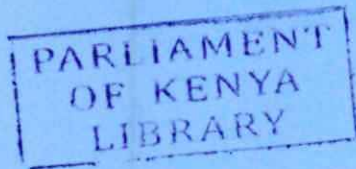


REPUBLIC OF KENYA



Enhancing Accountability

REPORT




OF

THE AUDITOR-GENERAL

ON

**PUBLIC PROCUREMENT REGULATORY
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2024**

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2025	
DAY: Tuesday	
TABLED BY:	Hon Owen Baya m.p Deputy majority leader.
CLERK-AT THE-TABLE:	Getmele Chebet.



PPRA
PUBLIC PROCUREMENT
REGULATORY AUTHORITY

PUBLIC PROCUREMENT REGULATORY AUTHORITY

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2024**

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

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

AGPO	Access for Government Procurement Opportunities
DG	Director General
EAC	East African Community
EAPF	East Africa Procurement Forum
e-GP	Electronic Government Procurement
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KEBS	Kenya Bureau of Standards
KIWASCO	Kisumu Water and Sanitation Company Limited
KPA	Kenya Ports Authority
M&E	Monitoring and Evaluation
MPI	Market Price Index
NAP	National Adaptation Plans
NT	National Treasury
OAG	Office of the Auditor General
OGP	Open Government Partnership
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PPIP	Public Procurement Information Portal
PSASB	Public Sector Accounting Standards Board
QMS	Quality Management System
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SRC	Salaries and Remuneration Commission
UNOPS	United Nations Office for Project Services
VUCA	volatility, uncertainty, complexity and ambiguity
WB	World Bank

B: Definition of Key Terms

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

Comparative Year - Means the prior period.

KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

The Public Procurement Regulatory Authority (the Authority) is established under Section 8 (1) of the Public Procurement and Disposal Act, 2015 (PPADA, 2015) and is charged with monitoring, assessing and reviewing the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the Constitution of Kenya, 2010. To ease access to its services, the Authority has four (4) regional offices situated in Mombasa, Kisumu, Eldoret and Nakuru.

Vision

A dynamic, effective and efficient public procurement and asset disposal system.

Mission

To promote fairness, equity, transparency, competition and cost effectiveness in the public procurement and asset disposal system through effective monitoring, assessment and review for sustainable development.

Strategic Goals

- a) Foster compliance with the legal and regulatory framework.
- b) Promote ethical conduct among persons participating in the public procurement and asset disposal system.
- c) Enhance efficiency in the public procurement and asset disposal system.
- d) Increase stakeholder participation in the public procurement and asset disposal system.
- e) Strengthen institutional capacity for effective service delivery.

Core values

- a) **Honesty:** We will tell the truth, be upright, candid and sincere with what we say and do.
- b) **Integrity:** We will serve our stakeholders in a professional way with high ethical standards.
- c) **Accountability:** We will exercise transparency and openness in our operations and take ownership of our actions and results.

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

Guiding Principle

- a) **Innovation:** We will constantly apply creative ideas to meet the stakeholders' changing needs and support innovation in public procurement and asset disposal system.
- b) **Responsiveness:** We will respond effectively, timely and in an economical manner that meets the needs of our stakeholders.
- c) **Courage:** We will do what needs to be done regardless of the cost or risk.
- d) **Teamwork:** We will work effectively with others across the functions to accomplish the mandate.
- e) **Efficiency:** We will promote effectiveness, resource optimization, customer satisfaction, innovation and sustainability in all our processes.

b) Principal Activities

The Authority has a mandate to among other functions; monitor, assess and review the Public Procurement and Asset Disposal system in Kenya to ensure they respect the National Values and other provisions of the law including Article 227 of the Constitution of Kenya, 2010.

The functions of the Authority as spelt out under section 9 of the PPADA, 2015, include:

- (a) Monitor, assess and review the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the Constitution, including Article 227 and make recommendations for improvements;
- (b) Monitor the public procurement system and report on the overall functioning of it and present to the Cabinet Secretary and the county executive member for finance in each county, such other reports and recommendations for improvements;
- (c) Enforce any standards developed under the Act;
- (d) Monitor classified procurement information, including that of specific items of security organs and make recommendations to the Cabinet Secretary;
- (e) Monitor the implementation of the preference and reservation schemes by procuring entities;

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

- (f) Prepare, issue and publish standard public procurement and asset disposal documents and formats to be used by public entities and other stakeholders;
- (g) Provide advice and technical support upon request;
- (h) Investigate and act on complaints received on procurement and asset disposal proceedings from procuring entities, tenderers, contractors or the general public that are not subject of administrative review;
- (i) Research on the public procurement and asset disposal system and any developments arising from the same;
- (j) Advise the Cabinet Secretary on the setting of standards including international public procurement and asset disposal standards;
- (k) Develop and manage the State portal on procurement and asset disposal and ensure that it is available and easily accessible;
- (l) Monitor and evaluate the preference and reservations provided for under the Act and provide quarterly reports;
- (m) Create a central repository or database that includes-
 - i. Complaints made on procuring entities;
 - ii. Record of those prohibited from participating in tenders or those debarred;
 - iii. Market prices of goods, services and works;
 - iv. Benchmarked prices;
 - v. State organs and public entities that are non-compliant with procurement laws;
 - vi. Statistics related to public procurement and asset disposal;
 - vii. Price comparisons for goods, services and works; and
 - viii. Any information related to procurement that may be necessary for the public
- (n) Inform as applicable, the Cabinet Secretary, Parliament, the relevant County Executive member for finance, the relevant County Assembly or Auditor-General on issues of non-compliance with procurement laws once the relevant State organ or public entity ignores the written directives of the Authority, including material breaches of the measures established under the Act;
- (o) Generally, report to Parliament and the relevant County Assembly;
- (p) Develop a code of ethics to guide procuring entities and winning bidders when undertaking public procurement and asset disposal with State organs and public entities;
- (q) In undertaking its functions, co-operate with state and non-state actors with a view to obtaining recommendations on how public procurement and disposal can be improved;

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

- (r) Ensure the procurement entities implement the preference and reservations and provide data to the Authority disaggregated to indicate the number of disadvantaged groups that have benefitted;
- (ra) develop, promote and support the training and capacity development of persons involved in procurement and asset disposal;
- (s) Perform such other functions and duties as are provided for under the Act and any other relevant law.

c) Key Management

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

S/No	Designation	Name
1.	Board of Directors	Public Procurement Regulatory Board
2.	Director General	Patrick K. Wanjuki
3.	Director, Strategy & Planning	Rose Nyamweya (Mrs.)
4.	Director, Research, Innovation & Business Systems	Henock K. Kirungu
5.	Ag. Director Legal & Corporation Secretary	Lucy J. Barno
6.	Ag. Director, Corporate Services	Chris Sakwa
7.	Ag. Director, Internal Audit	Julius G. Mungai
8.	Ag. Director, Compliance	Ms. Pauline O. Opiyo
9.	Ag. Director, Licensing & Standards	Thomas O. Otieno
10.	Ag. Director, Complaints & Investigation	Peter K. Ndungu
11.	Ag. Deputy Director, Human Resources & Administration	Gitonga K. Mwangi
12.	Ag. Deputy Director, Finance & Accounting	Lawrence Yuta

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

S/No.	Designation	Name
1.	Director General	Patrick K. Wanjuki
2.	Director, Strategy & Planning	Rose Nyamweya (Mrs.)
3.	Ag. Director Legal & Corporation Secretary	Lucy J. Barno
4.	Director, Research, Innovation & Business Systems	Henock K. Kirungu
5.	Ag. Director, Corporate Services	Chris Sakwa
6.	Ag. Deputy Director, Finance & Accounting	Lawrence Yuta
7.	Ag. Head of Procurement	Monica Mungai

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

e) Fiduciary Oversight Arrangements

The operations of the Authority are guided by the Public Procurement and Asset Disposal Act 2015, Public Finance Management Act 2012, relevant Acts of Parliament and Regulations and the Mwangozo Code of Governance for State Corporations.

Key fiduciary arrangements covering the Authority include:

- The Public Procurement Regulatory Board;
- The Audit, Risk and Governance Committee of the Board;
- The Finance and Administration Committee of the Board;
- The Compliance, Strategy & Communication Committee of the Board;
- Parliamentary Oversight Committees;
- Internal Audit and Risk Assurance function.

f) Entity Headquarters

P.O. Box 58535-00200,
KISM Towers, 6th Floor,
Ngong Road,
Nairobi, Kenya.

g) Entity Contacts

Tel: +254 20 3244000

Email: info@ppra.go.ke,

Website: www.ppra.go.ke

h) Entity Bankers

1. National Bank of Kenya
Harambee Avenue Branch
P.O. Box 41862-00200
Nairobi, Kenya
2. National Bank of Kenya
Ngong Road Branch
P.O. Box 41862-00200
Nairobi, Kenya
3. Kenya Commercial Bank (KCB)
KICC Branch
Harambee Avenue
Nairobi, Kenya

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

i) Independent Auditors

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

j) Principal Legal Adviser

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

THE BOARD OF DIRECTORS

THE PUBLIC PROCUREMENT REGULATORY BOARD

The Public Procurement Regulatory Board (PPRB) is the management Board of the Public Procurement Regulatory Authority. The Regulatory Board is established under section 10(1) of the PPADA 2015. Its main responsibility being oversight of management, operations and activities of the Authority. The PPRB was constituted in September 2018.



