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CLERK AT THE TABLE:	CHRISTINE NDIRITU

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE OF SUPPLIES
EXAMINATION BOARD**

**FOR THE YEAR ENDED
31 DECEMBER, 2020**



KENYA INSTITUTE OF SUPPLIES EXAMINATION BOARD

PERIODIC REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

DECEMBER 31ST, 2020

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

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1. KEY KISEB INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

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

Our Qualifications

KISEB offers two qualifications, namely:

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

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

(c) Key Management

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

- Board of Directors
- Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

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

Curriculum Development, Examination and Quality assurance (CDEQA) Committee	<ul style="list-style-type: none"> • The principal responsibility of the committee is development of syllabuses which comply with global standards • Review and recommend strategies for management of examinations, • Receive and consider examiners' reports and guide the release of results • Advise the board on matters incidental to the management and administration of examinations. • Review and recommend rules and regulations regarding the standard of proficiency to be gained in each examination. • Review and consider applications for exemptions and credit transfers.
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	<ul style="list-style-type: none"> Review and approve list of qualifying candidates who have satisfied the examination requirements for award of certificates and other awards.
<p>Corporate Services Committee</p>	<ul style="list-style-type: none"> To assist the full board in overseeing formulation, review and implementation of financial policies and procedures. To receive and review budgets from management, and recommend to the full Board for approval. To review and recommend proposed projects and work plans to the full board for approval. To review and recommend quarterly and annual financial reports prepared by the management to the full Board for approval Receive and review capital assets disposal inventory and recommend to the full Board for approval and disposal. Review, consider and recommend to the Board for approval all the Human Resource policies relating to terms and conditions of service for employees. Oversee, monitor and evaluate implementation of all the approved human resource policies by the management. Review and recommend Human Resource Management Committees' reports on discipline, training and any other human resource report for Board's approval. Receive and review changes proposed by management on the organization structure, performance management system, compensation guidelines and recommend to the Board for approval. Advise the Board on the criteria for identifying, recruiting and appointment of managerial staff and recommend candidates to the full board for approval Ensure in consultation with the Board and the CEO that succession plans are in place at all levels and review such plans regularly. Review recommendations regarding any other issues related to Human Resource Management.
<p>Marketing, Resource Mobilization and Accreditation Committee</p>	<ul style="list-style-type: none"> Advising on formulation, implementation and review of communication, marketing, accreditation and resource mobilization policies, strategies and plans. Advising on development and implementation accreditation programmes and strategies. Providing guidance on the application of customer-focused marketing strategies that will achieve increased readership levels. Offering expertise on formulation, strengthening and sustenance of partnerships with stakeholders to enhance service delivery to the public <p>Advising on development and implementation of Corporate Identity Manual to realize consistent reinforcement of KISEB brand</p>
<p>Audit, Risk Management and Governance Committee</p>	<ul style="list-style-type: none"> Assisting the Secretary /Chief Executive Officer in enhancing internal controls in order to improve efficiency, transparency and accountability.

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

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

KISEB Contacts

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Website: www.kiseb.or.ke

KISEB Bankers

National Bank of Kenya
Ngong Road
P.O. Box 21922-00505
Silkwood Office Suites
Nairobi, Kenya

○ **Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

Principal Legal Adviser

The Attorney General

State Law Office





Harambee Avenue






P.O. Box 40112



City Square 00200

Nairobi, Kenya





2. THE BOARD OF DIRECTORS

 <p>Dr Wasike Walubengo</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board Chairman KISM May 6th 2020 PhD PPM, MBA, BPSCM, CIPS</p>
 <p>Prof. Urbanus N Mutwiwa</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KEPSA June 10th 2020 PhD HS, MHE, BSC</p>
 <p>Pauline Obonyo Opiyo</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member PPRA July 7th 2020 MSC, BA, CIPS, CFE</p>
 <p>Dr. Gillian Mwaniki</p>	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KICD June 10th 2020 PhD BA, MBF, MSc, B.Ed.</p>

 Susan Linda Ingari	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KISM May 6th 2020 MBA, B.Ed., CIPS, IDSCM</p>
 PETER N MWANGI	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KISM May 6th 2020 MBA, BCOM, CIPS</p>
 DICK DANAJELE	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KISM May 6th 2020</p> <p>MBA, BPSM, DPSM</p>
 MARK KEMBOI KANDAM	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KISM May 6th 2020 MBA, BPSM, DPSM</p>
 LEONARD O. ADHIAMBO	<p>Position Nominated by Appointed on Key Qualifications</p> <p>Board member KNEC June 10th 2020 M.Ed., B.Ed.,</p>

