Member	01.11.2024	1/1
Mr. Jeremiah Nthusi, OGW	Member	01.11.2024	1/1
Mr. Nicholas Wafula	Secretary	24.01.2023	3/3
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	3/3

B. CORPORATE AFFAIRS COMMITTEE

Total No. of Meetings			09
Committee Members	Role	When appointed	Meetings Attended
Mr. Mark Kanda	Chairman	24.01.2023	8/9
Mr. Moses Omondi	Chairman	01.11.2024	1/1
Mr. Moses Omondi	Member	24.01.2023	9/9
Mr. Ainea Martin Omuse	Member	01.08.2022	8/9
Mr. Fidel Muema	Member	01.11.2024	1/1
Mr. Nicholas Wafula	Secretary	24.06.2023	3/3
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	6/6

D. STRATEGY COMMITTEE

Total No. of Meetings			05
Name	Role	When Appointed	Meetings Attended
Mr. Jeremiah Nthusi, OGW	Chairman	24.01.2023	4/4
Ms. Jeniffer Cirindi	Chairperson	01.11.2024	1/1
Mr. Henock Kirungu	Member	24.01.2023	4/5
Mr. Mark Kanda	Member	24.01.2023	4/4
Ms. Maryanne Karanja	Member	01.11.2024	1/1
Mr. Nicholas Wafula	Secretary	24.01.2023	2/2
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	3/3

E. AUDIT & RISK MANAGEMENT COMMITTEE

Total No. of Meetings			03
Name	Role	When Appointed	Meetings Attended
Ms. Fidel Muema	Chairman	24.01.2023	3/3
Mr. Jeremiah Nthusi, OGW	Chairman	01.11.2024	-
Mr. Ainea Martin Omuse	Member	01.08.2022	3/3
Ms. Maryanne Karanja	Member	24.01.2023	2/3
Mr. Mark Kanda	Member	01.11.2024	-
CPA Douglas Gikunda	Member	24.01.2023	1/1
CPA Alphonse Otachi	Secretary	10.07.2024	2/2



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STATUTORY COMMITTEES

F. REGISTRATION COMMITTEE			
Total No. of Meetings			12
Name	Role	When Appointed	Meetings Attended
Mr. Moses Omondi	Chairman	24.01.2023	11/11
Mr. Mark Kanda	Chairman	01.11.2024	1/1
Mr. Samson Mugwe	Member	24.01.2023	5/8
Mr. Paul Nthiga	Member	24.01.2023	8/8
Mr. Hosea Kemboi	Member	24.01.2023	5/8
Ms. Joyce Simiyu	Member	24.01.2023	8/8
Mr. Peter Ndung'u	Member	24.01.2023	2/8
Ms. Mercy Mburugu	Member	24.01.2023	8/8
Chief Executive Officer/Registrar	Secretary	11.04.2024	6/8

G. DISCIPLINARY COMMITTEE			
Total No. of Meetings			09
Name	Role	When Appointed	Meetings Attended
Ms. Maryanne Karanja	Chairperson	24.01.2023	5/9
Mr. Fidel Muema	Chairman	01.11.2024	-
FCPA/FCS Paraag Devani	Member	24.01.2023	9/9
Ms. Judith Chimau	Member	24.01.2023	9/9
Mr. Samson Masila	Member	24.01.2023	9/9
Mr. Kennedy Ariembi	Member	24.01.2023	8/9
Mr. Evance Ongati	Member	24.01.2023	9/9
Prof. Lawrence Gumbe	Member	24.01.2023	5/9
Mr. Thomas Otieno	Member	24.01.2023	7/9
Dr. Rebecca Mutia	Member	24.01.2023	8/9
Mr. Nicholas Wafula	Secretary	24.01.2023	1/1
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	8/8

F. KENYA COLLEGE OF SUPPLY CHAIN MANAGEMENT SCHOOL BOARD			
Total No. of Meetings			4
Name	Role	When Appointed	Meetings Attended
Jeremiah Nthusi	Chairman	24.01.2024	4/4
Jeniffer Cirindi	Member	24.01.2024	4/4
Maryanne Karanja	Member	24.01.2024	4/4
Dr. Harley Mutisya	Member	24.01.2024	4/4
Dr. Caren Chepngetich	Member	24.01.2024	4/4
Dr. Vincent Ochieng	Member	24.01.2024	4/4
Flormina Ngina	Member	24.01.2024	4/4
Kenneth Matiba	Secretary	10.04.2024	3/4



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8.6 ROLES AND FUNCTIONS OF THE COUNCIL AND ITS COMMITTEES

The roles and functions of the Council are centered on Strategic Direction, Corporate Affairs, Research, Education, Financial and Capital Oversight, Ethical Standards, Corporate Governance and Regulatory Compliance, Risk Oversight and Stakeholder Management. The Council Committees have been apportioned the above roles to ensure that the Council delivers on its mandate.

8.7 BOARD REMUNERATION

The Council receives remuneration as per the set Government Guidelines. During FY2024, Council members were paid sitting, subsistence, and travel allowances as per the Government-approved rates.

8.8 BOARD EVALUATION

Good corporate governance requires the Council to conduct an annual performance self-evaluation. In line with *Mwongozo*, the Code of Governance for State Corporations, the Council must also submit this evaluation to the parent Ministry and the State Corporations Advisory Committee (SCAC). The Council's performance self-evaluation for the 2023/2024 financial year was carried out in collaboration with SCAC in August 2024. The process involved a self/peer review where each Council Member assessed the Council, the Chairperson, the CEO, the Corporation Secretary, and the Internal Auditor. The responses were analysed to generate mean scores for each rated item, and the findings were compiled and presented accordingly.

	Name	Position	Date of Appointment	Date of Expiry of Term	Raw Score	% Score
1	Mr. John Ndiwa Karani, MBS	Chairman	2023-01-24	2026-01-23	4.5875	91.75
2	CPA Ainea Martin Omuse	Member	2022-08-01	2026-01-23	4.6700	93.38
3	Mr. Fidel Muema Peter	Member	2023-01-24	2026-01-23	3.8900	77.88
4	Mr. Henock Korosso Kirungu	Member	2023-01-27	2026-01-23	4.4431	88.75
5	Ms. Jeniffer Cirindi	Member	2023-01-24	2026-01-23	4.0300	80.50
6	Mr. Jeremiah Kiiro Nthusi, OGW	Member	2023-01-24	2026-01-23	4.5200	90.38
7	Mr. Mark Kanda	Member	2023-01-24	2026-01-23	4.4444	88.88
8	Ms. Maryanne Karanja	Member	2023-01-24	2026-01-23	4.5000	90.00
9	Mr. Moses Allan Omondi	Member	2023-01-24	2026-01-23	4.6400	92.75
10	Mr. Nicholas Wafula	Ag. CEO / Secretary	2023-06-26	2024-04-08	3.8905	77.81
11	CS Serah Esendi Okumu	CS			4.3583	87.16
12	CPA Douglas Mung'atia Gikunda	IA	2021-02-02	2028-03-31	4.9778	99.55
CORPORATE FULL BOARD PERFORMANCE					4.6200	92.40



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9. MANAGEMENT DISCUSSION AND ANALYSIS

Registration Of Members

KISM was instrumental in positioning procurement in the procurement law of 2015, and periodically writes to organizations to advise on reporting relationships and structure for procurement organizations. This ongoing profiling of procurement supports growth in Membership. The full Member category grew from 7,342 to 8,668 members.

Licensing Of Practitioners

Licensing promotes recognition of the authority of procurement professionals in organizations. It elevates the procurement role and contributes to the regulation of procurement practice. Between 2023 and 2024, the number of licensed practitioners grew from 3,845 to 4,932.

Opportunities For Licensed Firms and Individuals

Organizations continue to approach the Institute to avail to them of the lists of licensed firms. Organizations also request lists of Licensed individuals and those who wish to provide advisory services to entities are encouraged to register their interest to do so with the institute. This is part of a wider acceptance and compliance of the PPADA.