**Hon. Kadhua Jimmy Kahindi (41 years) –
Chairperson: Appointed 18.08.2023**

Hon. Jimmy Kahindi is renowned for his unwavering commitment to academic excellence, reflected in his diverse educational foundation.

Hon. Kahindi is a dedicated governance, legislative, and legal expert with a decade of invaluable public service and professional experience. He has been a two-term County Assembly Speaker at the Kilifi County Government, where he presided over the County Assembly, ensured its efficient functioning, provided crucial policy advice, and played a pivotal role in budget preparation.

Notably, his exemplary performance earned him the prestigious national award of the Moran of the Burning Spear (MBS) from the President of the Republic of Kenya in 2017. Additionally, he held the role of National Treasurer of the County Assembly Forum (CAF) from 2013 to 2022. Hon. Kahindi, operates his own law firm, Jimmy Kahindi and Associates Advocates, established in 2013. Throughout his career, Hon. Kahindi has developed strong skills in governance, leadership, constitutional, legislative, and parliamentary procedures. His legal practice and management experience alongside his passion for the people of Kenya, have provided him with a comprehensive understanding of law and national matters.

Currently, Hon. Kahindi is pursuing a Master of Law (LLM) in Law, Democracy, and Governance at the University of Nairobi. He holds diplomas in Contemporary Public Administration Management and Human Resource Management from the Galilee International Management Institute (Israel). Additionally, he earned a Post Graduate Diploma in Law from the Kenya School of Law, a Master of Law (LLM) in International Trade Law from Holborn College UK, and a Bachelor of Law Degree (LLB) from the University of Nairobi.

Hon Kahindi also serves as the chairperson of the Debarment committee.

PUBLIC PROCUREMENT REGULATORY BOARD CONTINUED

Amos Simiyu Makokha (51 years) – Independent: Appointed 18.08.2023

Mr. Amos Simiyu is a seasoned legal practitioner. He chairs both the Corporate Services Committee and the Strategy and Resource Mobilization Committee of the Board. He is an accomplished legal professional with a diverse and extensive background in law and legal consultancy. He is an Associate Arbitrator with the Charter Institute of Arbitrators Kenya and a Professional Mediator with the Mediation Training Institute. Currently, he serves as the Managing Partner at the Law Firm of Wattanga & Luyali Associates in Bungoma, specializing in Commercial, Human Rights, and Constitutional issues.



His legal career has seen him hold various roles, including positions at Wetangula & Co. Advocates in Nairobi, Khan & Saisi Advocates, Kibichiy & Co. Advocates, and Jim Choge & Co. Advocates all based in Eldoret. Amos earned his Post Graduate Diploma in Law at the Kenya School of Law and holds a Bachelor of Law Degree from the University of Nairobi.

In addition to his legal expertise, Amos actively participates in various professional and community roles. In 2022, he was appointed as the Chairman of the Human Resource Task Force by the Governor of Bungoma County and serves as the Vice Chairperson of Cardinal Otunga Girls' High School's Board of Management. He holds leadership positions in multiple school associations, including Maranda High School and Lugulu Girls, and is actively engaged in church leadership and media organizations in Bungoma. Furthermore, Amos is a committed member of the Federation of Kenya Women Lawyers and serves on the Board of Trustees for the Canadian Missionary Fellowship Trust.

Amos' extensive legal experience and commitment to community engagement make him a valuable asset in both legal and community-oriented contexts. He is the Chairman of the Corporate Services and Strategy and Resource mobilization committees. In addition, he is a member of the Debarment committee.

Ali Mohamed Haji (64 years) – Independent: Appointed 18.08.2023



Mr. Ali Mohamed Haji chairs the Audit, Risk and Governance Committee of the Board. He is an accomplished leader renowned for driving operational excellence, fostering innovation and aligning talent with ideal roles. With a Bachelor of Business Administration from the University of Houston, he brings a solid educational foundation to a distinguished career.

PUBLIC PROCUREMENT REGULATORY BOARD CONTINUED

His skills in strategic planning and operations, business development, team leadership, financial management, and quality control have been instrumental in his professional journey.

Ali currently serves as the CEO of Nairobi Calibration Services Limited. In his seven-year tenure, he has steered the company to remarkable heights. Under his leadership, the company achieved a 20% reduction in errors and customer complaints, implemented quality controls, and expanded the client base, resulting in a 30% revenue increase.

In his previous role as Project Manager at Clean Water Industries, Ali managed intricate projects, notably including the successful solar hybrid installation for KPLC in Laisamis Marsabit County. This highlighted his proficiency in both stakeholder communication and effective project management. With 14 years as a Finance Manager at Nairobi Calibration Services Limited, Ali expertly managed budgets, forecasted financial trends, and led finance professionals, contributing significantly to the organization's success through financial automation and process enhancements.

Mr Haji is a member of the Strategy & Resource mobilization and Debarment committees.



**Patrick Ndirangu Kimemia (69) - Independent:
Appointed 18.08.2023**

Mr. Patrick Kimemia chairs the Compliance and Communication Committee of the Board. He is an accomplished and visionary Procurement Professional with extensive experience and a proven track record in supply chain management strategy, vendor management, projects management, contract negotiations, and organizational leadership. Among many other achievements, Mr. Kimemia contributed as a member of taskforce in the drafting of the Public Procurement and Disposal Act (2005 and 2015) and the Public Procurement regulations (2000-2001 and 2016).

He was the member of task force appointed by Ministry of Public Works to review the functions of Supplies Branch. He is notably a supply chain management consultant and trainer. Mr. Kimemia also serves as the Chairman of the Board to Makomboki Tea Factory.

PUBLIC PROCUREMENT REGULATORY BOARD CONTINUED

Mr. Kimemia holds a Master of Science (MSC), in Procurement and Logistics from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Arts (Economics) from University of Nairobi. He is a member of Chartered Institute of Purchasing and Supply, Kenya Institute of Supplies Management, International Federation of Purchasing and Supply Management and Scottish Qualification Authority. He served as a Head of Supply Chain Management at Kenya Electricity Generating Company PLC (KenGen).

Mr Kimemia is a member of the Audit, Risk and Governance committee and the Debarment Committee.



Mr Eric Kimutai Korir (56) : Alternate to CS, The National Treasury and Planning - Appointed May 2023

Mr Eric Korir is a results-orientated Procurement and Supply Chain Management Leader with over 25 years' experience in public and private sector procurement and supply chain management with a strategic overview and an analytical knowledge of local and global context.

He is currently the Director of Public Procurement at The National Treasury handling policy, research, legal and technical matters in the public-sector procurement for both national and county governments.

Eric holds a Bachelor of Arts degree from the University of Nairobi, a Master of Business Administration in Strategic Management from Moi University and a Diploma in Supply Chain Management from the Chartered Institute of Purchasing and Supply (UK). He is a Member of the Chartered Institute of Purchasing and Supply, Kenya Institute of Supply Management and the Institute of Transport and Logistics.

He sits in the Boards of Kenya Reinsurance Corporation Ltd, Export Processing Zones Authority and Jomo Kenyatta University of Agriculture and Technology as Alternate Member to Cabinet Secretary, The National Treasury & Economic Planning. Previously sat in the Boards of Kenya Pipeline Company and Tana-Athi Water Company.

Mr Korir is a member of: Corporate Services committee; compliance & communications committee; Audit, Risk & Governance committee and Debarment committee.

PUBLIC PROCUREMENT REGULATORY BOARD CONTINUED



Mr Allan Kamau Njoroge (40) : Alternate to Attorney General - Appointed May 2023

Mr. Allan Kamau is a first-class reader with excellent communication and interpersonal skills. He possesses a highly motivated and energetic character, known for his creativity and visionary approach to challenges. Allan holds a Bachelor of Laws (LL.B) from Makerere University and a Postgraduate Diploma in Legal Practice from the Kenya School of Law.

Additionally, he has completed Strategic Leadership Development Program (SLDP) and Senior Management Course (SMC) at the Kenya School of Government, equipping him with leadership and managerial skills. Allan is currently serving as the Deputy Chief State Counsel at the Office of the Attorney General and the Department of Justice.

He has taught various law subjects, including the law of contract, law of torts, and commercial law at Lord Diplock's Learning Centre. He has also offered training on Determination of the Value of Evidence through Scientific Quantitative Methods at Strathmore University.

Driven by a passion for legal excellence, Allan is committed to becoming one of Kenya's top-tier law practitioners. His ambition is to build a career that is polished, articulate, principled, and dedicated to the rule of law and constitutionalism. Allan envisions leaving a legacy defined by an illustrious legal career and a lifelong campaign for human rights.

Allan is a member of Corporate Services committee and Strategy & Resource mobilization committee.

Lucy Chepkemoi (49) – Independent: Appointed 18.08.2023

Ms. Lucy Chepkemoi holds a degree from Moi University and is currently a trainer at Kericho Diocese. She has also trained at Tealand Achievers and Nyamira colleges.

She is a member of Corporate Services Committee and Compliance & Communication Committee.