	<p>CPA HEZRON NJOROGE</p>	<p>Position Nominated by Appointed on Key Qualifications</p>	<p>Board member CUE July 15th 2020 MSc, BBA, CPA</p>
	<p>LAZARUS MULWA</p>	<p>Position Nominated by Appointed on Key Qualifications</p>	<p>Board member UoN May 6th 2020 MBA, BCOM</p>

3. MANAGEMENT TEAM

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

	<p>Name Eston Macharia Position I.C.T Officer Appointed on July 1st 2021 Key BSCIT, DIT, CCNA Qualifications</p>
	<p>Name CPA Abigael Chesir Position Senior Finance Assistant Appointed on August 9th 2021 Key BBM(Accounting), Qualifications CPA-K</p>
	<p>Name Festus Mutai Position Senior Procurement Assistant Appointed on August 9th 2021 Key BPSM, MLS-SCM Qualifications</p>
	<p>Name Nicholas Wafula Position Finance Manager Acted from June 2020 to August 2022</p>
	<p>Name Graham Naibor Position Procurment Assistant Acted from June 2020 to August 2021</p>

CHAIRMAN'S STATEMENT

KISEB has over the months since inauguration of the Board made progress towards discharging its mandate of certifying procurement and supply chain management professionals. The Board strives to build on the foundation laid to deliver quality professional curriculum and certification programme for sustainable development. The year under review (January 2020-December 2020) was however a challenging period for the Board. The global COVID pandemic affected our operating environment adversely and overshadowed the positive developments in our business. Overall, the Board has achieved great milestones as summarised below.

Looking Forward

Following the expiry of the 2014-19 KISM Strategic Plan, the Board has developed the first KISEB Strategic Plan running from July 2020 to June 2025 to guide it over the next five years. The KISEB Strategic Plan 2020-2025 will serve as a strategic guide to position the Board as the premier examination and certification body in supply chain management. To this end, the Board has aligned its strategic direction with key national, regional and international development goals, notably the Big 4 Agenda, The Kenya Vision 2030, Third Medium Term Plan (MTP III), the United Nations' Sustainable Development Goals to ensure that KISEB has the desired impact in supporting sustainable economic development. Our inaugural five-year Strategic Plan projects greater impact in the supply chain management profession through increased efficiency, competitiveness, financial sustainability and responsiveness.

KISEB will steer the development of supply chain management in Kenya in a way that supports national, regional and international development objectives. The Strategic Plan 2020-2025 encompasses twelve key Strategic objectives: 1) To review and implement revised curriculum to produce a globally ethical and competent SCM professional; 2) To develop quality and relevant examinations for PSCM professionals; 3) To certify and re-certify procurement and supply chain professionals; 4) To provide quality curriculum support materials in supply chain management qualifications; 5) To enhance strategic partnerships and collaboration; 6) To enhance the corporate brand; 7) *To enhance accreditation of training institutions to support certification of PSCM professionals;* 8) *To deploy the use of ICT in key processes;* 9) *To strengthen the organisation's human capital to enhance efficiency, effectiveness, transparency in an inclusive and diversified workplace environment* 10) *To enhance business processes and work environment for increased efficiency, effectiveness and accountability* 11) *To strengthen and broaden revenue streams, budgeting and resource mobilisation to achieve financial sustainability* 12) *To integrate risk management approach in governance.*

Operational Performance

During the financial year 2020, KISEB derived its revenue from five (5) streams: Exam registration fees, exam entry fees, exemption fees and annual registration fees and grant support from the Kenya Institute of Supplies Management.

Revenue Stream 2020	CPSP-K Candidates	APS-K candidates
Registration	300	10
Exam entry	682	33
Exemptions	279 units exempted	-
Annual renewal	682	33

In Conclusion

The Board and the Secretariat will continue to work together to strengthen the KISEB's internal controls and promote a culture of integrity and strive for highest ethical business standards.

Our concerted efforts will certainly improve service delivery to our customers and be the SCM certification provider of choice. As the Chairman of the Board, I am committed to providing leadership that espouses principles of good governance. On behalf of the Board and the Secretariat, I wish to express our appreciation to the Government, KISM Board and other stakeholders for their support during the period. I also thank the Secretariat who have continued to work diligently and exhibited resilience in challenging times. Lastly, I thank my fellow Board members and urge them to work zealously in the best interest of KISEB.

4. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present a review of KISEB's key operational performance for the year ended 31st December 2020. The review also highlights our strategic priorities in the short and medium-term focusing on improving service to customers and ensuring sustainable growth. Our role as a national supply chain management professional certification is critical considering that skilled human resource is an enabler and a key driver for economic and social development. In this regard, the Board made remarkable progress in the quest to enhance KISEB capacity to fulfil its legal mandate. During the year, we prioritised development of ICT infrastructure, procurement of office equipment, review of policies and procedures and upgrade of the enterprise resource planning system. These projects will continue into 2021 financial year.