CPD Workshops

Currently, KISM mounts between twenty and twenty-five workshops annually. During the year, the institute held 22 workshops which had 4,097 participants, 14 webinars with 1,635 participants, and 45 inhouse training sessions with 1,666 participants.

SECTION A: THE ENTITY FINANCIAL AND OPERATIONAL PERFORMANCE

KPI'S	2024	2023	EXPLANATION
GOK Grants	65.5M	49.08M	The recurrent grant increased by 32% which was towards development expenditure to support the closure of the long outstanding contractor dues
World Bank Support	52.4M	-	The Institute received support from the World Bank through the State Department of Roads to enhance its capacity and modernize its working tools
Membership Income	61.43M	50.03M	The increase of 20% in membership income was attributed to increased uptake of the licenses and new registration. However, retention remains the challenge to ensure 100% compliance
Workshop Income	269.38M	215.4M	There was an increase of 20% due to increased marketing of CPD training that resulted in having more attendance in all training as compared to 2023. This was also bolstered by the good attendance of the National Dialogue
Rental Income	16.76M	20.03M	There was a decrease as a result of revenue recognition, with the Institute as the landlord recognizing rent and property managers managing the service charges for all related common area costs
Council Expenses	24.73	32.57M	There was a decrease of 25% due to rationalization efforts in line with the best practices on the Council activities and the separation of Statutory committees from the Council



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KPI'S	2024	2023	EXPLANATION
Employment costs	71.26MM	41.37M	The increase of 72% was occasioned by the recruitment of additional staff to the institute.
Use of Goods and Services	206.1M	161.83M	The increase of 27.3% was occasioned by increased activities in the Institute supporting revenue-generating activities
Trade Payables	341.37M	308.05M	The increase is due to the prepayments from customers, occasioning increased trade payables. Despite the reduced pending bills due to contractors, from the certified final accounts, the rest of the pending bills grew in line with the growing business
Non-Current Assets	1,249.2M	1248.1M	Whereas the decrease was occasioned by the wear and tear and depreciation of the building, which earlier was not subject to depreciation due to its completion stage, the Institute was a recipient of World Bank support of Ksh 52M
Trade Receivables	264.7M	168.8M	The increased receivables resulted from several customers from the public sector who attended the last quarter's events, including the National Dialogue on Credit. The measures, including support from the Directorate of Government Public Enterprises, have been put in place to ensure the debts are fully collected
Cash and Bank Balances	92.08M	76.8M	The liquidity levels are a result of continued support from the GoK which supported the settlement of the pending bills due to building contractors.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

The Institute has been actively integrating sustainability into its strategic framework, recognizing the critical role that sustainable supply chain management plays in fostering economic, environmental, and social well-being. As part of its sustainability strategy, KISM emphasizes the importance of ethical sourcing, resource efficiency, and reducing the carbon footprint associated with procurement processes. The institute encourages its members and associated organizations to adopt green procurement practices, which involve selecting products and services that have minimal environmental impact. Additionally, KISM provides education and training programs aimed at enhancing the sustainability skills of procurement professionals, ensuring they are equipped to implement sustainable practices effectively. By promoting policies that support sustainable development, KISM is positioning itself as a leader in advocating for responsible supply chain management, thereby contributing to Kenya's broader sustainability goals.

ii) Environmental performance

The Institute has been actively enhancing its environmental performance by integrating sustainable practices into its operations. As a leading institution in the supply chain management sector, KISM recognizes the critical importance of reducing environmental footprints and promoting eco-friendly initiatives. The institute has implemented comprehensive waste management strategies, emphasizing recycling and waste reduction to minimize landfill contributions.



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Through workshops and training programs, KISM educates its members on the significance of sustainability in supply chains, fostering a culture of environmental responsibility. By continuously evaluating and improving its environmental practices, KISM aims to set a benchmark for sustainability in the supply chain industry in Kenya and beyond. Adoption of vendors who subscribed to environmental sustainability. Hotels are required as part of the requirements during sourcing to supply products in both biodegradable and reusable bottles. Participation in the National Tree Planting Initiative.

iii) Employee welfare

At the Institute, Staff welfare is a top priority to ensure a healthy, motivated, and productive workforce. The institute offered a range of welfare programs designed to support employees both personally and professionally. These included comprehensive healthcare plans and opportunities for professional development through training and workshops. KISM recognizes the importance of career growth and has a Career guideline that offers clear pathways for advancement within professions and the organization.

Additionally, the Institute has continuously held wellness programs both online and physical, including medical camps on Lifestyle Diseases, Stress Management and Mental Health, Cancer awareness, and Screening, among others. KISM prioritized staff engagement and open communication to ensure employees feel valued and heard. Staff meetings with the CEO, sessions, and team-building events were organized to promote collaboration and a sense of community among staff.

KISM also places a strong emphasis on ensuring that staff members have a safe and conducive work environment. This included providing ergonomic office setups, maintaining cleanliness, and enforcing health and safety standards that align with the OSH Act. Furthermore, the Institute understands the importance of diversity and inclusion, ensuring equal opportunities for all employees regardless of their background. Special initiatives aimed at promoting gender equality, inclusivity, and fairness are regularly implemented.

iv) Marketplace practices

a) Responsible Competition Practice

The Institute ensures that there is healthy competition among its supply chain practitioners through the standards and guidelines of practice. In 2023, the Court reaffirmed the Institute's mandate in the offering of training programs, alongside external trainers who may be vetted and accredited to offer training programs, thus allowing for a diverse training pool and allowing for competition in the offering of CPDs. Additionally, the Institute has a Policy on Bribery and Corruption Prevention, which has been used to develop Procedures and identify possible risks, then establish a reporting mechanism.

During the period under review, the Institute entered into strategic partnerships aligned with its strategic goals and aspirations. A number of visits and courtesy calls to consumers of the services were carried out. Some of the courtesy calls done during the period include visits to The Geothermal Development Company, Rift Valley Institute-Nakuru, Kisumu County Assembly, Lake Victoria South Water Works Development Agency, Narok County, Bomet County Assembly, Bomet University and Kericho County.



b) Responsible Supply Chain and Supplier Relations

The Institute plays a pivotal role in promoting responsible supply chain management and fostering positive supplier relations in Kenya. As a professional body, KISM is dedicated to setting standards, providing training, and advocating for best practices within the procurement and supply chain sector, such as implementing 30% Access to Government Procurement Opportunities, Promotional of local content, Implementing the institute's sustainability strategies and Framework contracts. By emphasizing ethical sourcing, sustainability, and transparency, KISM ensures that supply chain professionals are equipped to handle challenges effectively and align with global standards. Additionally, the Institute focuses on strengthening supplier relationships, encouraging fair treatment, and fostering collaboration to improve efficiency and innovation within the supply chain. Through these efforts, KISM contributes significantly to the economic growth and development of the country's supply chain industry.

c) Responsible Marketing and Advertising

The Institute plays a pivotal role in promoting ethical standards and best practices in marketing and advertising within the supply chain sector. By setting stringent guidelines and advocating for transparency, KISM ensures that marketing strategies are not only effective but also ethical and responsible. This commitment to responsible marketing involves truthfulness in advertising, ensuring that all claims are substantiated and not misleading. KISM also emphasizes the importance of targeting the right audience with respect and sensitivity, thus fostering trust and credibility between businesses and consumers. Through workshops, training, and continuous professional development, KISM empowers supply chain professionals to uphold these principles, ensuring that marketing efforts contribute to sustainable and ethical business practices in Kenya.

d) Product Stewardship

The Institute upholds product stewardship as a core principle in safeguarding the rights and interests of its customers, primarily institutions and supply chain practitioners. This commitment aligns with the Supplies Practitioners Management Act (SPMA), 2007, which provides the legal framework for professional conduct, compliance, and ethical standards in supply chain management. The Institute ensures product stewardship through:

i. Regulatory Compliance & Ethical Standards

Practitioners are required to adhere to SPMA regulations, ensuring integrity, transparency, and accountability in supply chain practices. The Institute enforces licensing, certification, and continuous professional development (CPD) to uphold industry standards.

ii. Customer-Centric Service Delivery

The Citizen Service Charter outlines service commitments, turnaround times, and dispute resolution mechanisms, ensuring quality services to practitioners and institutions. The Institute provides guidance, training, and policy support to ensure compliance with international best practices, procurement, and supply chain regulations.