THE PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD

The Public Procurement Administrative Review Board (PPARB) is established under section 27 (1) of the Act as a central independent procurement appeals Review Board. The Board's main function is to adjudicate over public procurement and asset disposal disputes.



**Mr George Murugu Muthui (45) – Chairperson:
appointed 16.06.2023**

Mr. George Murugu Muthui is an advocate of the High Court of Kenya. He has extensive litigation experience and has effectively dealt with and successfully represented, in conjunction with his partner & associates, the Independent Electoral and Boundaries Commission in the firm of Murugu, Rigoro & Company Advocates in matters concerning

He is a polished and experienced Constitutional, Commercial and Litigation advocate. He was appointed by the Independent Electoral and Boundaries Commission as a Presiding Committee Chairperson in one of Dispute Resolution Committee Panels to hear and determine party nomination cases.

Mr. Murugu holds a Bachelor of Laws degree (LL.B) (Hons) from the University of Nairobi and a Postgraduate Diploma in Law from Kenya School of Law. He is Fellow Chartered Institute of Arbitrators (FCI.Arb)

**Qs Hussein Were (59) – Member: Appointed
23.02.2024**

Mr. Hussein Were has over 27 years' experience in quantity surveying and project management. He also has 8 years experience in the field of governance and forensic investigation. Mr. Hussein Were is the Honorary Treasurer and member of Governing Council of the Architectural Association of Kenya; as well as Principal Partner and founder of Fanisi Consultants, a



He holds an MA (Building Management) and a BA (Building Economics) from the University of Nairobi.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED

Mr. Jackson Awele Onyango (41) – Member: Appointed 23.02.2024

Mr. J. Awele Onyango is a partner at Awele Jackson Advocates LLP and a Board Member at the LSK SACCO Board of Management. He was instructed as a pupil and began practice as an Advocate at Kaplan & Stratton and later joined Oraro & Co, Clifford chance LLP and One Essex Court Chambers (London) before founding his current private practice – Awele Jackson Advocates LLP.



Mr. Awele advises and represents local and international clients in criminal, civil, public law and commercial legal disputes including property disputes, private client, insolvencies, labor, shareholder disputes, debt recoveries, redemption actions among others before the High Court, Court of Appeal, the Supreme Court and Chartered Arbitrators.

He holds a Bachelor of Laws degree (Moi University), Postgraduate Diploma in Law (Kenya School of Law) and a Master's in Business Administration (Finance) (University of Nairobi) and various advanced certifications in Intellectual Property and other fields.



Joshua Kiptoo (36) – Member: Appointed 16.06.2023

Mr. Joshua Kiptoo is an advocate of the High Court of Kenya and served as the second Speaker of the Nandi County Assembly. He has immense work experience on the intersection of devolution, public policy, international law, sustainable development, trade, investment, finance, politics and human rights.

He has served as the Chairperson of the Intergovernmental Relations Committee and Legal Committee of the County Assembly Forum (CAF). Political leadership positions have provided him with competitive edge in building partnerships with the public.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED



**Daniel Langat Kipng'eno (41) – Member: Appointed
16.06.2023**

Mr. D. Langat Kipng'eno has wide experience in the Energy sector. He has worked with Deeli Investments as a transport & logistics Manager (2007-2008). He worked with Nixomb Limited as station Manager. He is currently a retailer/ dealer with Vivo Energy Kenya.

He holds a Bachelor of Business Management (Hons) (Supplies & Procurement Option) from Mount Kenya University.

**Eng Lilian Atieno Ogombo (43) – Member: Appointed
16.06.2023**

Eng. Lilian Ogombo is a dynamic and result oriented corporate leader possessing over 15 years strong track record of performance in spearheading vision, strategy and streamlining operations and technology development within the private and public sectors. She has vast experience in identification, development and successful implementation of energy projects. She is currently a Director, Energy and Business Development Lead, Edcons Kenya limited.



In addition, she served as Chief Executive Officer, Association of Consulting Engineers of Kenya between 2021 and 2022, was head of facility (Engineering),

Agha Khan Hospital from 2018-2020, was the Chief Officer for Energy and Mining, County Government of Kisumu between 2014 and 2018.

She is currently a Post Graduate student at the University of Nairobi pursuing a Doctor of Philosophy in Business Administration. She holds a Master of Science degree in Energy studies from the University of Dundee, United Kingdom and a Bachelor of Science in (Hon.) Civil Engineering from the University of Nairobi. She is a member of the Engineers Board of Kenya.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED



**Alice Nyomenda Oeri (48) – Member: Appointed
16.06.2023**

Ms. Alice Nyomenda Oeri has a wide experience in Labour Law especially on labour litigation, drafting agreements and contracts on employments, advise on retrenchment and rationalization including alternative means of strategies in respect of strikes, locking out and other forms of industrial action. She has vast experience in Family Law which involve a wide spectrum of family disputes in the nature of Children matters, succession, divorce petitions and division of Matrimonial property after divorce.

Ms. Oeri holds Master of Arts in Public Administration and Bachelor of Laws (LLB) (Hons) Degree, from Marathwada University (India) and a Post-Graduate Diploma in Law, Kenya School of Law. She is the Managing Partner A.N Oeri & Company advocates.

**Dr. Mambo Susan (40) – Member: Appointed
16.06.2023**

Dr Susan Mambo is mid-career health scientist, strategic, innovative and results oriented public health professional with over 10 years of experience working with various public and private research and academic institutions; Ministry of Health- Kenya; CDC-EU funded projects, in grant writing, proposal development, program design. implementation of projects. monitoring and



Susan has competence and expertise in designing and implementing health policies, guidelines and high level documents, and demonstratable resilience working with strict deadlines in extremely difficult environments within Africa. She has expertise and experience in addressing leadership dilemmas that impact

academia, research projects and programs, excellent negotiator and team lead to create fertile grounds for program delivery while ensuring efficiency and effectiveness.

Dr. Mambo holds a Doctor of Philosophy in Health from Kenya Methodist University, Systems Management, Master of Public Health in Monitoring and Evaluation from Kenyatta University and Bachelor of Science from Kenyatta University.

PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD CONTINUED



Jessica Njeri M'mbetsa (38) – Member: Appointed 23.02.2024

Ms. Jessica M'Mbetsa holds Master of Laws in International Trade and Bachelor of Laws Degrees from the University of Nairobi, and a Post-Graduate Diploma in Law. She is an associate Advocate, Commercial and Conveyance at Kipkenda and Company. She was a presiding Member of Nairobi Bench of the Political Parties Dispute Tribunal between 2022- 2023. She has substantial skills in managerial, operations and strategic leadership.

She has membership in Law Society of Kenya, Chartered Institute of Arbitrators and Commercial Practice Committee, Law Society of Kenya, Nairobi Branch.

Stanslaus Kimani (39) – Member: Appointed 23.02.2024

Mr. Stanslaus Kimani holds a Bachelor of Commerce, Marketing and Finance Option from the University of Nairobi and a Diploma in Insurance and Risk Management. Mr Kimani has extensive knowledge in Capital markets and Insurance. He has worked for NIC Securities, a Subsidiary of N.I.C Bank, African Alliance Investment Bank and Old Mutual Investment Bank.



Alexander Curtis Nthiwa Musau (46)– Member: Appointed 16.06.2023

KEY MANAGEMENT TEAM



Patrick K. Wanjuki
Director General
LLM (Nottingham), LLM (Nairobi) LLB (Nairobi) Hons, B.COM (Nairobi)
Hons, PGD (KSL) CIPS (UK) MKISM (K)



Mrs Rose M. Nyamweya
Director, Strategy & Planning
PhD (Candidate), CPA(K), CPS(K)
MBA, B.Com



Henock Kirungu
Director, Research, Innovation & Business
Systems MBA, B.Com, CIPS, PGD (Computer Sci)
PGD(Purchasing & Supplies)



Lucy J. Barno
Ag. Director Legal & Corporation Secretary
LLM (Candidate), LLB, Dip (Law),
CPS (K), Advocate of the High Court



Julius G. Mungai
Ag. Director, Internal Audit
MBA, MA, BA, CPA(K), CPS(K), CISA

KEY MANAGEMENT TEAM CONTINUED



Peter K Ndung'u
Ag. Director, Complaints & Investigation
MA (Econ), BA (Econ), CIPS
Dip (Purchasing & Supplies)



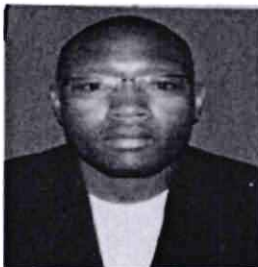
Ms. Pauline O. Opiyo
Ag. Ag. Director, Compliance
MSc (Proc & Logistics), BA, CIPS
GDip (Purchasing & Supply Mgt)
Dip (Forensic & Criminal Investigations)



Thomas O. Otieno
Ag. Director, Licensing & Standards
MSc (Proc & Logistics), BA,
Dip (Purchasing & Supply mgt)



Chris Sakwa
Ag. Director Corporate Services
MBA, BBM, CPA (K)



Lawrence Yuta
Ag Deputy Director Finance & Accounting
MBA, B.com, CPA(K)



Gitonga K. Mwangi
Ag. Deputy Director, HR & Admin.
MPPA, BA, CHRP, CPS,
Dip Labour Studies & Management

CHAIRMAN'S STATEMENT

The public procurement and asset disposal system has continued to undergo transformations aimed at enhancing its effectiveness and efficiency in delivering quality services to the citizens. These reforms include the promotion of open contracting through enforcement of disclosure of information through the Public Procurement Information Portal (PPIP) and digitalization of public procurement and asset disposal processes through acquisition of a stand-alone e-Government procurement system.