Operational Performance

During the financial year 2020, KISEB derived its revenue from four (4) streams: Exam registration fees, exam entry fees, exemption fees and annual registration fees and grants support from the Kenya Institute of Supplies Management.

Revenue Stream 2020	CPSP-K Candidates	APS-K candidates
Registration	300	10
Exam entry	682	33
Exemptions	279 units exempted	-
Annual renewal	682	33

To discharge its mandate and ensure financial sustainability, KISEB revised its curriculum, revised its exam administration policies and introduced a third exam session in August 2021. KISEB continues to leverage kasneb's exam administration network as it develops its internal capacity.

5. PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020

Kenya Institute of Supplies Examination Board instituted a team of professionals to support the development of its inaugural strategic plan. The plan will be anchored on the key achievements realized over the period the operations has been domiciled at the Kenya Institute of Supplies Management.

6. CORPORATE GOVERNANCE STATEMENT

The Kenya Institute of Supplies Examination Board (KISEB) is statutory examinations body. KISEB is established by and derives its mandate and accountability from Section 13 of the SPM Act, 2007. KISEB is committed to maintaining the highest standards of integrity, professionalism and ethics in all its operations.

Composition of the Board

The Board consists of five persons nominated by the Kenya Institute of Supplies Management; one person nominated by the Public Procurement Regulatory Authority; one person nominated by the Kenya Institute of Curriculum Development; one person nominated by the Kenya National Examinations Council; one person nominated by Kenya Private Sector Alliance (KEPSA) and one person nominated by the local universities.

Name of the Board Member	Board Position	Board Committees			
		Curriculum Development, Examinations & Quality Assurance	Corporate Services	Marketing, Accreditation and Resource Mobilisation	Audit and Risk Management
Dr Wasike W. Walubengo	Chairman				
Ms. Pauline Obonyo Opiyo	Member		Member	Member	
Mr. Mark Kanda	Member		Chair	Member	
Mr. Dan Ajele	Member				Chair
Mr. Peter Njoroge Mwangi	Member		Member	Chair	
Ms. Linda Susan Ingari	Member	Chair	Member		
Prof. Urbanus Mutwiwa	Member	Member		Member	
Dr. Gillian Mwaniki	Member	Member			Member
Mr. Leonard Adhiambo	Member	Member			Member
Mr. Hezron Njoroge	Member	Member	Member		
Mr. Lazarus Munyao Mulwa	Member			Member	Member

The Board has a formal schedule of agenda items due for deliberations. The members of the Board are given appropriate and timely information to enable them to provide and maintain full and effective direction and control over

strategic, financial and operational issues of KISEB. The Board is not involved in the conduct of day-to-day business as this is the responsibility given to the Secretary by law.

Name of the Board Member	Total number of Board meetings	Board Committee			
		Meetings Curriculum Development, Examinations and Quality Assurance	Corporate Services	Marketing, Accreditation & Resource Mobilisation	Audit and Risk Management
Dr. Wasike W. Walubengo	6/ 6				
Ms. Pauline Obonyo Opiyo	5/ 6		2/4	1/1	
Mr. Mark Kanda	6/ 6		4/4		
Mr. Dan Ajele	6/ 6				0
Mr. Peter Njoroge Mwangi	5/ 6		1/4	1/1	
Prof. Urbanus Mutwiwa	5/ 6	5/7		1/1	
Dr. Gillian Mwaniki	5/ 6	7/7			0
Mr. Leonard Adhiambo	5/ 6	7/7			0
Mr. Hezron Njoroge	5/ 6	4/7	2/4		
Mr. Lazarus Munyao Mulwa	6/ 6			1/1	0
Ms. Linda Susan Ingari	6/ 6	7/7	4/4		

KISEB Board Committees

The Board has established various Committees which have formal Terms of Reference approved by the Board and reviewed on an ongoing basis by the Board. The officers with the delegated authority of the Chief Executive Officer prepare the agenda and the Committee papers and provides Secretarial Services to the Committees.

Curriculum Development, Examination and Quality Assurance (CDEQA) Committee

The Committee consists of five non-executive members of the Board. The principal responsibility of the Committee is development of syllabuses which comply with global standards. Other roles include: review and recommend strategies for management of examinations, receive and consider examiners' reports and guide the release of results; advise the board on matters incidental to the management and administration of examinations; review and recommend rules and regulations regarding the standard of proficiency to be gained in each

examination; review and consider applications for exemptions and credit transfers; review and approve list of qualifying candidates who have satisfied the examination requirements for award of certificates and other awards.