Annual Report and Financial Statements For the Year ended 31st December, 2024

iii. Sustainability & Professional Growth

Through capacity-building initiatives, KISM fosters skills development and ethical procurement practices to enhance sector efficiency. The Institute promotes sustainable supply chain solutions that align with global best practices, benefiting both practitioners and the institutions they serve.

By embedding product stewardship within its mandate, KISM not only safeguards practitioners' interests but also enhances the overall credibility and effectiveness of supply chain management in Kenya.

e) Corporate Social Responsibility / Community Engagement

As a pivotal institution in the advancement of the Supply Chain Management (SCM) profession, the Institute continues to invest in capacity development, professional excellence, and sustainable practices. In line with its commitment to nurturing the next generation of SCM professionals, the Institute provided industrial attachment opportunities to 14 students. This initiative not only offered invaluable hands-on training and practical exposure but also significantly enhanced the students' employability. It reflects the Institute's ongoing investment in building a skilled, competent, and future-ready workforce, thereby contributing to national education and skills development goals.

In recognition of outstanding performance within the profession, KISM organized the SPURS Awards—a prestigious event that celebrates excellence, innovation, and integrity among its members. The awards serve as a motivation for professionals to uphold the highest standards while also fostering a culture of leadership, dedication, and community involvement within the corporate framework.

Demonstrating its commitment to environmental sustainability, KISM actively participated in tree planting initiatives aimed at mitigating the effects of climate change, conserving biodiversity, preventing soil erosion, and improving air quality. In partnership with the National Treasury, the Institute conducted impactful tree planting exercises, including the planting of over 300 seedlings in Kaptagat, Uasin Gishu County, and more than 500 seedlings in Muumandu, Machakos County. These efforts underscore KISM's role in promoting sustainable development and environmental stewardship.

On the regulatory and policy front, the Institute has remained responsive to legal and constitutional imperatives, especially in ensuring inclusive governance through public participation. Following a court ruling on the CPD Policy, KISM undertook a comprehensive review of the Supplies Practitioners Management (Continuous Professional Development Programs) Guidelines, 2024. The revised guidelines were subjected to extensive public consultation across all regions and were officially gazetted on 19th July 2024. This process ensured alignment with the principles of the Constitution of Kenya, 2010, particularly on public engagement and transparency.

Further demonstrating stakeholder-centered governance, the Institute developed a Recognition of Prior Learning (RPL) Policy, through broad stakeholder consultations. This policy forms the basis for statutory instruments that will enable recognition of non-traditional qualifications for full membership, thus broadening access and inclusivity within the profession. Additionally, the



Annual Report and Financial Statements For the Year ended 31st December, 2024

Institute has drafted a Fellowship Policy aimed at honoring members who have made exceptional contributions to the SCM profession, thereby promoting a culture of merit, service, and professional integrity.

In executing its core mandate on capacity development and accreditation, KISM delivered a series of targeted training programs. These included training for both members and non-members on sustainable supply chain development, a dedicated forum for Women in Supply Chain, and specialized training on the roles of procurement in promoting Environmental, Social, and Governance (ESG) principles, with a strong emphasis on inclusivity and diversity. These initiatives play a critical role in fostering ethical sourcing practices, empowering women, supporting minority suppliers, and ensuring transparent and accountable governance. Collectively, they contribute to creating long-term social and economic benefits while reinforcing the role of supply chain professionals in driving sustainability and equity.



Annual Report and Financial Statements For the Year ended 31st December, 2024

11. REPORT OF THE COUNCIL

The Council submits its report together with the audited financial statements for the year ended December 31st, 2024, which show the state of the Institute's affairs.

i) Principal Activities

The principal activities of the Kenya Institute of Supplies Management are detailed on page 2 in key Institute's key information

ii) Results

The results of the Institute for the year ended December 31st, 2024, are set out on pages 43-47

iii) Council

The members of the Council who served during the year are shown on pages XXVIII - XXX. During the year 2024, all the Council members assumed office following the election held on 10th January 2023 and gazetted on 24th January 2023.

iv) Surplus Remission

The Institute is a semi-autonomous government agency whose core activity is to regulate procurement and supply chain practitioners. To sustain its operations, the Institute annually conducts continuous professional development programs alongside several key revenue-generating programs. During the year, the Institute ploughed back the retained surplus to settle the outstanding pending bills.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Kenya Institute of Supplies Management under Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *Kenya Institute of Supplies Management* for the year ended December 31, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Council

.....

Name

Corporation Secretary



12. STATEMENT OF COUNCIL RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 28 (2) of the Supplies Practitioners Management Act, 2007 require the Council to prepare financial statements in respect of the Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year and the operating results of the Institute for that year. The Council is also required to ensure that the Institute keeps proper accounting records that disclose with reasonable accuracy the financial position of the Institute. The Council is also responsible for safeguarding the Institute's assets.

The Council is responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and at the end of the financial year (period) ended on December 31, 2024. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute;
- (iii) Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Institute;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the **PFM Act, 2012 and Supplies Practitioners Management Act 2007 No. 17 Part V Section 28 (2)**. The Council believes that the Institute's financial statements give a true and fair view of the state of the Institute's transactions during the financial year ended **31st December 2024**, and of the Institute's financial position as at that date.

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

REPUBLIC OF KENYA



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF SUPPLIES MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER, 2024

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 the Government achieves value for money and that such funds are applied for intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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 Management set out on pages 1 to 39, which comprise of the statement of financial

position as at 31 December, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section of 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Institute of Supplies Management as at 31 December, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Supplies Practitioners Management Act, 2007 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total actual expenditure of Kshs.515,382,238 against approved expenditure budget of Kshs.462,355,175 resulting in an over-expenditure of Kshs.53,027,063 or about 10% of the budget. Management has however, attributed the over-expenditure to donor support in form of Enterprise Resource Planning system (ERP), Livestreaming Equipment, Website and Mobile Application, Computers, Projectors and Smart Boards that were received through the State Department for Roads and which had not been factored in the budget.

My opinion is not modified in respect of this matter.

Other Matter

Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.246,184,062 which, as disclosed in Note 18(b) to the financial statements, is net of provision for doubtful debts of Kshs.18,541,284. Review of the

ageing analysis indicates that balances totalling to Kshs.92,740,921 were more than one year old.

In the circumstances, the full recoverability of the trade and other receivables balance of Kshs.92,740,921 could not be confirmed.

Key Audit Matters

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

Other Information

The Directors are responsible for the other information set out on page iv to xl which comprise of Key Institute Information and Management, Council Members, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council, and Statement of Council Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and, accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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 effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Long Outstanding Trade Payables

The statement of financial position reflects a balance of Kshs.341,337,373 in respect of trade and other payables as disclosed in Note 21 to the financial statements. Review of the ageing analysis revealed that creditors with balances totalling to Kshs.163,980,961, representing 48% of the payables, had been outstanding for over sixty (60) days with balances totalling to Kshs.89,418,655 relating to contractors involved in the construction of a building that generates rental income. Although Management has indicated that they have sought support from The National Treasury and Economic Planning to settle the balances, the payables continue to accrue. This is contrary to the provisions of Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020, which requires an entity to make prompt payment within sixty (60) days from the date of receipt of the invoice.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure by the Audit Committee to Hold the Required Minimum Number of Meetings

Review of the Council Committee and Membership records for the year under review revealed that the Audit and Risk Management Committee held three (3) meetings during the year. This was contrary to the Guidelines issued through Circular No.OP/CAB/ 9 1A dated 11 March, 2020 that restrict the number of board and board committees meetings to a minimum of four (4) and a maximum of six (6).