The Public Procurement Regulatory Board (the Board) continued to provide policy and strategic direction in the regulation of the public procurement system and entrenchment of public procurement reforms by the Government. This has been achieved through oversight on the operations of the Authority and approval of relevant policies aimed at operationalization of its mandate.

Valued stakeholders, on behalf of the Board, I am pleased to present to you the Authority's Annual Report and Financial Statements for the FY 2023/2024. This Report details the Authority's actions and interventions aimed at delivering an effective and efficient public procurement and asset disposal system. This is the first Annual Report under the Strategic Plan for the 2023 – 2027 period, which documents the achievements of the Authority over the period under review.

The Board approved policies and guidelines aimed at strengthening performance of different functions of the Authority. Key among them being the Complaints and Investigations Policy Manual and Debarment Manual. The Board also considered nine (9) requests for debarment of errant suppliers. Debarment decisions were made for eight cases and forwarded to the National Treasury and Economic Planning for gazettelement. One, was yet to be determined.

During the year under review, the Authority collaborated with sector regulators, national, regional and international agencies in achieving its mandate, including sharing information, knowledge and experience. For instance, in collaboration with the Competition Authority of Kenya to fight bid collusive tendering practices; with the Ethics and Anti-Corruption Commission to strengthen integrity and fight corrupt practices in public procurement; the Annual East Africa Procurement Forum held in December 2023 in Bujumbura, Burundi and the Africa Public Procurement Network in November 2023 in Ivory Coast; where key lessons on strengthening reforms in public procurement and asset disposal were discussed.

In implementing its mandate, the Board acknowledges the support it continues to receive from the National Treasury and Economic Planning. The Authority continues to face financial constraints, and appreciates the Cabinet Secretary and Parliament for approving and acceding to the Public Procurement Capacity Building Levy Order 2023. The additional revenue will support in the realization of the mandate of the Authority.

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During the year under review, the Board continued to oversight in the implementation and operationalisation of the organizational structure, which has aimed at enhancing the productivity of staff and addressing the long-standing challenges with the remuneration structure.

The Board also recognizes the critical role that the Authority's Management plays in the execution of our mandate. As the Board, we are fully committed to continually enhancing the welfare of our staff members to ensure that they are well equipped, both at work and socially, to professionally execute their tasks and facilitate the Board achieve the ambitious targets set out in the Strategic Plan.

The Board also undertook the end-term review of the current strategic plan and commenced the process for development of a new strategic plan in readiness for implementation come the next financial year. The new strategic plan is developed along the aspirations of the Constitution of Kenya 2010, the Kenya Vision 2030, the Fourth Medium Term Plan, the Bottom-Up Economic Transformation Agenda (BETA) and international commitments.

Finally, I commend the Board of Directors, Management and members of Staff for their resilience in delivering the achievements during the year. Additionally, achievements would not have been possible without the support of the National Treasury and Economic Planning, strategic partners, all other key stakeholders and the general public. We assure you of our continued commitment to deliver a well-functioning public procurement and asset disposal system, for achievement of sustainable development.



Kadhua Jimmy Kahindi
Chairman, PPRB

REPORT OF THE DIRECTOR GENERAL

Public procurement is a strategic function and a critical enabler of effective service delivery. As a regulator, we operate in an environment that is volatile, uncertain, complex and ambiguous, which demands for dynamism and proactiveness in addressing the emerging issues affective the public procurement and asset disposal system in Kenya. The Authority manages this through continuous engagement with stakeholders aimed at delivering a well-functioning system, that spurs economic growth, quality service delivery and employment creation.

In this regard, I am pleased to report that our sustained regulatory enforcement services through pre-bidding analysis, review of mandatory reports, compliance monitoring, complaints management, trainings, provision of advice and issuance of circulars and directives; have continued to strengthen. Major areas of weaknesses included some procuring entities charging fees for tender documents issued for registration/prequalification/expression of interest; setting bid security amount in terms of a percent instead of as an absolute figure; setting restrictive or subjective evaluation criteria; not using the prescribed standard tender documents; failure to undertake stock taking and inventory management as prescribe and not publishing all contracts as required in the Public Procurement Information Portal (PIIP). The Authority, also during the year, trained 3,749 persons involved in the public procurement and asset disposal system, on different aspects of the public procurement policy, legal and regulatory framework.

The Authority also based on complaints and feedback received, issues circulars and directives to provide clarifications of emerging issues. During the year, the Authority issued four (4) circulars and directives on: publication of annual procurement plans for 2023-2024 financial year; procurement of professional services; bidder compliance with employment laws and practices and lastly on the role of board of directors/governing body of the procuring entity in public procurement and asset disposal activities and reporting line for the procurement function in procuring entities. These circulars are issued to uphold the principles of public procurement as provided for under Article 227(1) of the Constitution, and every procuring entity is required to comply with the circulars.

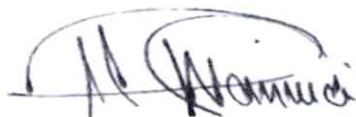
The Authority faced a number of challenges during the year under review, including, inadequate funding; low levels of compliance with the requirement to publish procurement information in the PIIP, including disclosure of beneficial ownership information; failure by some procuring entities to comply with the directives of the Authority; and inadequate capacity amongst persons participating in the public procurement and asset disposal system. The Authority engaged key stakeholders to address these gaps, alongside undertaking capacity building and issuance of directives.

In this regard, the Authority's achievements as highlighted would not have been possible without the support of the staff. It remains the Authority's resolve to empower our staff with the requisite technical skills and

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competencies to execute their tasks, with a key focus on ensuring they are well honed regarding emerging areas in public procurement and asset disposal system.

We are also grateful to the National Treasury and Economic Planning for their continued budgetary and policy support, more so in light of the competing needs. The Board has equally been instrumental in supporting the Management to achieve its targets. The Authority is also appreciative of the various stakeholders, local and international, from the Public and Private sectors, who have supported us in our quest to create an efficient public procurement system. We look forward a fruitful and vibrant new FY 2024/2025



Patrick K. Wanjuki
DIRECTOR GENERAL

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2023/2024

The Authority has numerous pillars and objectives within the current Strategic Plan for the FY 2023/2024. The Authority achieved its performance targets set for the year 2024 period for its various strategic pillars indicated in the table below:

S/NO	STRATEGIC THEME	OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTIVITIES	ACHIEVEMENTS
1	To strengthen monitoring of public procurement and asset disposal system towards realization of value for money and quality services	To strengthen monitoring of public procurement and asset disposal system	<ul style="list-style-type: none"> • AGPO Reports • Reviewed Annual Procurement Plans from PEs • Reviewed Invitations to Tender and Tender Documents by PEs • Reports on procurement assessments; procurement reviews; contract audits; follow-up assessments and special audits 	<ul style="list-style-type: none"> • Monitoring Implementation of the Preference and Reservations (AGPO) • Review of Annual Procurement Plans • Review of Invitations to Tender and Tender Documents • Procurement Assessments, Reviews and Contract/Performance Audits 	<ul style="list-style-type: none"> • submission of two half year reports to Parliament and the National Treasury and Economic Planning • The Authority reviewed the procurement plans as submitted by PEs • The Authority reviewed the invitations to tender and tender documents that were uploaded in the Public Procurement Information Portal (PPIP) by the PEs • Authority conducted 91 procurement assessments; five (5) procurement reviews; nine (9) contract audits; fifteen (15) follow-up assessments and Twenty-four (24) special audits
2	To enhance use of evidence in	To enhanced service	Report on market price index	Collection of Market Price data in the whole	reviewed list of items and specifications

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	public procurement and asset disposal decision making for enhanced service delivery	delivery		country	developed by the sector specific teams
3	To enhance efficiency and effectiveness in resolution of public and asset disposal complaints, disputes, debarment and investigations	<ul style="list-style-type: none"> • To achieve efficiency and effectiveness in Public Procurement Investigations • To achieve efficiency and effectiveness in Complaints Management • To achieve efficiency and effectiveness in Public Procurement Administrative • To achieve efficiency and effectiveness 	<ul style="list-style-type: none"> • Reports on Public Procurement Investigations done • Reports on resolved Complaints Management • Reports on cases resolved • Reports on Debarment cases resolved 	<ul style="list-style-type: none"> • Public Procurement Investigations • Complaints Management • Public Procurement Administrative Review Mechanism • Debarment 	<ul style="list-style-type: none"> • The Authority initiated investigation for two (2) procurement proceedings and undertook ten (10) procurement investigations relating to procurements • Authority handled 375 complaints, out of which 168 were resolved and 207 were at different stages of resolution as at the end of the year • The Authority handled 138 cases that were lodged before it All the decisions of the Review Board were rendered within a period of 21 days, and published within a day in the Authority's website. • Authority handled 6 Debarment cases were at different stages of resolution as at the end of the year