CDEQA Committee			
Name	Role	Appointment Date	Attendance registers 2020
Ms Linda Susan Ingari	Chairperson	28 th May 2020	7/7
Prof. Urbanus Mutwiwa	Member	2 nd October 2020	5/7
Dr Gillian Mwaniki	Member	28 th July 2020	7/7
Mr. Leonard Adhiambo	Member	28 th July 2020	7/7
Mr. Hezron Njoroge	Member	28 th July 2020	4/7

Corporate Services Committee

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

Corporate Services Committee			
Name	Role	Appointment Date	Attendance registers 2020
Mr. Mark Kanda	Chairman	28 th May 2020	4/4
Ms Pauline Opiyo	Member	28 th July 2020	2/4
Hezron Njoroge	Member	28 th July 2020	2/4
Mr. Peter Njoroge	Member	28 th May 2020	1/4
Ms Linda Susan Ingari	Member	28 th July 2020	4/4

Marketing, Accreditation and Resource Mobilisation (MARM) Committee

MARM Committee consists of five members all of whom are non-executive members of the Board. The main focus of the committee is to raise KISEB's relevance and visibility to appropriate standards through implementation of marketing, accreditation and resource mobilization strategies. The committee met once during the period under review.

Marketing, Accreditation and Resource Mobilisation (MARM) Committee			
Name	Role	Appointment Date	Attendance registers 2020
Mr. Peter Mwangi	Chairperson	28 th May 2020	1/1
Prof. Urbanus Mutwiwa	Member	2 nd October 2020	1/1
Mr. Lazarus Mulwa	Member	28 th July 2020	1/1
Ms Pauline Opiyo	Member	2 nd October 2020	1/1
Mr. Mark Kanda	Member	28 th May 2020	1/1

Audit and Risk Management Committee

The Committee consists of four non-executive members of the Board. The Audit Risk and Risk Management Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Board's process for monitoring compliance with laws and regulations. In addition, the Committee continuously evaluates the effectiveness of the risk Management processes to ensure that adequate risk management strategies are being implemented. The Committee was not able to meet in the period under review.

Audit and Risk Management Committee			
Name	Role	Appointment Date	Attendance registers 2020
Mr. Dan Ajele	Chairperson	28 th May 2020	0
Dr Gillian Mwaniki	Member	2 nd October 2020	0
Mr. Leonard Adhiambo	Member	2 nd October 2020	0
Mr. Lazarus Mulwa	Member	2 nd October 2020	0

Management Structure

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

Internal Controls

The Management has put in place a system of internal control mechanisms to ensure the reporting of complete and accurate accounting information. Procurement of goods and services is strictly done in accordance with the Public Procurement and Disposal Act, 2015 and Regulations 2020. In all KISEB operational areas, workflows have been structured in a manner that allows adequate segregation of duties.

Compliance with Laws

As at the end of the financial year 2021/2022, the Board is satisfied that to the best of its knowledge, the organization has complied with all applicable laws and that business was conducted in accordance with the set laws and regulations. No Board member or employee acted or committed any indictable offence under the Anti-Corruption laws nor has any Board member or employee been involved or been used as conduit for money laundering or any other activity incompatible with the relevant laws. The requirements of the Mwongozo guidelines have been complied with. The Board members are updated on changes in laws and regulations, policies, and practices through facilitation to attend relevant seminars and conferences for effective and efficient management of the Board.

Ethics and Code of Conduct

KISEB Board members and employees are expected to act with integrity, courtesy and equity in all their dealings with each other and with all our stakeholders as guided by KISEB Board Charter and Employee code of conduct that binds them. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization. The Code sets out clear behavioural requirements and where these are not met, there are consequences. It is distributed to all employees and directors who are required to comply with it to ensure adherence to the code of corporate governance, the Board members are governed by a Board Charter.

Engagement with stakeholders

The Board recognizes the importance of maintaining transparency and accountability to its shareholders and works to ensure that all stakeholders are

treated equitably. Stakeholder forums are held on an annual basis to consult on areas that would improve service delivery and create efficiency.

7. MANAGEMENT DISCUSSION AND ANALYSIS

a) KISEB Mandate and Strategic Plan

The rationale for developing the corporate strategic plan is anchored on the legal and institutional framework, which gives KISEB the mandate and a critical role in driving national and global development agenda through empowering professionals globally.

Key risks facing KISEB.