In the circumstances, the effectiveness of the governance mechanism in place could not be confirmed.

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

Responsibilities of the Management and the Council Members

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 June, 2025



Annual Report and Financial Statements For the Year ended 31st December, 2024

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

Approval of the financial statements

The Kenya Institute of Supplies Management's financial statements were approved by the Council on 19/03/2025 2025 and signed on its behalf by:

Name JOHN KAZANI
Chairperson of the Council

Name
Accounting Officer

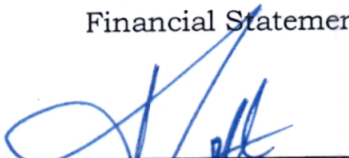
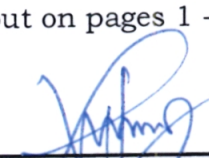
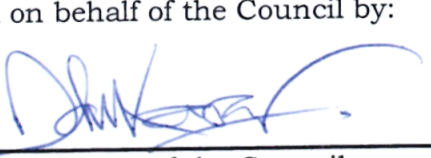


**Annual Report and Financial Statements
For the Year ended 31st December, 2024**

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST
DECEMBER 2024**

	Notes	2024 Kshs	2023 Kshs
Revenue from non-exchange transactions			
Transfers from other government entities	6	-	-
Grants from Partners	7	-	-
Revenue from exchange transactions			
Membership Subscriptions	8	61,471,500	50,034,700
Rendering of Services	9	269,381,606	215,391,211
Other Income	10	54,804,466	46,091,656
Net Surplus/(Deficit) from School Program	11	(2,352,798)	
Total Revenue		383,304,774	311,517,567
Expenses			
Employee costs	12	71,256,615	61,938,737
Council Expenses	13	24,731,879	29,348,780
Statutory Committee	14	7,658,927	3,222,091
Use of goods and services	15	242,311,635	161,834,272
Depreciation and amortization expenses	16	41,894,467	28,705,852
Finance costs			
Total expenses		387,853,523	285,049,731
Surplus before tax		(4,548,749)	26,467,836
Taxation			
Surplus/(deficit) for the period/year		(4,548,749)	26,467,836
Remission to National Treasury			
Net Surplus for the year		(4,548,749)	26,467,836

The notes set out on pages 6 to 38 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 - 5 were signed on behalf of the Council by:

		
Accounting Officer	Head of Finance Name	Chairman of the Council
Name: <i>Kenneth Kibici</i>	ICPAK Member Number:	Name <i>JOHN KARANI</i>
Date <i>26/06/2025</i>	Date <i>26/06/2025</i>	Date <i>26/06/2025</i>



Kenya Institute of Supplies Management
Annual Report and Financial Statements
For the Period ended 31st December, 2024

15. STATEMENTS OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

	Notes	2024	2023
Assets			
Current Assets			
Cash and Cash equivalents	17	92,087,101	76,818,426
Receivables from Exch. Transactions	18	246,184,062	168,820,060
Total Current Assets		338,271,163	245,638,486
Non-Current Assets			
Property, Plant, and Equipment	19	1,249,193,869	1,248,139,844
Intangible Assets	20	20,812,801	1,246,541
Total Non-Current Assets		1,270,006,670	1,249,386,385
Total Assets		1,608,277,833	1,495,024,871
Liabilities			
Current Liabilities			
Trade and Other Payables	21	341,337,373	308,055,595
Deferred Income- Asset Grant	22	28,616,794	17,648,356
Total Current Liabilities		369,954,167	325,703,952
Total Non-Current Liabilities			
Asset Grant- Deferred Asset	22	867,025,758	793,425,879
Total Liabilities		1,236,979,925	1,119,129,829
Net Assets			
Accumulated Funds			
KISM General Fund	26	342,914,817	347,511,952
Professional Development Fund	26	28,383,091	28,383,091
Total Accumulated Funds		371,297,908	375,895,043
Total Assets		1,608,277,833	1,495,024,871

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

.....
 Name of the
 Accounting Officer

Date 26/6/2025

.....
 Name of the
 Head of Finance
 ICPAK Member No.
 10128

Date

.....
 Name of the
 Chairman of the Council

JOHN KARANJ
 Date 26/06/2025



Kenya Institute of Supplies Management
Annual Report and Financial Statements
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16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2024

	Asset Grant	KISM General Fund	Professional Development Fund	Total
<i>As at 1st January 2023</i>	780,529,125	322,321,080	28,383,091	1,131,233,296
<i>Surplus for the year</i>		26,467,836		26,467,836
<i>Prior Year Adjustment</i>	(780,529,125)	(1,276,964)		(1,276,964)
As at 31st December 2023	0.00	347,511,952	28,383,091	375,895,043
				0
<i>As at 1st January 2024</i>	0.00	347,511,952	28,383,091	375,895,043
<i>Surplus for the year</i>		(4,548,749)		(4,548,749)
<i>Prior Year Adjustment</i>		(48,386)		(48,386)
As at 31st December 2024	0	342,914,817	28,383,091	371,297,908



**Kenya Institute of Supplies Management
Annual Report and Financial Statements
For the Year ended 31st December, 2024**

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2024

	2024	2023
Cash Generated from Operations		
Reconciliation of Surplus(deficit) before tax to cash generated from operations;		
Surplus(deficit) before tax	(4,548,749)	26,467,836
Add Non-Cash Adjustments		
Deferred Income	(33,362,372)	(18,542,392)
Professional development fund		0
Prior year adjustment	(48,394)	(1,276,964)
Depreciation	34,956,867	28,290,338
Loss on disposal		0
Amortisation	6,937,600	415,514
Cashflow before Changes in Working capital	3,934,952	35,354,332
Changes in Working Capital		
(Increase)/ Decrease in Receivables	(77,364,002)	(41,991,980)
Increase/(Decrease) in Creditors	33,281,778	(25,278,027)
Deferred Income- Asset Grant	0	-
Net Cash from/(used in) Operating Activities	(40,147,272)	(31,915,675)
Investing Activities		
Purchase of Property, Plant, and Equipment	(62,514,753)	(9,945,432)
Net Cash from/(used in) Investing Activities	(62,514,757)	(9,945,432)
Financing Activities		
Increase/(Decrease) in Grants	117,930,700	49,087,500
Net Cash from/(used in) in Financing Activities	117,930,700	49,087,500
As at 1st January	76,818,426	69,592,032
Increase/(Decrease) in cash and Cash Equivalents	15,268,675	7,226,394
As at 31st December	92,087,101	76,818,426



**Kenya Institute of Supplies Management
Annual Report and Financial Statements
For the Year ended 31st December, 2024**

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other government entities	0		0	0	0	0
Membership Subscriptions	82,833,500		82,833,500	61,471,500	21,362,000	74%
Workshop receipts	295,726,538		295,726,538	269,381,606	26,344,932	91%
Other income	124,627,718		124,627,718	170,774,386	-46,146,668	137%
Total income	503,187,756		503,187,756	501,627,492	1,560,264	99.7%
Expenses						
Employee costs	97,334,281		97,334,281	71,256,615	-10,092,786	110%
Remuneration of directors	28,280,755		28,280,755	32,390,807	-4,110,052	115%
Administrative Expenses	83,502,549		83,502,549	83,010,238	492,311	99%
Operating Expenses	191,598,631		191,598,631	159,301,397	32,297,234	83%
Depreciation and amortization expense	41,256,979		41,256,979	41,894,467	0.00	100%
Finance costs	2,038,1980		2,038,1980	0	2,038,1980	0%
Capital Expenditure	124,627,718		124,627,718	127,902,714	-3,274,996	103%
Total expenditure	462,355,175		462,355,175	515,382,238	(53,027,063)	111%
Surplus for the period	40,832,581		40,832,581	(4,548,749)	45,381,330	-9%

The following are the explanations for the variances:

1. The variance under income was due to the budget cuts implemented by the government on staff training, and also the operationalization of the KISM school.
2. The variance on the expenses was due to operationalization of the KISM school, non-recruitment of additional staff during the year, and Unplanned council activities that arose during the year, necessitating expenditures beyond the predetermined threshold. These activities were essential for driving business initiatives, notably the preparation of election regulations requiring public participation



Kenya Institute of Supplies Management
Annual Report and Financial Statements
For the Period ended 31st December, 2024

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kenya Institute of Supplies Management is established by and derives its authority and accountability from the Supplies Practitioners Management Act of 2007. The Kenya Institute of Supplies Management is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity, as provided on page 1 is a semi-autonomous government agency established to regulate procurement and supply chain management in Kenya. The Institute is established with a sole mandate enshrined in the Supplies Practitioners Management Act, with its source of funds from training, membership subscriptions. During the formative stages, the Institute has partnered with several development partners and the government of Kenya in accelerating its uptake and fulfilling its mandate. The support from the GoK is term-based, and its support is expected to come to an end shortly. The Institute is a self-sustaining professional body.