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		ess in Debarment			
4	To improve efficiency of provision of advisory services to stakeholders	To improve efficiency of provision of advisory services	Number of Public Procurement Advisory Services recorded	Provision of Advisory Services	the Authority handled 199 requests for advice on public procurement and asset disposal
5	To enhance application of public procurement and asset disposal standards and formats for harmonized public procurement operations	To harmonize application of public procurement and asset disposal standards and formats	Number of Public Procurement standards and formats for developed	The public procurement and asset disposal standard documents, manuals, guidelines and formats (STDs)	Authority revised the Standard Tender Document (STD) for public procurement
6	To increase uptake of registration and licensing of procuring or asset disposal agents, and consortium buying arrangements	To increase of registration and licensing of procuring or asset disposal agents, and consortium buying arrangements	Number of Public Procurement registered and licensed agents and consortium buying arrangements	Registration and Licensing of Procuring or Asset Agents	The authority analyzed the 11 applications, 9 were completed and 2 are cases of work in progress by year end.
7	To enhance the capacity of persons participating in the public procurement and asset disposal system	To create capacity of persons participating in the public procurement and asset disposal system To facilitate transfer of procuring or asset disposal	Number of trained persons participating in the public procurement and asset disposal system Number of Transferred procuring or asset disposal responsibilities	Training and Capacity Building Transfer of procuring or asset disposal responsibilities	The Authority trained a total of 3,749 person on various aspects of the public procurement policy, legal and regulatory framework; and on the PPIP. The Authority received Twenty-four (24) requests for transfer of procuring responsibility

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		responsibilities in public procurement system			
8	To enhance stakeholder engagements and partnerships for improved organizational performance	To promote effective stakeholder engagements	• Number of entities with which the Authority had sustainable engagements	• Stakeholder Engagements and Partnerships	• The Authority had engagements with 12 strategic stakeholders during the year
9	To enhance the capacity of employees to deliver on the mandate through strategic talent management	To optimize the capacity of the Authority's employees	Number of trained staff of the Authority	Staff Training and Capacity Development	The Authority trained 80% of its staff on different subject matters
10	To strengthen organizational processes and systems to increase productivity, good corporate governance and learning	To achieve optimum performance through processes and systems approach in productivity	<ul style="list-style-type: none"> • Existence of an approved current Strategic Plan • Existence of an implemented Performance Contract • Existence of a functional Quality Management System • Existence of a functional Enterprise Risk Management system 	<ul style="list-style-type: none"> • Development of the Strategic Plan for the 2023 – 2028 Period • Performance Contracting for the 2023/2024 Period • Quality Management System • Enterprise Risk Management 	<ul style="list-style-type: none"> • The Strategic Plan was finalized and launched on 19th June 2024 by the Cabinet Secretary to The National Treasury and Economic Planning. • The Authority implemented the performance contract for the period 2023/2024 • The Authority continued to implement the Management System (QMS) for it is ISO 9001:2015 certified • The Authority, as required by the Strategic Planning

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					Guidelines, identified strategic risks and outlined measures aimed at addressing them in the approved Strategic Plan for the 2023 – 2027 period.
11	To strengthen public financial management and reporting	To strengthen public financial management	Operational optimization in terms of achievement of the mandate of the Authority	<ul style="list-style-type: none"> • Effective budgeting and prudent resource utilization. • Operationalization of the Capacity Building Levy Optimal Resource Mobilization 	<ul style="list-style-type: none"> • Optimal Resource Mobilization • Reports on financial management

CORPORATE GOVERNANCE STATEMENT

The Public Procurement Regulatory Board is committed to applying and maintaining the highest standards of corporate governance at the Authority as it recognizes this to be a key contributor to the long-term success, value and sustainability of the Authority.

Good corporate governance enables effective and efficient decision-making and gives a structural aid for the Board to discharge their duty to promote the success of the Authority while taking into account the interest of stakeholders. Effective governance is achieved through a combination of strong policies, process and structures, underpinned by the right values and culture.

The operations of the Authority are guided by the Public Procurement and Asset Disposal Act, 2015 (the Act) and other relevant Acts of Parliament and Regulations. The Authority has also adopted and continues to be guided by the *Mwongozo* Code of Governance in its operations.

The Public Procurement Regulatory Board

The Public Procurement Regulatory Board is established under section 10(1) of the Act. Further, the Act provides for a regulatory Board to comprise of nine members and a Director General who shall be the Chief Executive Officer of the Authority and the Secretary to the Board. The Regulatory Board is responsible for the long-term sustainability and success of the Authority through provision of strategic leadership, steadfast oversight of management and ensuring that the Authority provides its stakeholders with a balanced and understandable assessment of its current position and prospects.

Specifically, the functions of the Regulatory Board are:

- (a) Ensure the proper and effective performance of the functions of the Authority;
- (b) Approve and ratify the policies of the Authority;
- (c) Oversee the management, control and administration of the assets of the Authority in a manner and for purposes that promote the object and purpose of the Authority;
- (d) Receive any gifts, grants, donations or endowments made to the Authority;
- (e) Determine the provisions to be made for capital and recurrent expenditure, and for the reserves of the Authority;
- (f) Open bank accounts for the funds of the Authority in accordance with the Public Finance Management Act, 2012;
- (g) Subject to the approval of the Cabinet Secretary, invest any of the Authority funds not immediately required for the purposes of the Act, as it may determine; and
- (h) Co-operate with other organizations undertaking functions similar to its own, whether within or outside Kenya as it may consider appropriate and in furtherance of the functions of the Authority.

The Regulatory Board's leadership responsibilities involve working together with management to set corporate values and to develop strategy including which risks it is prepared to take in pursuit of strategic objectives. Its oversight responsibilities involve providing constructive challenge to the management team in relation to operational aspects of the Authority's business, including approval of budgets and probing whether risk management and internal controls are sound. It has the responsibility of ensuring that timely and understandable information is provided to stakeholders.

The Board has delegated the responsibility of management of the Authority to the Director General, who is the Chief Executive Officer, and the management team. The main areas where the decisions remain with the Board are the approval of budget and annual corporate plan, approval of policies and approval of financial statements. The Board is also responsible for setting the Authority's risk management policy.

As a good corporate governance practice, the Board has delegated some of its responsibilities to committees of the Board. The composition and activities of the committees are detailed later in this report. The Board receives reports from the Chairmen of each of the committees at its meetings.

Board Independence, Separation of Roles and Responsibilities

A clear division of responsibility exists between the Chairman who is non-executive, the non-executive Board members, and the Director General. Each of the responsibilities are clearly set out in writing.

Meetings Attended by Board Members

The law provides that the Board shall hold at least one meeting in every quarter. The Board holds regular scheduled meetings in every year and special meetings as and when necessary. In case of non-attendance of a Board member, the information is communicated to the Chairman in advance.

During the financial year 2023/2024, the Public Procurement Regulatory Board was reconstituted on 18th August, 2023. The outgoing Board held two meetings before the incoming Board was appointed. The table below shows Board membership and attendance at scheduled Board meetings in the financial year for the two sets of Board members.

Table 1: Attendance of Board Meetings for Outgoing Board (Up to 18th August, 2023)

S/No	Director	Meetings Attended	Meetings held	% Attendance
1	Mr. Andrew Mukite Musangi	2	2	100%
2	Mr. Paul Nyamodi	2	2	100%
3	Comm. Lydia Wanjugu Gachoya	2	2	100%
4	Ms. Lilian Abishai	0	2	0%

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S/No	Director	Meetings Attended	Meetings held	% Attendance
5	FCPA Jane Muthaura	2	2	100%
6	Ms. Linda Ingari	2	2	100%
7	Dr. Godfrey Makau	2	2	100%
8	Mr. Eric Korir	2	2	100%

Table 2: Attendance of Board Meetings for Incoming Board (From 18th August, 2023)

S/No	Director	Meetings Attended	Meetings held	% Attendance
1	Mr. Kadhua Jimmy Kahindi	7	7	100%
2	Mr. Amos Simiyu Makokha	7	7	100%
3	FCPA Jane Muthaura*	1	7	14%
4	Mr. Allan Kamau Njoroge	6	7	86%
5	Ms. Lucy Chepkemoi	7	7	100%
6	Ms. Linda Ingari**	1	7	14%
7	Mr. Ali Mohammed Haji	7	7	100%
8	Mr. Eric Korir	6	7	86%
9	Mr. Patrick Kimemia	7	7	100%

* FCPA Jane Muthaura's term expired on 2nd September, 2023

** Ms. Linda Ingari's term expired on 2nd September, 2023

The Board Secretary, who is also the Director General, is responsible for implementing the decisions of the Board and the day-to-day operations of the Authority. The board secretariat is delegated to the Corporation Secretary who provides administrative support to the operations of the Board and convenes Board meetings as directed by the Chairman of the Board. The Corporation Secretary provides advice on corporate governance principles and plans and on the implementation of corporate governance programs such as Board evaluation. The Corporation Secretary is an advocate of the High Court, qualified certified public secretary and a member of the Institute of Certified Public Secretaries (ICPSK) in good standing.

Board Committees and Responsibilities

The Board discharges its functions through committees. All committees of the Board are chaired by a member of the Board. A number of members of the management team are incorporated in the Board Committees as invitees to add value to key Board decisions. This structure ensures that the Board pays attention to critical areas of the Authority's business and provides timely guidance on arising opportunities and mitigation of risks.