KISEB identified several key risks that are likely to impede the implementation of its objectives.

i) Pandemic Risk: The country continued to face the risk of COVID -19 pandemic that affected the normal working environment forcing staff to adjust and work from home. The clients were not able to receive service on a face-to-face interaction. This impeded on the timely achievement of the Board's strategic objectives. The mitigation measures that have been put in place involve; Re-engineering of workflow processes, enhanced automation of core business operations, Review of Human Resources Policies and procedures, maintaining a clean and conducive working environment, strengthening the safety & security for staff, clients and service providers, staff training on safety and security matters and implementation of both the corporate safety and security policy and Occupational Safety & Health Act (OSHA).

ii) Operational Risks: The Board receives volumes of records, documents and information from the students' other stakeholders during its operations. Clients' records and information need to always be maintained with utmost care. The mitigation measures that have been put in place to safeguard these records, documents and information under the custody of the Board include; automation of the key processes for improved archiving, storage and retrieval, acquisition of adequate secure and convenient storage facilities and office space, and consistent adherence to the principles of good records management.

iii) Technology Risk: The increased leveraging on technology exposes the Board increased cyber risk. To mitigate on the risks, the staff are connected through secure channels.

iv) Liquidity Risk: The Board's main source of funds is the examinations fees and Exchequer. The quarterly allocation that the Board has been receiving from the Exchequer are not disbursed in timely manner. The mitigation measures that the Board has put in place include; prudent financial management, implementing cost management strategies and collaboration with strategic partners.

v) Reputational Risk: The Board's reputation is an invaluable and fragile asset that is broad and far reaching and includes image, goodwill, and brand equity. Reputational risk management supports value creation and seeks to deal effectively with potential future events that create uncertainty. The mitigation strategies that have been put in place include; an endeavour by the Board to have a clear understanding of the its mandate amongst the internal and external stakeholders, development of service charter and sharing it with all the stakeholders, rebranding, implementation of customer feedback, signing of MOU's with strategic stakeholders, communicating and enforcing the Board's code of conduct and ethics, and, developing and implementing the anti-corruption and whistle blowing policy.

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

vii) Governance Risks: The risk mitigation measures on this risk include signing of the Board charter, strategic leadership and management training

programs, Professional trainings for various professionals within the Board; and, Board of Directors training on Corporate Governance and Risk Management.

b) Material arrears in statutory/financial obligations

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

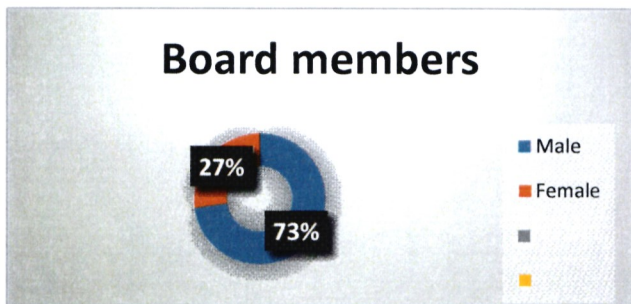
c) The entity's financial probity and serious governance issues

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

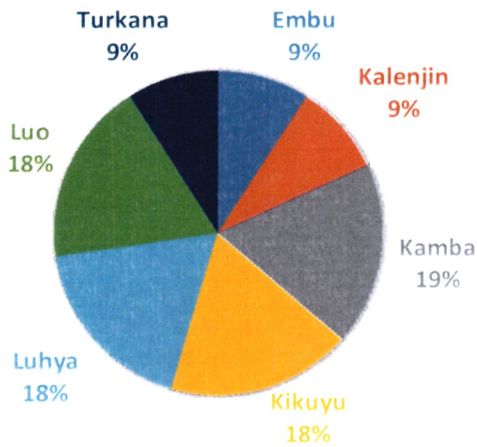
8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

As the professional certification body in Kenya, KISEB remains committed to empowering the dreams of young professionals by sponsoring those dreams. In addition, KISEB takes part in the Corporate Social Investment (CSI) activities. During the year under review, KISEB sponsored supply chain associations in universities and colleges. KISEB gave awards to top supply chain students at Cooperative University, KCA University and JKUAT.

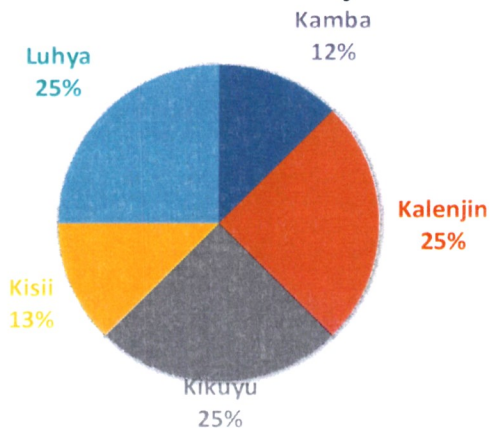
Diversity of KISEB



BOARD'S ETHNICITY



Staff's Ethnicity



9. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31st December 2020, which show the state of the *KISEB*'s affairs.

i) Principal activities

The principal activities of the *KISEB* are stipulated in the Supplies Practitioners Management Act 2007. The objective and the purpose for which Board was established is "to prescribe and regulate syllabuses of instruction for

professional supplies certification for persons seeking registration as suppliers and practitioners”

Our Vision

The strategic plan that will define the mission is undergoing consultations **Our Mission**

The strategic plan that will define the mission is undergoing consultations.