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 Management's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Kenya Institute of Supplies Management*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 31ST DECEMBER 2021.*
- ii. *New and amended standards and interpretations are in issue but not effective in the year ending 31st December 2021.*

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases, and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which must have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. <p><i>Kenya Institute is for the first time adopting accrual based IPSAS and thus restated its standards to comply with the requirements.</i></p>

iii. **Early adoption of standards**

The Kenya Institute of Supplies Management did not early – adopt any new or amended standards in the 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, taxes and fines

The Kenya Institute of Supplies Management recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Kenya Institute of Supplies Management 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 Kenya Institute of Supplies Management and can be measured reliably. Recurrent grants are recognized in the statement of financial performance. Development/capital grants are recognized in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

Rendering of services

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

Sale of services

Revenue from the sale of services 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 the economic



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

benefits or service potential associated with the transaction will probably flow to the Kenya Institute of Supplies Management.

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.

ii) Revenue from exchange transactions

Dividends

Kenya Institute of Supplies Management is not a company limited by shares or has no shareholding interest in any listed companies.

Rental income

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

b) Budget information

The original budget for FY 2024 was approved by the council in December 2023. Subsequent revisions and additional appropriations were made to the approved budget in line with government circular issued in March 2024. The additional appropriations revised the original budget upon receipt of requisite approvals. The Kenya Institute of Supplies Management's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Section 17 of these financial statements.

c) Taxes

Current income tax

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

Deferred tax

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

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Sales tax

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an agreed period or years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Kenya Institute of Supplies Management. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. After initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Kenya Institute of Supplies Management will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

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

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

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Kenya Institute of Supplies Management has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Kenya Institute of Supplies Management assesses at each reporting date whether there is objective evidence that a financial asset or a Kenya Institute of Supplies Management of financial assets is impaired. A financial asset or a Kenya Institute of Supplies Management of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Kenya Institute of Supplies Management of



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

b) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

j) 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.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

- 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 completion costs and the costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Institute*.

k) Provisions

Provisions are recognized when the Kenya Institute of Supplies Management has a present obligation (legal or constructive) as a result of a past event, an outflow of resources embodying economic benefits or service potential will probably be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Kenya Institute of Supplies Management 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.

l) Contingent liabilities

The Kenya Institute of Supplies Management 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.

m) Contingent assets

The Kenya Institute of Supplies Management does not recognize a contingent asset. Still, it discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Kenya Institute of Supplies Management in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

n) Nature and purpose of reserves

The Kenya Institute of Supplies Management creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

The Kenya Institute of Supplies Management recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

p) Employee benefits

Retirement benefit plans

The Kenya Institute of Supplies Management provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which Kenya Institute of Supplies Management pays fixed contributions into a separate Institute (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. 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.

q) Foreign currency transactions

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) Borrowing costs

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

s) Related parties

The *Institute* regards a related party as a person or any entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Institute*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

t) Service concession arrangements

The *Institute* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Institute* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Kenya Institute of Supplies Management* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) 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.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Comparative figures

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

w) 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, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Kenya Institute of Supplies Management.
- 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.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

- e) Changes in the market for the asset

Provisions

Provisions were raised, and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40, which are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and discounted to present value where the effect is material. IPSAS 19 provides that a liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity embodying economic benefits or service potential. IPSAS 19.18 defines a contingent liability as:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- b) A present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. Contingent liabilities do not get recorded in the financial statements. These are obligations that are yet to occur, but there is a probability that they may occur in the future. Therefore, no accounting treatment exists for contingent liabilities.

During the year ended 31st December 2024, the Institute had the following cases pending in court:

CONST. CAUSE NO. HCCHRPET/E551/2021 MWANIKI GACHUBA v KISM, KISEB & CS TREASURY

Parties have not reached any agreement on settlement and potential recording of a consent for the withdrawal of the matter, and the Court directed that the matter proceed to hearing, with the parties filing their submissions scheduled on 25 February 2025.

CONST. CAUSE NO. HCCHRPET/E552/2021 MWANIKI GACHUBA v KISM AND 5 OTHERS

The matter was last mentioned on 27 January 2025, and a hearing of a notice to show cause why the petition should not be dismissed for want of prosecution. However, the Petitioner did not appear in court. The matter is scheduled for a final mention and further directions on 8 April 2025 for the Petitioner to inform the Court of whether he intends to proceed with the matter.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

During the year ended 31st December 2024, the following matters involving the Institute were heard and determined:

HCJR/E138/2023: GLOBAL PROCUREMENT ACADEMY LIMITED v COMPETITION AUTHORITY OF KENYA AND KENYA INSTITUTE OF SUPPLIES MANAGEMENT

The Applicant filed seeking orders against the Institute with regard to the CPD Policy published by the Institute on the grounds that it did not comply with the public participation requirements. The Application was dismissed with costs due to a lack of merit of the petition as the CPD Policy had already been nullified in a previous case. The matter is now set to proceed to taxation at the Courts.

MCELC/E432/2023 KISM v BUNISHA LIMITED

The Court ruled that the Plaintiff (KISM) has proved the case on a balance of probabilities. The Court's decision was in favour of the Institute that:

- a) A declaration that the termination of the lease issued by the defendant was in breach of the lease agreement;
- b) A permanent injunction has been issued restraining the defendants from accessing the plaintiff's property;
- c) Special damages of Kshs. 7,855,837.44 were issued to the plaintiff, being the outstanding rent together with interest; and
- d) Costs of the suit plus interest.

The matter shall now proceed with execution to enable recovery of the funds as determined by the Court.

ELRC CAUSE NO. MISC. E057 OF 2023 MWANIKI GACHUBA & ADVOCATES v KISM

The firm of Mwaniki Gachuba Advocates raised an Advocate-Client Bill of Costs dated 23 March 2023 seeking KES 3,719,879 for services offered until 30 June 2021 in the matter between the Institute and the former CEO. The Deputy Registrar heard the matter and the Bill was taxed at 734,311.52 against the 3,719,879 that had been sought by the Advocate.

NAIROBI ELRC CONST. PET E133 OF 2023: DR. MARTIN GACHUKIA VERSUS KENYA INSTITUTE OF SUPPLIES MANAGEMENT

The Institute's Registrar moved to court to stop the Institute from undertaking disciplinary action against him. The matter was decided and the Petition was dismissed as the Registrar had not exhausted all internal dispute resolution mechanisms before moving the Court.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

It was determined to have been a premature suit and was dismissed. Institute was directed to proceed with the disciplinary process that was concluded as directed by the Institute.

KISM Going concern within the Foreseeable future

While preparing these financial statements, and by IPSAS 1, the management assessed the Institute's ability to continue as a going concern. This standard stipulates that financial statements should be prepared on a going-concern basis unless management intends to liquidate the Institute or cease trading, or has no realistic alternative but to do so. As outlined in IPSAS 1, the management considered factors such as the Institute's current and projected profitability, the timing of repayment of existing financing facilities, and potential sources of replacement financing in their assessment.