To enhance efficiency and effectiveness in discharge of its duties, the Board has formed four (4) board committees to assist the Board in its governance and oversight role; and one(1) committee that sits on ad-hoc basis to execute the Board's regulatory mandate of debarment.

The Board Committees are:

- a) Corporate Services Committee
- b) Compliance & Communication Committee
- c) Audit, Risk and Governance Committee
- d) Strategy & Resource Mobilization Committee
- e) Debarment Committee (Ad-hoc)

Corporate Services Committee

The Committee was before 18th August, 2023 referred to as the Finance & Administration Committee. The role of the Corporate Services Committee is to advise the Board on Financial Management, Budgetary, Human Resource Management, Administration, procurement and ICT issues of the Authority.

The specific terms of reference of the Committee are as follows:

- i. To ensure prudent management of the Authority's financial resources
- ii. To ensure compliance with statutory financial regulations and, that the Authority has adequate financial resources to fund its programs
- iii. To provide a general overview to the Board on the achievement of the Authority's Procurement Plans.
- iv. To monitor management's strategy toward ensuring efficiency and integrity of the Authority's procurement systems
- v. To ensure that the Authority has an optimum, well trained and motivated human resource to deliver its mandate.
- vi. To recommend a management succession plan for the Authority and monitor the implementation of succession strategies approved by the Board.
- vii. To ensure efficient and effective operations of the Administrative Review Board Secretariat.
- viii. To advise on appropriate human resource policies in view of the changing needs of the Authority.
- ix. To advise on the acquisition and maintenance of office facilities and assets.
- x. To advise on the framework for productivity and performance in the Authority
- xi. To monitor the management of the Pension Scheme on behalf of the Board with a view to ensuring that the obligations of the Authority are properly discharged.

- xii. To review on a quarterly basis, the authority's financial, procurement, and human resource management reports; and make appropriate recommendations to the Board.
- xiii. To make recommendations to the Board on all matters relating to the welfare of the members of Public Procurement Administrative Review Board and the Public Procurement Regulatory Board.

During the period under review the Committee held six (6) meetings as shown below:

Table 3: Attendance of the Finance & Administration Committee Meetings (Up to 18th August, 2023)

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1	Comm. Lydia Wanjugu Gachoya	1	1	100%
2	Mr. Eric Korir	0	1	0%
3	Ms. Linda Ingari	1	1	100%
4	Dr. Godfrey Makau	1	1	100%

Table 4: Attendance of the Corporate Services Committee Meetings (From 18th August, 2023)

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1	Mr. Amos Simiyu Makokha	5	5	100%
2	Mr. Eric Korir	3	5	60%
3	Ms. Lucy Chepkemai	5	5	100%
4	Mr. Allan Kamau Njoro	4	5	80%

**Compliance, Communication & Strategy Committee
Compliance and Communication Committee**

The purpose of the Compliance and Communication Committee is to advise and make recommendations to the Board on how to ensure the proper and effective performance of the functions of the Authority. Its role is to ensure a very effective supervisory role of Authority in carrying out its core mandate and strategic functions.

The Terms of Reference of the Committee are as follows:

- a) Advise the Board on compliance monitoring, public procurement policy matters, and any amendments to the Act and the Regulations to be proposed by the Authority.
- b) Advise on strategies to be used by the Authority to ensure compliance with the procurement law.
- c) Review policies, guidelines, codes of ethics, standards and manuals to be used in the implementation of the procurement law.
- d) Recommend to the Board corporate branding and reputation management strategies that will increase the profile of the Authority as the country's voice on procurement.

- e) Advise the Board on communication strategies to be undertaken by the Authority for dissemination of information to facilitate the implementation of procurement standards.
- f) Advise the Board on strategies to be adopted by the Authority to manage key stakeholders.

During the period under review the committee held 4 meetings as shown below:

Table 5: Attendance of Committee Meetings (Up to 18th August, 2024)

S/No	Board Member	Meetings Attended	Meetings Held	% Attendance
1	Ms. Linda Ingari	1	1	100%
2	Mr Paul Nyamodi	1	1	100%
3	Ms Lilian Abishai	1	1	100%
4	Comm. Lydia Gachoya	1	1	100%

Table 6: Attendance of Committee Meetings (From 18th August, 2024)

S/No	Board Member	Meetings Attended	Meetings Held	% Attendance
1	Mr. Patrick Kimemia	3	3	100%
2	Mr. Eric Korir	3	3	100%
3	Ms. Lucy Chepkemoi	3	3	100%

Strategy and Resource Mobilization Committee

The purpose of the Strategy & Resource Mobilization Committee is to advise and make recommendations to the Board on how to ensure the proper and effective performance of the functions of the Authority. The Committee shall be responsible for overall strategy alignment to the overarching National Government agenda and monitoring the implementation of the strategic plan, corporate work plan, performance contract, resource mobilization strategies, risk management strategies, quality management system, and stakeholder management and collaboration strategies.

The Terms of Reference of the Committee are as follows:

- a) To oversight and advise the Board on all planning matters in the Authority including the development and review of the Strategic Plan, the Performance Contract and the Corporate Work Plans;
- b) To monitor the implementation of the Strategic Plan, Performance Contract and Annual Corporate Work Plan, and advise the Board on areas of intervention;
- c) To explore strategies of raising funds for the Authority, both internally and externally, and advise the Board on strategies and policies on resource mobilization and income generating activities;

- d) To advise the Board on the Authority's risk management strategies and policies and monitor the implementation of the risk management framework in the Authority;
- e) To advise the Board on appropriate strategies and policies that foster an effective quality management system in the Authority;
- f) To advise the Board on strategies and policies on stakeholder management; and
- g) To advise the Board on the establishment, implementation and review of various partnership and collaboration frameworks between the Authority and its partners and/or stakeholders.

During the period under review the committee held 4 meetings as shown below:

Table 7: Attendance of Committee Meetings

S/No	Board Member	Meetings Attended	Meetings Held	% Attendance
1	Mr. Amos Simiyu Makokha	4	4	100%
2	Mr. Allan Kamau Njoroge	4	4	100%
3	Mr. Ali Mohammed Haji	4	4	100%

Audit, Risk and Governance Committee

The Public Procurement Regulatory Board has established an audit, risk and governance committee (the audit committee) pursuant to the requirements of Section 73(5) of the Public Finance Management Act, 2012 and Section 1.7(1)(b) of *Mwongozo Code of Governance for State Corporations*. The audit committee forms a key element in the Authority's governance process as it provides independent oversight of activities of the Authority's top management, the quality of risk management, financial reporting, effectiveness of governance processes and internal controls.

The specific roles of the audit committee include:

- a) Evaluate adequacy of management procedures with regard to issues relating to risk management, internal controls and governance.
- b) Review and approve the audit charter and the internal audit annual work plans.
- c) Review the internal and external audit findings, recommendations, and propose corrective and preventive action where necessary.
- d) Review the systems established by the Authority to ensure sound financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- e) Initiate special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Director-General.

The audit committee assists the Public Procurement Regulatory Board in fulfilling its statutory and fiduciary oversight responsibilities relating to governance, accountability, risk management, external audit and transparency to the Authority and its stakeholders.

Composition of the Audit, Risk & Governance Committee

The members of the Public Procurement Regulatory Board who served in the audit committee in the FY 2023/2024 were:

Table 8: Composition of Audit, Risk & Governance Committee

S/No.	Name	Position
1.	FCPA Jane Muthaura	Chairperson (Term ended on 3 rd September, 2023)
2.	Ms. Lilian Abishai	Member (Served up to August, 2023)
3.	Mr. Paul Nyamodi	Member (Appointment to the Board revoked on 18 th August, 2023)
4.	Mr. Ali Mohamed Haji	Chairperson (Appointed to the Board effective 18 th August, 2023)
5.	Mr. Patrick Kimemia	Member (Appointed to the Board effective 18 th August, 2023)
6.	Mr. Eric Korir	Member

The Secretary to the Audit Committee was Mr. Julius Mungai - the Ag. Director, Internal Audit and Risk Assurance at PPRA.

Audit Committee Meetings Attendance by Members

The meetings of the audit committee and the attendance by the members in the FY 2023/2024 are as indicated in the table below:

Table 9: Attendance of Committee Meetings

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1.	FCPA Jane Muthaura	2	2	100%
2.	Ms Lilian Abishai	2	2	100%
3.	Mr. Paul Nyamodi	2	2	100%
4.	Mr. Ali Mohamed Haji	4	4	100%
5.	Mr. Patrick Kimemia	4	4	100%
6.	Mr. Eric Korir	4	4	100%

Key Matters Considered by the Audit Committee

During the FY 2023/2024, the Audit Committee considered a number of matters (and made salient recommendations for improvement) key amongst them being:

- a) Reviewed the draft financial statements for both the PPRA and the PPRA Staff Loans Scheme for the year ended 30th June, 2023; and the internal audit reports thereof;
- b) Reviewed the PPRA's quarterly financial reports and the internal audit reports thereof;
- c) Reviewed the various internal audit reports for audits done and/or concluded in the period under consideration;
- d) Reviewed the follow-up audit reports on issues previously raised in the Internal Audit reports and the external audit certificates to ascertain the status of implementation;
- e) Reviewed the Internal Audit work plan and Audit Committee Work plan and Calendar for the FY 2023/2024;
- f) Participated in the external audit entry meeting with the OAG and PPRA's management during the audit of PPRA's financial statements for the FY 2022/2023 (to discuss various issues amongst them the audit process, key deliverables, target dates, expectations from both OAG and PPRA and assignment of responsibilities); and the exit meeting to receive the audit findings;
- g) Reviewed the audit certificates for both PPRA and PPRA Loans Scheme for the FY 2022/2023;
- h) Reviewed the implementation of the PPRA's risk management framework; and
- i) Made recommendations to management and the Board on various matters.