Our Core values

The strategic plan that will define the mission is undergoing consultations.

ii) Results

The results for the year ended 31st December 2020, are set out on page 1-5

iii) Directors

The members of the Board of Directors who served during the year are shown on page vii-ix. During the year no director retired/ resigned and no new directors were appointed.

iv) Surplus remission

KISEB is not categorized as a regulatory entity and hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the *KISEB* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 Auditor General to carry out the audit of the *KISEB* for the year ended 31st December 2020.

By Order of the Board

Name *Fred Ongwa*
Secretary to the Board

Signature
Fred Ongwa

Date *31st March 2022*

10. **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Directors are responsible for the preparation and presentation of the *KISEB*'s financial statements, which give a true and fair view of the state of affairs of the *KISEB* for and as at the end of the financial year (period) ended on 31st December 2020. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *KISEB*; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the *KISEB*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *KISEB*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner

required by the PFM Act, 2012 and (the State Corporations Act) the Supply Practitioners Management Act 2007. The Directors are of the opinion that the *KISEB*'s financial statements give a true and fair view of the state of *KISEB*'s transactions during the financial year ended 31st December 2020, and of the *KISEB*'s financial position as at that date.

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

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

Approval of the financial statements

The *KISEB*'s financial statements were approved by the Board on 31st March 2022 and signed on its behalf by:



Dr Wasike W. Walubengo
Chairman of the Board
Officer



Fred Ongisa, PhD, CP3P
Chief Executive

REPUBLIC OF KENYA

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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 EXAMINATION BOARD FOR THE YEAR ENDED 31 DECEMBER, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Institute of Supplies Examination Board set out on pages 32 to 52, which comprise of the statement of financial position as at 31 December, 2020, and statement of financial performance, statement of cash flows, statement of changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the Kenya Institute of Supplies Examination Board as at 31 December, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual), and comply with the Public Finance Management Act, 2012 and the Supplies Practitioners Management Act, 2007.

Basis for Qualified Opinion

1. Understatement of Operating Expenses

The statement of financial performance reflects an amount of Kshs.4,128,188 in respect of operating expenses as disclosed in Note 9 to the financial statements, includes an amount of Kshs.223,554 in respect of catering services. However, the amount differed with the amount reflected in the supporting schedule of Kshs.871,552 by an unexplained and unaccounted amount of Kshs.647,998.

In the circumstances, the accuracy and completeness of the catering services expenses of Kshs.223,554 could not be confirmed.

2. Non-Compliance with Financial Reporting Standards and Guidelines

Review of the financial statements revealed that Management did not prepare the statement of comparison of budget and actual amounts as provided for by the financial reporting guidelines issued by the Public Sector Accounting Standards Board (PSASB). In the circumstances, the financial statements do not comply with the Public Sector Accounting Standards Board (PSASB) reporting guidelines.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Late Submission of Financial Statements

The Institute's annual reports and financial statements for the year ended 31 December, 2020 were received by the Office of the Auditor-General on 18 May, 2021 more than two months after the statutory deadline of 31 March, 2021. This is contrary to the provisions of Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015 which provides that an Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board, not later than three months after the end of the financial year and submit them to the Auditor General with a copy to the Controller of Budget and the National Treasury.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on 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

Lack of an Internal Audit Function and Meetings by Audit Committee

Review of the internal control systems revealed that the Board did not have an internal audit unit to perform risk assessment and evaluate operational effectiveness through in-depth analysis of Management operations and internal controls of the Board. Further, as revealed in the financial statements, the Audit and Risk Management Committee did not meet during the year under review.

In the circumstances, the Board may not have had oversight in safeguarding public resources under its the control.

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and

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

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


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 September, 2022

I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31ST DECEMBER 2020

	Notes	Kshs 2020		
		KISM	GoK &	Totals
Income				
Grant utilised from KISM	5	0	11,121,775	11,121,775
Total Examination Income	6	11,927,450	0	11,927,450
Other Income		0	0	0
Total Income		11,927,450	11,121,775	20,927,450
Expenditure				
Staff Costs	7	0	4,551,087	4,551,087
Board Expenses	8	0	1,430,644	1,430,644
Administrative Expenses		0	0	0
Operating Expenses	9	1,109,919	3,018,269	4,128,188
Depreciation		0	0	0
Operating Surplus(Deficit) Before Finance cost		10,817,531	2,121,775	12,939,306
Operating Surplus/(deficit) after Finance Costs		10,817,531	2,121,775	12,939,306
Share of Fees _SPMA 13(h)	10	3,578,235		3,578,235
Surplus / (Deficit) after tax		7,239,296	2,121,775	9,361,071

II. STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

	<i>Notes</i>	2020
Non-Current Assets		
<i>Intangible Assets</i>		-
Total Non-Current Assets		-
Current Assets		
<i>Cash and Cash Equivalents</i>		-
<i>Funds Due Due from KISM</i>	14	9,361,071.00
Total Current Assets		9,361,071.00
Current Liabilities		
Total Current Liabilities		
Net Current Assets		9,361,071.00
Net Capital Employed		9,361,071.00
Accumulated Funds		
<i>Retained Earnings</i>		9,361,071.00
Accumulated Funds		9,361,071.00
Total Funds		9,361,071.00

The financial statements were approved by the Board on 31st March 2022 and signed on its behalf by:

Ag. Chief Executive Officer

Head of Finance

Chairman of the Board

Nice Ongia

[Signature]

[Signature]

Signature:

Signature:

Signature

ICPAK M/NO: 10128

III. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST DECEMBER 2020

	<i>Accumulated Reserves</i>	<i>Professional Development</i>	<i>Total</i>
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>As at 1st Jan 2020</i>			
<i>Total Comprehensive Income for the year</i>	12,939,306		12,939,306
<i>Transfer of share of fees</i>		(3,578,235)	(3,578,235)
<i>Other surplus from other activities</i>			
<i>As at 31st December 2020</i>	<i>12,939,306</i>	<i>(3,578,235)</i>	<i>9,361,071</i>

IV. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST DECEMBER 2020

Reconciliation of Surplus(deficit) before tax to cash generated from operations;

Surplus(deficit) before tax	9,361,071
Add Non Cash Adjustments	
Depreciation	
Amortisation	-
Cashflow before Changes in Working capital	9,361,071
Changes in Working Capital	
(Increase)/ Decrease in Receivables	(9,361,071)
Increase/(Decrease) in unused grants	
Net changes in Working Capital	0.00
Net Cash from/(used in) Operating Activities	-
Investing Activities	
Purchase of Property, Plant and Equipment	
Net Cash from/(used in) Investing Activities	-
Financing Activities	
Increase/(Decrease) in Grants	
Net Cash from/(used in) in Financing Activities	-
As at 1st January	-
Increase/(Decrease) in cash and Cash Equivalents	
As at 31st December	-

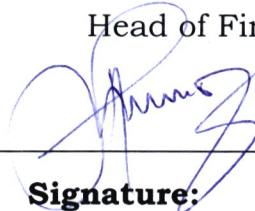
The financial statements were approved by the Board on 31st March 2022 and signed on its behalf by:

Ag. Chief Executive Officer

Head of Finance

Chairman of the Board







Signature:

Signature:

Signature

ICPAK M/NO: 10128

NOTES TO THE FINANCIAL STATEMENTS

a) General Information

Kenya Institute of Supplies Examination Board is established by Supplies Practitioners Management Act and derives its authority and accountability from the same Act. The Kenya Institute of Supplies Examination Board is a Semi-Autonomous Government Agency partly controlled by the Government of Kenya and is domiciled in Kenya.

The Kenyan Companies Act's reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

b) Statement of Compliance and Basis of Preparation

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and Supplies Practitioners Management Act of 2007, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented

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

a) Revenue recognition

Revenue is measured based on the consideration to which the Kenya Institute of Supplies Examination Board expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Kenya Institute of Supplies Examination Board recognizes revenue when it transfers control of a product or service to a customer.

- b) **Revenue from the sale of goods and services** is recognised in the period in which the *Board* delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- c) **Grants from National Government** are recognized in the period in which the *Board* actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- d) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- e) **Rental income** is recognised in the income statement as it accrues using the effective interest implicit in lease agreements.
- f) **Other income** is recognised as it accrues.

g) In-kind contributions

In-kind contributions are donations that are made to the *Board* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *Board* includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

h) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation

and impairment losses. Where re-measurement at re-valued amounts is desirable, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers. Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

i) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Freehold Land	Nil
Buildings and civil works	25 years or the unexpired lease period
Plant and machinery	12.5 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	12.5 years

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

j) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on

a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

k) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

l) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured.

NOTES TO THE FINANCIAL STATEMENTS (Continues)

Summary of Significant Accounting Policies

initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

m) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

n) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Kenya Institute of Supplies Examination Board incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent

that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Kenya Institute of Supplies Examination Board expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

o) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

p) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

q) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

r) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS (Continues)
Summary of Significant Accounting Policies

s) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the period end. Bad debts are written off after all efforts at recovery have been exhausted.

t) Taxation

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 Examination Board 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.

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 Examination Board operates and generates taxable income.