The Institute's financial statements have been prepared on a going concern basis, which assumes that the Institute will continue its operations and meet its obligations as they come due in the foreseeable future.

As of the reporting date, the Institute's current liabilities exceeded its current assets by KES 12,411,504.00. Important to note, the current liabilities include short-term deferred asset grant of KES 28,616,800.00. Therefore, despite the negative current ratio, the Institute remains a going concern. The management has assessed the Institute's ability to continue as a going concern, considering all available information about the future, which extends at least 12 months from the reporting date based on the following considerations:

- a) **KISM Towers:** The KISM Towers are valuable assets that can be leveraged to settle the outstanding liabilities owed to the contractors.
- b) **Discussions with National Treasury:** The Institute has been engaged in ongoing and supportive discussions with the National Treasury regarding the provision of funding to address its working capital challenges. These discussions indicate the availability of potential sources of financing.
- c) **Pending Bills Verification Committee:** The Institute's pending bills, including those owed to contractors, have been reviewed by the Pending Bills Verification Committee. The committee is expected to facilitate the settlement of these outstanding liabilities. Despite the current stressed economic environment, the Institute affirms that there are no indications that could jeopardize its ongoing operations in the foreseeable future. Additionally, external factors are not expected to impair its financial stability or its ability to deliver services.



Kenya Institute of Supplies Management
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Notes to the Financial Statements (Continued)

6. Transfers from Ministries, Departments, and Agencies (MDAs)

Name of the Institution sending the grant	Amount recognized in the Statement of Financial Performance KShs	Amount deferred under deferred income KShs	Amount recognised in the capital fund. KShs	Total grant income during the period KShs	Comparative Period KShs
The National Treasury	0	0	65,500,000	65,500,000	49,087,500
World Bank	0	0	52,430,700	52,430,700	
Total			117,930,700	117,930,700	49,087,500

NB:

The grants received during the year were capitalized and absorbed as development expenditure. *Refer to note 24*



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Revenue

	2024	2023
	Total	Total
7. Grants from Partners		
<i>Grant from GoK</i>	0	0
Grant Income for the Year	0	0
8. Subscriptions		
<i>Individual Membership</i>	36,871,500	31,286,500
<i>Corporate Membership</i>	335,000	347,000
<i>Membership Dinner Income</i>	1,411,000	1,851,200
<i>Licence Fees</i>	22,854,000	16,550,000
Total Subscriptions	61,471,500	50,034,700
9. Rendering of services		
<i>Workshop income</i>	226,048,263	189,997,676
<i>Inhouse training fees</i>	43,333,343	25,393,535
Total Rendering of Services	269,381,606	215,391,211
Total Income		
10. Other Incomes		
<i>Procurement Consultancy</i>	2,133,291	2,524,500
<i>Interest Income</i>	447	30,959
<i>Deferred Income – Note 23</i>	33,362,363	18,542,392
<i>Sponsorship Income</i>	2,550,000	0.00
<i>Foreign Exchange Gain</i>	0.00	4,962,447
<i>Rental Income</i>	16,758,365	20,031,357
Total Other Income	54,804,466	46,091,655

11. School Program Initiative

During the financial year ended 31 December 2024, the Institute commissioned the School Program, designed to enhance professional training and capacity building within the supply chain management sector. This followed due process and was in line with the regulatory requirements set forth by the Technical and Vocational Education and Training Authority (TVETA). The inaugural Board was appointed in January 2024 to oversee the roll-out and provide strategic direction to its operations. The Board is comprised of seven members, including three representatives from the KISM Council and four members who are competitively appointed from members of the institute. The School Program operates as an internal segment within KISM and has not been established as a separate legal entity.



Notes to the Financial Statements (Continued)

Financial Performance of the School Program for the Period Ended 31 December 2024

Description	KES
Revenue	
Training and Registration Fees	392,000.00
Total Revenue	392,000.00
Expenses	
Total Expenses ¹	2,744,798
Net Deficit for the Year	(2,352,798)

Note: The expenses cover Board, staff payroll, training and tutorial, registration, accreditation, and marketing outreach incurred in the establishment and rollout of the School Program.

The financial results of the School Program are consolidated in the Institute’s statement of financial performance. This represents a critical investment in capacity building and the long-term sustainability. The deficit primarily relates to start-up costs.

12. Employee Costs

	Kshs 2024	Kshs 2023
Salaries and wages	71,256,615	41,367,957
Domestic Travel and Subsistence Allowances		16,541,638
Staff Membership Subscription		229,660
Training levies		18,050
Employer contribution to health insurance schemes		3,781,432
Employee costs	71,256,615	61,938,737

Reclassification of other staff-related expenses to Use of Goods and Services

The employee-related costs incurred during the period ended December 31, 2024, were reclassified to “Use of Goods and Services,” although these costs were reported under “Employee Costs” in 2023. The reclassified 2024 costs include **domestic travel and subsistence allowances (Kshs 28.8 million)**, **employer health insurance contributions (Kshs 7.15 million)**, **staff membership subscriptions (Kshs 140,300)**, and **training levies (Kshs 35,100)**. This reclassification, totaling **Kshs 36,215,452**, was made to enhance alignment with IPSAS by clearly distinguishing between operational support expenses and direct employee compensation.

Provision of Gratuity

Additionally, the employee costs for the period include a provision for gratuity amounting to **Kshs 7,092,559.55**. This provision was made under the Institute’s human resource policies and contractual obligations to eligible staff members. It represents an accrued end-of-service benefit for the year, ensuring that the Institute meets its future financial commitments to staff as required under applicable labor laws and employment contracts.



13. Council Expenses

Description	2024	2023
	Kshs	Kshs
Council Sitting Allowances	12,477,790	13,326,685.29
Travel and Accommodation	5,109,489	12,571,813.91
Other Council Expenses	7,144,600	3,450,280.35
Total	24,731,879	29,348,779.55

14. Statutory Committee Expenses

Description	2024	2023
	Kshs	Kshs
Registration Committee Expenses	3,706,827	2,138,691
Disciplinary Committee Expenses	3,952,100	1,083,400
Total	7,658,927	3,222,091

15. Use of Goods and Services

15.1 Administrative Expenses

Description	2024	2023
	Kshs	Kshs
Subscriptions	460,010	1,167,476
Donations	0.00	100,000
Employer contribution to health insurance schemes	7,155,621	0.00
Domestic Travel and Subsistence Allowances	28,884,431	0.00
Staff Membership Subscription	140,300	0.00
Training levies	35,100	0.00
Staff Team Building	950,234	829,584
Staff Training	2,180,884	1,531,566
Photocopy and Stationery	1,861,154	2,487,183
Printing Expenses	2,521,460	2,035,231
Telephone and Postage	1,332,945	1,027,695
Rent & Rates	4,752,947	4,063,822
Consultancy	10,067,660	12,642,478
Legal Fees	1,360,000	1,080,203
Audit Fees	387,931	200,000
Licenses	369,310	1,329,086
Office Expenses	3,327,493	2,399,635
Facility Management costs	4,436,157	410,785
AGM Costs	374,138	2,250,031
Cleaning Services	1,651,112	715,862
Travelling Expenses	10,282,721	10,961,400
Motor Vehicle Fuel	368,630	174,000
Events Merchandise expenses	110,000	4,453,534
Total Administrative Expenses	83,010,238	49,859,571



Notes to the Financial Statements (Continued)

15.2 Operating Expenses

Description	2024	2023
	Kshs	Kshs
Bank Charges	1,478,826	1,580,581
Promotion & Advertisements	1,562,883	1,725,093
Promotional Materials	10,267,514	9,036,525
Insurance	1,477,088	1,836,557
Car Hire	0	941,136
Utilities	1,922,183	1,090,538
Workshop Expenses	1,075,857	3,997,535
ERP Support Expenses	0	590,800
Workshop Facilitation Expenses	22,708,100	14,131,000
Website Expenses & Internet Expenses	734,680	742,402
Taskforce Allowance	0	421,000
Provision for Bad Debts	18,541,284	3,564,280
Workshop & Membership Venue Expenses	99,532,982	72,317,254
Total Operating Expenses	159,301,397	111,974,701
Total Use of Goods and Services	242,311,635	161,834,272