Debarment Committee

The purpose of the Committee is to debar a person from participating in procurement and asset disposal proceeding based on the grounds set in Sec 41 of the Public Procurement and Asset Disposal Act 2015 and Public Procurement Disposal Regulations 2020.

The Terms of Reference of the Debarment Committee are as follows:

- a) To hear and determine debarment requests that have been submitted to the Authority
- b) To analyse debarment requests within thirty days and determine whether there is a *prima facie* case for debarment
- c) To issue a notice of intended debarment to the party who shall be the subject of the debarment proceedings requiring him/her to file a written response with the Board.

- d) To, within twenty-one days of receipt of the response, hold debarment hearing to determine the disputed facts.
- e) To prepare a report of its findings and recommendations, and make a determination on the request for debarment within thirty days from the date of hearing.

During the period under consideration, the committee held 10 meetings as below:

Table 9: Attendance of Committee Meetings (Up to 18th August, 2023)

S/No	Board Member	Meetings Attended	Meetings Held	% Attendance
1	Mr Paul Nyamodi	1	1	100%
2	Ms Lilian Abishai	1	1	100%
3	Ms Linda Ingari	1	1	100%
4	Com. Lydia Gachoya	1	1	100%
5	Dr. Godfrey Makau**	1	1	100%
6	FCPA Jane Muthaura	1	1	100%

Attendance of Committee Meetings (From 18th August 2023)

S/No	Board Member	Meetings Attended	Meetings Held	% Attendance
1	Hon. Jimmy Kadhua	9	9	100%
2	Eric Korir	9	9	100%
3	Allan Kamau	6	9	67%
4	Patrick Kimemia	9	9	100%
5	Ali Mohamed	9	9	100%
6	Lucy Chepkemai	9	9	100%
7	Amos Makokha	8	9	89%

Board Remuneration

The Board members are paid taxable sitting allowance as approved by the Minister responsible for finance following guidelines from the State Corporations Advisory Committee. The Chairman is paid honoraria at a rate approved by the Government. Transport expenses are reimbursed on travel for Board business at the prevailing Automobile Association of Kenya (AA) rates. The members are also entitled to outpatient and inpatient medical cover, and a personal accident cover.

Board Capacity Development

Training and development programs were organized to equip the Board with the necessary skills for effective discharge of their duties and enhancing their understanding of the Authority's mandate.

During the financial year 2023/2024, the following members of the Board attended various training and capacity building programs as indicated:

- a) Kadhua Jimmy Kahindi, MBS – Capacity Building Program for Chairpersons; and Mwongozo Induction Workshop
- b) Ali Mohammed Haji – Mwongozo Induction Workshop
- c) Lucy Chepkemoi – Mwongozo Induction Workshop

Both trainings were organized by the Institute of Certified Secretaries.

Conflict of Interest, Code of Conduct and Ethics

The Board has embedded a Code of Conduct, Ethics and Performance in the Board Charter to guide the Board members on ethical conduct. The code requires that all Board members disclose any interest that conflicts or may possibly conflict with the interests of the Authority. If a conflict of interest is declared, it is a requirement that the Board member affected is excluded from any discussion or decision over the matter in question.

MANAGEMENT DISCUSSION AND ANALYSIS

The Authority worked closely with all stakeholders to ensure smooth implementation of the Public Procurement and Asset Disposal Act 2015 and the attendant regulations. The financial and operational performance results of the Authority are as detailed in the following sections.

1. FINANCIAL PERFORMANCE

In FY 2023/2024, the Authority raised Kshs.473,302,465 to funds its operations compared to Kshs.375,702,079 raised in FY 2022/2023, representing a 26% growth in revenues. During the same period, the Authority spent Kshs.466,813,502.

2. OPERATIONAL PERFORMANCE

Key Achievements of the Authority during the FY2023/2024

During the year under review, the functions of the Authority focused on six key result areas as detailed in the Strategic Plan for the 2023 – 2027 period, including: Public Procurement and Asset Disposal System Monitoring; Standards Development and Enforcement; Research, Training and Advisory Services; Public Procurement and Asset Disposal Information Management; Stakeholder Engagement and Strategic Partnerships; and Institutional Sustainability and Service Excellence. Each result area has a set of strategic objectives and strategies to be implemented for the realization of our mission and vision. These strategic objectives were:

- a) To strengthen monitoring of public procurement and asset disposal system towards realization of value for money and quality services;
- b) To enhance application of public procurement and asset disposal standards and formats for harmonized public procurement operations;
- c) To enhance efficiency and effectiveness Resolution of public and asset disposal complaints, disputes, debarment and investigations;
- d) To increase uptake of registration and licensing of procuring or asset disposal agents, and consortium buying arrangements;
- e) To enhance use of evidence in public procurement and asset disposal decision making for enhanced service delivery;
- f) To improve efficiency of provision of advisory services to stakeholders;
- g) To enhance the capacity of persons participating in the public procurement and asset disposal system;
- h) To leverage on ICT and emerging technologies to enhance service delivery;
- i) To enhance stakeholder engagements and partnerships for improved organizational performance;
- j) To enhance the capacity of employees to deliver on the mandate through strategic talent management;

- k) To strengthen organizational processes and systems to increase productivity, good corporate governance and learning;
- l) To strengthen public financial management and reporting and
- m) To enhance corporate brand visibility and image.

The following subsections demonstrate key efforts implemented together with their outcomes during the period under review. These actions have been undertaken to meet our regulatory obligations towards delivering an efficient and effective public procurement and asset disposal system in Kenya.

Strategic Objective 1: To strengthen monitoring of public procurement and asset disposal system towards realisation of value for money and quality services

1. Monitoring Implementation of the Preference and Reservations (AGPO)

During the year, the Authority monitored the Access to Government Procurement Opportunities (AGPO) programme and submitted two half year reports to Parliament and the National Treasury and Economic Planning. The reports covered the periods of January – June, 2023 and July – December, 2023. The reports are prepared and submitted pursuant to Section 157(12) & (13) of the Public Procurement and Asset Disposal Act, 2015 (the Act).

AGPO January – June 2023 Performance Report

The Procuring entities that reported on contract awards for the period January –June 2023 cumulatively planned to spend Kshs. 230,500,599,928.10 on goods, works and services in last Financial Year 2022/2023. Of this amount, Kshs. 41,861,522,710.92 was reserved for procurement of goods, works and services from firms owned by youth, women and PWDs.

A total of 174 procuring entities reported on contract awards to firms owned by women, youth and persons with disability. Women were awarded the highest quantity of contracts at 1,694 while PWDs were awarded the least No. of contacts at 506. The Youth were in between at 1,270 contracts. Further, procuring entities awarded a cumulative amount of Kshs. 8,526,918,243, where state corporations awarded the highest value at Kshs. 6,555,383,332.00 while county assemblies awarded the least at Kshs. 96,583,649.00.

The Procuring entities absorbed 10.68 % of the reserved procurement spends of Kshs. 42,495,405,004.26 during the reporting period. Ministries and State Departments absorbed the highest reserved amount at 27.91% at KShs. 275,481,151.10 with Universities, Colleges, Polytechnics and Technical Institutions absorbing the least amount of Kshs. 13,797,558.00 out of Kshs. 1,565,625,685.61 (0.88%) absorption rate.

AGPO July – December 2023 Performance Report

The Procuring entities that reported on contract awards for the period July – December 2023 cumulatively planned to spend Kshs. 339,616,643,110.40 on goods, works and services in last Financial Year 2023/2024. Of this amount, Kshs. 58,790,813,343.00 was reserved for procurement of goods, works and services from firms owned by youth, women and PWDs.

A total of 170 procuring entities reported on contract awards to firms owned by women, youth and persons with disability. Women were awarded the highest quantity of contracts at 1,446 while PWDs were awarded the least No. of contacts at 258 while Youth were awarded 796 contracts. Further, procuring entities awarded a cumulative amount of Kshs. 3,100,105,789.00, where state corporations awarded the highest value at Kshs. 2,594,458,226.00 while Ministries and state departments awarded the least at Kshs. 9,482,470.00. Further, women were awarded the highest contract amount of Kshs. 1,525,446,107.00, followed by youth at Kshs. 1,270,503.073.00. The PWDs were awarded the least at Kshs. 304,156,609.

The Authority noted a continued trend of low absorption of the reserved procurement spends and recommends conduct of a study to determine the factors that impede procuring entities from spending the reserved budgets among other non-compliances be commissioned. In addition, Parliament should consider amending the Public Procurement and Asset Disposal Act, 2015 to confer the Authority powers impose administrative sanctions against non-compliant accounting officers and their respective procuring entities.