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 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 Examination Board and the same taxation authority.

u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for

capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

v) 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 reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the period.

w) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

x) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the Kenya Institute of Supplies Examination Board or not, less any payments made to the suppliers.

y) Retirement benefit obligations

The Kenya Institute of Supplies Examination Board operates a defined contribution scheme for all full-time employees from January 1 2020. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. Kenya Institute of Supplies Examination Board per employee per month.

z) Provision for staff leave pay

Employees' entitlements to annual leave are recognized as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

aa) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Kenya Institute of Supplies Examination Board operates, Kenya Shillings. Transactions in foreign currencies during the period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

bb) Budget information

The original budget for FY 2020 was approved by the Board's Board in February 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Kenya Institute of Supplies Examination Board upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Kenya Institute of Supplies Examination Board recorded additional appropriations in the 2020 budget following the Board's approval.

The Kenya Institute of Supplies Examination Board'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. 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 giving details and explanations to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

cc) Service concession arrangements

The Kenya Institute of Supplies Examination Board 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 Kenya Institute of Supplies Examination Board 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 Examination Board also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

dd) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

1. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Kenya Institute of Supplies Examination Board'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.

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

3. Useful lives and residual values

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

- i. The condition of the asset based on the assessment of experts employed by the Kenya Institute of Supplies Examination Board
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii. The nature of the processes in which the asset is deployed
- iv. Availability of funding to replace the assets

4. 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 Kenya Institute of Supplies Examination Board.

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

(include provisions applicable for your organization e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

NOTES TO THE FINANCIAL STATEMENTS (Continues)

Revenue

	Own Funds	Grant	Total
5 Grant utilised from KISM		11,121,775	9,000,000
Grant Income for the Year		11,121,775	9,000,000
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6 Examination Income			
Total Examination Income	11,927,450	0	11,927,450
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7 Staff Costs			
Salaries and Wages		4,307,077	4,307,077
Daily Subsistence Allowances			
Pension Contribution		244,010	244,010
Other Wages			
Total Staff Costs		4,551,087	4,551,087
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8 Board Expenses			
Board Allowances		910,000	910,000
Board Subsistence Allowance		400,400	400,400
Board Mileage Expenses		120,244	120,244
Total Board Expenses		1,430,644	1,430,644

The average number of employees at the end of the period was:	
Permanent employees – Management	1
Permanent employees – Others	2
Temporary and contracted employees	2
Total	5

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Own Funds	Grants	Total
9 Operating Expenses			
Promotion & Advertisements	700,150		700,150
Marketing Expenses	79,000		79,000
Catering Services	223,554		223,554
Examination Development Expenses	87,215	2,397,285	2,484,500
Printing Expenses	0	620,984	620,984
Other Examination Expenses	20,000		20,000
Total Operating Expenses	1,109,919	3,018,269	4,128,188
	Own Funds	Grant	Total
10 Distribution of Income			
<i>Total Collections</i>	11,927,450		11,927,450
Income Realised	11,927,450		11,927,450
<i>Share of Fees _SPMA 13(h)</i>	3,578,235		3,578,235
30% of Realised Income	3,578,235		3,578,235

11 Operating profit/(loss)

	Period ended December 2020	Comparative Period
	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff costs (note 12b)	4,551,087	
Directors' emoluments – fees	1,430,644	
Auditors' remuneration - current period fees		

13 Valuation

Land and buildings are held at the book values and stated in total of costs less all consumptive taxes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Trade and Other Receivables

	Period ended December 2020
	Kshs
Other receivables	9,361,071.00
Net trade and other receivables	9,361,071.00

15 Funds Due to KISM

	Own Funds	Grants	Total
Total Income collected	11,927,450		11,927,450
Add Balance b/d			
Total Collections	11,927,450		11,927,450
Grant Allocation	0	11,121,775	11,121,775
Total Available Cash	11,927,450	11,121,775	23,049,225
Total Recurrent Expenses	1,109,919	9,000,000	10,109,919
Total Non Current Expenses	0	0	0
Less Share of Income	3,578,235		3,578,235
Balance as at 31st December	7,239,296.00	2,121,775.00	9,361,071.00

17 Revaluation Reserve

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to surplus. Revaluation surpluses are not distributable.

18 Fair Value Adjustment Reserve

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognized in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 Surplus

The surplus represents amounts available for ploughing to the *Kenya Institute of Supplies Examination Board's* commercial initiatives. Unutilized surpluses are utilized to finance the *Kenya Institute of Supplies Examination Board's* business activities.

20 Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at period end is attributable to the following items:

21 Incorporation

The Kenya Institute of Supplies Examination Board is incorporated in Kenya under the Supplies Practitioners Management Act, 2007 and is domiciled in Kenya.

22 Events After the Reporting Period

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

23 Currency

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