16. Depreciation and Amortization Expense

Description	2024	2023
	Kshs	Kshs
Property, plant, and equipment	34,956,867	28,290,338
Intangible assets	6,937,600	415,514
Total depreciation and amortization	41,894,467	28,705,852

17. Cash and Cash Equivalents

Description	2024	2023
	Kshs	Kshs
Current Account	85,277,349	72,326,562
KISM Paybill 552500	6,175,062	4,447,454
On-Call Deposits	44,790	44,410
eCitizen	589,900	0
Total Cash and Cash Equivalents	92,087,101	76,818,426



Notes to the Financial Statements (Continued)

Detailed Analysis of the Cash and Cash Equivalents

Banks	Account Number	2024	2023
		Kshs	Kshs
National Bank 001	1071220247001	5,068,475	19,790,874
National Bank 000	1071220247000	35,330,000	11,241,526
MPESA Paybill 552500	552500	6,175,062	4,447,454
Standard Chartered	0102096929100	15,298,044	16,154,315
Standard Chartered	0102096929101	2,037,498	2,016,238
Standard Chartered -USD	8702096929100	27,543,332	23,123,539
Standard Chartered-Call Account		44,790	44,410
eCitizen		589,900	0
TOTAL		92,087,101	76,818,426

18. Receivables from Exchange Transactions

	2024	2023
	Kshs	Kshs
Trade receivables	258,707,130	168,820,060
Deposits and prepayments	199,951	
Dues from KISEB	4,325,464	
Other receivables	1,492,801	
Gross Trade and Other Receivables	264,725,346	168,820,060
Gross trade and other receivables	264,725,346	168,820,060
Net trade and other receivables	264,725,346	168,820,060

18b Trade Receivables

	2024	2023
	Kshs	Kshs
Gross trade receivables	264,725,346	168,820,060
Provision for Doubtful Debts	(18,541,284)	
Deposits and Prepayments		
Net trade receivables	246,184,062	168,820,060
At December 31st, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	18,899,067	31,717,621
Between 30 and 60 days	61,840,395	41,520,125
Between 61 and 90 days	9,552,040	9,506,443
Between 91 and 120 days	36,320,264	4,543,902
Over 120 days	113,554,080	81,531,962
Total	246,184,062	168,820,060



Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

Asset	Land	Building	Motor Vehicle	Computers & other Electronics	Other Office Equipment	Furniture	Total
Rate		2%	25%	30%	12.50%	12.50%	
As at 1st Jan 2023	104,000,040	1,186,956,297	2,544,000	18,979,277	3,072,812	29,042,868	1,344,595,294
Additions		-		1,803,879	603,104	7,538,448	9,945,431
Disposals							
As at 31st Dec 2023	104,000,040	1,186,956,297	2,544,000	20,783,156	3,675,916	36,581,316	1,354,540,725
As at 1st Jan 2024	104,000,040	1,186,956,297	2,544,000	20,783,156	3,675,916	36,581,316	1,354,540,725
Additions		0	6,560,345	26,038,879	0.0	3,411,669	36,010,893
Disposals							0
As at 31st Dec 2024	104,000,040	1,186,956,297	9,104,345	46,822,035	3,675,916	39,992,985	1,390,551,618
As at 1st Jan 2023	-	47,003,469	2,498,671	12,634,865	2,459,300	13,514,239	78,110,544
Charge for the Year		22,799,057	11,332	2,444,487	152,077	2,883,385	28,290,338
Disposal							
As at 31st Dec 2023	-	69,802,526	2,510,003	15,079,352	2,611,377	16,397,624	106,400,882
As at 1st Jan 2024	-	69,802,526	2,510,003	15,079,352	2,611,377	16,397,624	106,400,882
Charge for the Year		22,343,075	8,499	9,522,805	133,067	2,949,420	34,956,867
Disposal							
As at 31st Dec 2024	-	92,145,601	2,518,502	24,602,157	2,744,444	19,347,044	141,357,749
Net Book Value							
As at 31st Dec 2024	104,000,040	1,094,810,696	6,585,843	22,219,878	931,472	20,645,941	1,249,193,869
As at 31st Dec 2023	104,000,040	1,117,153,771	33,997	5,703,804	1,064,539	20,183,693	1,248,139,844



Notes to the Financial Statements (Continued)

20. Intangible Assets

	Intangible Asset
	25%
At cost	
As at 1st Jan 2023	4,150,557
Additions	
Disposals	
Total Cost	4,150,557
As at 1st Jan 2024	4,150,557
Additions: ERP	25,007,860
Additions: Website Application	1,496,000
Disposals	0
Total Cost	30,654,417
Amortization	
As at 1st Jan 2023	2,488,502
Charge for the Year	415,514
Disposal	0
As at 30th Dec 2023	2,904,016
As at 1st Jan 2024	2,904,016
Charge for the Year	6,937,600
Disposal	0
As at 31st Dec 2024	9,841,616
Net Book Value	
As at 31st Dec 2024	20,812,801
As at 31st Dec 2023	1,246,541

21. Trade and Other Payables

	2024	2023
	Kshs	Kshs
Trade payables	176,196,651	199,315,264
Customer Refunds	0	15,890,406
Deposits	4,215,981	4,215,981
Prepayments	2,899,172	2,965,403
Withheld taxes	2,872,613	2,174,286
Other payables	10,008,025	1,827,643
VAT Payable	66,077,879	45,509,726
Customer Prepayments	79,067,052	36,156,904
Total	341,337,373	308,055,595



Notes to the Financial Statements (Continued)

22. Deferred Asset Grant

Asset	Building	Motor Vehicle	Computers & other Electronics	Furniture	Software & Intangible	Total
Rate	2%	25%	30%	12.50%	25.00%	
As at 1st Jan 2023	802,519,387	2,544,000	9,380,497	5,749,231	2,766,281	822,959,396
Additions	49,087,500		0	0	982,755	50,070,255
Disposals						
As at 31st Dec 2023	851,606,887	2,544,000	9,380,497	5,749,231	3,749,036	873,029,651
As at 1st Jan 2024	851,606,887	2,544,000	9,380,497	5,749,231	3,749,036	873,029,651
Additions	65,500,000		25,926,810	0	26,503,860	117,930,670
Disposals						
As at 31st Dec 2024	917,106,887	2,544,000	35,307,307	5,749,231	30,252,896	990,960,321
As at 1st Jan 2023	30,682,546	2,498,671	4,713,492	3,489,106	2,029,212	43,413,027
Amortization for the Year	16,418,487	11,332	1,400,101	282,516	429,957	18,542,393
Disposal						
As at 31st Dec 2023	47,101,033	2,510,003	6,113,593	3,771,622	2,459,169	61,955,420
As at 1st Jan 2024	47,101,033	2,510,003	6,113,593	3,771,622	2,459,169	61,955,420
Amortization for the Year	17,400,117	8,499	8,758,114	247,201	6,948,432	33,362,363
Disposals						
As at 31st Dec 2024	64,501,150	2,518,502	14,871,707	4,018,823	9,407,601	95,317,783
Net Book Value						
As at 31st Dec 2024	852,605,737	25,498	20,435,600	1,730,408	20,845,295	895,642,538
As at 31st Dec 2023	804,505,854	33,997	3,266,904	1,977,609	1,289,867	811,074,231
Asset Grant Current Liability	17,052,115	6,374	6,130,680	216,301	5,211,324	28,616,794
Asset Grant Long Term Liability	835,553,622	19,123	14,304,920	1,514,107	15,633,971	867,025,744



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Notes to the Financial Statements (Continued)

23. Valuation

Land and buildings/ Equipment are valued at the written down values as at the close of the financial year in line with the National Assets and Liabilities Management Policy and Guidelines.

24. Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	104,000,040	0	104,000,040
Buildings	1,186,956,297	92,145,601	1,094,810,696
Motor vehicles	9,104,345	2,518,502	6,585,843
Computers and related equipment	46,822,035	24,602,157	22,219,878
Office equipment, furniture & fittings	43,668,901	22,091,488	21,577,413
Total	1,390,551,618	141,357,749	1,249,193,869

25. Intangible Assets

	25%
At cost	
As at 1st Jan 2023	4,150,557
Additions	
Disposals	
Total Cost	4,150,557
As at 1st Jan 2024	4,150,557
Additions: ERP	25,007,860
Additions: Website Application	1,496,000
Disposals	0
Total Cost	30,654,417
Amortization	
As at 1st Jan 2023	2,488,502
Charge for the Year	415,514
Disposal	0
As at 30th Dec 2023	2,904,016
As at 1st Jan 2024	2,904,016
Charge for the Year	6,937,600
Disposal	0
As at 31st Dec 2024	9,841,616
Net Book Value	
As at 31st Dec 2024	20,812,801
As at 31st Dec 2023	1,246,541



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26. Accumulated Funds

Accumulated funds represent the net surplus or deficit retained from prior financial periods. They are a key indicator of the organization's financial health and sustainability, reflecting the cumulative impact of operational performance over time.

	Asset Grant	KISM General Fund	Professional Development Fund	Total
As at 1st January 2023	780,529,125	322,321,080	28,383,091	1,131,233,296
Surplus for the year		26,467,836		26,467,836
Prior Year Adjustment	(780,529,125)	-1,276,964		-1,276,964
As at 31st December 2023	0.00	347,511,952	28,383,091	375,895,043
				0
As at 1st January 2024	0.00	347,511,952	28,383,091	375,895,043
Surplus for the year		(4,548,749)		(4,548,749)
Prior Year Adjustment		(48,386)		(48,386)
As at 31st December 2024	0	342,914,817	28,383,091	371,297,908

27. Cash Generated from Operations

	2024	2023
Cash Generated from Operations		
Reconciliation of Surplus(deficit) before tax to cash generated from operations;		
Surplus(deficit) before tax	(4,548,749)	26,467,836
Add Non-Cash Adjustments		
Deferred Income	(33,362,372)	(18,542,392)
Professional development fund		0
Prior year adjustment	(48,394)	(1,276,964)
Depreciation	34,956,867	28,290,338
Loss on disposal		0
Amortisation	6,937,600	415,514
Cashflow before Changes in Working capital	3,934,952	35,354,332
Changes in Working Capital		
(Increase)/ Decrease in Receivables	(77,364,002)	(41,991,980)
Increase/(Decrease) in Creditors	33,281,778	(25,278,027)
Net Cash from/(used in) Operating Activities	(40,147,272)	(31,915,675)



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28. Financial Risk Management

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

i) Credit risk

The Institute has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessment under limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Kenya Institute of Supplies Management's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained, is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 31st December 2023				
Receivables from exchange transactions	121,202,231	35,126,367	86,075,864	
Bank balances	76,818,426	76,818,426	76,818,426	
Total	198,020,657	111,944,793	162,894,290	
As at 31st December 2024				
Receivables from exchange transactions	264,698,882	126,611,766	132,068,900	
Bank balances	92,087,101	92,087,101	0.00	
Total	356,785,983	218,698,867	132,068,900	



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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal, and the allowance for uncollectible amounts that the Institute has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Institute has a significant concentration of credit risk on amounts due from 2024.

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

ii) Liquidity risk management

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

Financial Risk Management

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 31st December 2023				
Trade payables	34,333,053	38,002,204	235,720,338	308,055,585
Employee benefit obligation	0			
Total	8,333,054	37,928,313	154,053,708	200,315,075
As at 31st December 2024				
Trade payables	94,190,332	114,550,948	132,596,092	341,337,373
Employee benefit obligation	0			
Total	94,190,332	114,550,948	125,480,939	341,337,373



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iii) Market risk

The Institute has established an internal audit function to assist it in assessing the risks it faces on an ongoing basis and evaluating and testing 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 rates, equity prices, and foreign exchange rates, which will affect the Institute’s income or the value of its holdings of financial instruments. Its management aims to manage and control market risk exposures within acceptable parameters. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. Each department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation. There has been no change to the exposure to market risks or in the measurement of the risk.

a) Foreign currency risk

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

FY 2024

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
AS AT 31ST DECEMBER 2024			
Investments			-
Cash	92,087,101		92,087,101
Debtors	264,698,882		184,972,280
Total Financial Assets	356,785,983		277,059,381
Financial Liabilities			-
Trade And Other Payables	341,337,373		261,908,832
Borrowings	-		-
Total Financial Liabilities	341,337,373		261,908,832
Net Foreign Currency Asset/(Liability)	0		0



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Notes to the Financial Statements (Continued)

29. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Institute* 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.

1. Government of Kenya

The Government of Kenya is the principal owner of the *Kenya Institute of Supplies Management*. The Government of Kenya has provided full guarantees to all long-term lenders of the Kenya Institute of Supplies Management, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) Key management.
- iii) Council.
- iv) Kenya Institute of Supplies Examination Board

Description	2024	2023
	Kshs	Kshs
Transactions with related parties		
a) purchases from related parties		
Kenya Institute of Supplies Examination Board	4,325,464	4,325,464
Total	4,325,464	4,325,464
b) Grants /transfers from the government		
Grants from National government	65,500,000	55,980,070
World Bank	52,430,700	
Total	117,930,700	55,980,070
c) Key management compensation		
Directors' emoluments	24,731,880	32,570,871
Compensation to key management	45,864,876	30,969,369
Total	70,596,756	63,540,240

30. Surplus Remission

The Institute is a semi-autonomous government agency established with the sole mandate to register, license, train, and discipline, with its source of funding from training and membership subscriptions. The government has, during the implementation stage of the Act, supported the Institute for a defined period. This support was term-based. The Institute is a self-sustaining professional body and thus, with growing pending bills, dedicates its retention and surplus towards these pending bills.



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Notes to the Financial Statements (Continued)

31. Events after the Reporting Period

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

32. Ultimate And Holding Entity

The Kenya Institute of Supplies Management is a Semi- Autonomous Government Agency under the Ministry of Finance. Its ultimate parent is the Government of Kenya.

33. Currency

The financial statements are presented in Kenya Shillings (Kshs)



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20 APPENDICES

20.1 AUDIT FINDINGS AND RESPONSES

No	Issue / Observations	Management comments	Status:	Timeframe:
1.	Inaccuracies in Receivables from exchange transactions	Management will rectify the misclassification of receivables with credit balances and ensure adherence to IPSAS requirements in the presentation of financial statements. Any excess payments made will be reassessed and reclassified as current assets for proper recognition.	Addressed	31/12/2024
2.	Material uncertainty on going concern and the sustainability of services	While the institute's working capital currently is below the recommended ratio, it's noteworthy that a substantial portion of the current liabilities are owed to contractors responsible for constructing KISM Towers, rebased treatment of taxes given the use of IPSAS, and the directives given by auditors, hence the negative Working Capital.	The policy is in place	31/12/2024
3.	Budgetary control and performance	The below par realization of the budgeted targets was occasioned by the government's pronouncements in the management of the country's economy. The Institute put up with the growing effects of the austerity measures and managed the Institute programs within the available incomes	Addressed	31/12/2024
4.	Non-compliance with the Budget ceiling on council expenses	The institute will take proactive measures in seeking approval from the Cabinet Secretary for the National Treasury for any expenditures exceeding the stipulated limits.	Addressed	31/12/2024
5.	Long Outstanding Trade and other payables	Measures are being taken to expedite the closure of these outstanding liabilities before the end of 2024.	Partially Addressed	31/12/2024

Approved by: Chief Executive Officer

Signature