2. Review of Annual Procurement Plans

The Act requires PEs to prepare annual procurement plans and submit to the Authority the part of the procurement plan demonstrating compliance with Section 158(2) of the Act on preference and reservations schemes and PPRA Circular No.4/2022 of 1st July, 2022. The Authority reviews the procurement plans to determine whether they were prepared in accordance with Sections 53 (6) and 157(5) & (10) of the Act, Regulations 40 and 41 of the Public Procurement and Asset Disposal Regulations, 2020 (the Regulations) and the directives issued by the Authority.

The aforementioned provisions require a Procuring Entity (PE) to reserve at least 30% of the procurement budget for procurement of goods, works and services from enterprises owned by youth, women and persons with disabilities. County Government entities are further required to apply preference and reservation schemes whereby 20% of their procurement budgets are reserved for resident tenderers in their counties pursuant to Section 33(2) (g) of the Act and Regulation 40(5).

During the year under review, only 375 procuring entities submitted procurement plans to the Authority, with an estimated total procurement budget of Kshs. 769,957,684,739.31; out of which, procurements valued at Kshs. 147,030,459,388.12 were reserved for procurement of goods, works and services from enterprises owned by youth, women and persons with disabilities (PWDs). The value of the procurements reserved translates to an average value of 19.1% of the reported procurement budgets, which is below the minimum threshold of 30% prescribed by Sections 53(6) and 157(10) of the Act.

3. Review of Invitations to Tender and Tender Documents

Pursuant to Section 96 (2) and (3) (a) of the Public Procurement and Asset, 2015 (the Act) PEs are required to advertise their invitations to tender in the dedicated Government Tenders Portal to make the information easily accessible to prospective bidders and the general public. The Authority reviewed the invitations to tender and tender documents that were uploaded in the Public Procurement Information Portal (PIIP) by the PEs to verify whether the invitations to tender and the tender documents met the requirements of the Act. Where non-compliance issues were identified, the Authority informed the PEs concerned and directed them to take the appropriate corrective measures by issuing addenda in accordance with Sections 75 and 76 of the Act and give feedback to the Authority.

During the year under review, the Authority analyzed 2073 invitations to tender notices/ tender documents that were uploaded in the PIIP to verify whether they complied with the requirements of Procurement Law. One thousand, one hundred and thirty-two (1132) invitations to tender/tender documents which are equivalent to 54.6% were compliant with the Act while nine hundred and forty-one (941) which translates to 45.4% invitations to tender/tender documents were non-compliant.

4. Procurement Assessments, Reviews and Contract/Performance Audits

During the year under review, the Authority conducted 91 procurement assessments; five (5) procurement reviews; nine (9) contract audits; fifteen (15) follow-up assessments and Twenty-four (24) special audits. These were aimed at determining the extent to which the subjected procuring entities were undertaking their procurement and asset disposals in compliance with the public procurement policy, legal and regulatory framework.

Strategic Objective 2: To enhance use of evidence in public procurement and asset disposal decision making for enhanced service delivery

1. Market Price Index

The Authority is mandated under Section 54(3) of the Act to issue Quarterly market price index as reference guide to assist accounting officers make informed decisions. The Authority has been undertaking this mandate and continuously publishing the market price reference guides in its website with the aim of guiding procuring entities in achieving value for money through procurement within market process.

Despite the Market Price Index being a critical regulatory tool for determination of value for money in public procurement; the Authority has not conducted market price surveys for the last twelve consecutive quarters for the financial years 2021/2022, 2022/2023 and 2023/2024 due to lack of funds. The Authority made requests for additional funding to National Treasury and Economic Planning as well as World Bank to facilitate undertaking of the market price surveys.

During the Year under review, the Authority received support from GIZ under their good Governance programs to review the list of items and specifications developed by the sector specific teams, towards consolidating the same into a draft list of standard goods, works and services. The team has since finalized the assignment and the updated list is now ready for uploading in the e-procurement system.

Strategic Objective 3: To enhance efficiency and effectiveness in resolution of public and asset disposal complaints, disputes, debarment and investigations

1. Complaints Management

The Authority is mandated under sections 9 and 35 of the Act to act on, including investigation of complaints received on public procurement and asset disposal proceedings enforce any standards developed under the Act. During the year, the Authority handled 375 complaints, out of which 168 were resolved and 207 were at different stages of being resolved as at the end of the year. On nature of complaints received during the year, majority were on award and notification; followed by delayed payment; flaws in specification and evaluation of tender; and on irregularities in tendering process and a few touched on alleged corruption and conflict of interest, termination of procurement proceedings, contract management and disposal processes; proceedings flaws in evaluation of tenders and on termination of procurement.

2. Public Procurement Investigations

During the period under review, the Authority initiated investigation for two procurement proceedings undertaken by Kaimosi Friends University. Further, ten (10) procurement investigations relating to procurements undertaken by; Kenya Medical Supplies Authority (KEMSA) (5); A.I.C. Chebisaas National

School (1); County Government of West Pokot (1); and County Government of Samburu (1) were progressed. Draft reports on investigations undertaken at Kilifi County, A.I.C. Chebisaas National School, and County Government of West Pokot were shared with the entities for comments.

3. Public Procurement Administrative Review Mechanism

The Public Procurement Administrative Review Board (the “Review Board”) is established under Section 27 of the Act as a central, independent procurement appeals review board. The Review Board is established to promote and uphold fairness, equitability, transparency, competitiveness and cost-effectiveness in the Public Procurement System through judicious, expeditious and impartial adjudication of matters arising from disputed procurement and asset disposal proceedings in order to increase accountability and public confidence in the system.

The Review Board’s objective is to determine tendering and asset disposal disputes arising from candidates and/or tenderers who claim to have suffered or risk suffering, loss or damage due to the breach of a duty imposed on a procuring entity by the Act and/or its attendant Regulations; and to perform any other function conferred to the Review Board by the Act, Regulations or any other written law.

During the year under review, the Review Board handled 138 cases that were lodged before it. This represented a 32.7% increase from 104 in the FY2022/2023. The Review Board realized a total sum of **Kshs. 17,233,667.50** through case filing fees paid by applicants who lodged requests for review. All the decisions of the Review Board were rendered within a period of 21 days, and published within a day in the Authority’s website.

4. Debarment

During the year, the following Requests for Debarment were considered:

- a) Debarment Application No. 2 of 2023: Meru University of Science and Technology Vs. Jofrim East Africa Company Ltd – Filed on 15th June, 2023. The Committee met on 3rd July, 2023 and determined that there was a prima facie case. The parties were issued with directions on filing their pleadings and submissions. Both parties complied and filed submissions and on 12th November, 2023, debarment hearing was held whereby the Board determined that there was a case for debarment and Jofrim East Africa Company Ltd was debarred for 3 years.
- b) Debarment Application No. 3 of 2023: Ethics and Anti-Corruption Commission Vs. Hiley Consultants Ltd – This matter was filed on 29th November, 2023. Matter considered on 4th March, 2024, Board determined that the Applicant had not established a case for debarment against the Respondent hence the case was dismissed.

- c) Debarment Application No.1 of 2024: Kibe Ruhiu Vs. Hexing Technology Company Limited- Matter considered on 23rd February, 2024 for Prima Facie Case, Board determined that the Applicant had not established a Prima Facie Case against the Respondent hence the case was dismissed.
- d) Darment Application No. 2 of 2024: National Construction Authority Vs. Unnaitech Agencies Ltd. – This matter was considered on 28th May,2024 for Prima Facie Case. The Board determined that there was a prima facie case and directions on hearing were given.
- e) Debarment Application No. 3 of 2024: KeNHA Vs. Sanali Limited – This matter was filed on 19th June, 2024. The secretariat summarised the facts and its awaiting Board’s determination of prima facie case.
- f) Debarment Application No. 4 of 2024: KeNHA Vs. Efranjivercity Limited – This matter was filed on 19th June, 2024. The secretariat summarised the facts and its awaiting Board’s determination of prima facie case.

Strategic Objective 4: To improve efficiency of provision of advisory services to stakeholders

1. Provision of Advisory Services

The Authority is mandated under section 9 of the Act to provide advisory services and technical support upon request; monitor, evaluate and report on the performance of the public procurement and asset disposal system; as well as conduct research on the system. During the period under review, the Authority handled 199 requests for advice on public procurement and asset disposal issues. 196 requests were responded which translates to 98.5% of the request handled.

Strategic Objective 5: To enhance application of public procurement and asset disposal standards and formats for harmonised public procurement operations

1. The public procurement and asset disposal standard documents, manuals, guidelines and formats (STDs)

During the reporting period, the Authority revised the Standard Tender Document (STD) for procurement of Insurance Services and submitted the draft to the staff and management for review. The Standard Tender Documents for Procurement of Goods is still under review by the PPRA Technical Committee for Review of the Standard Tender Documents.

The Authority also participated in the User Acceptance Testing workshop (UAT) of the Standard Tender Documents (STDs) in preparation of uploading them in the Electronic Government (e-GP) System set for roll out in July 2024. Arising from the UAT, the Authority’s technical committees conducted an editorial review of the STDs in readiness of the documents uploading in library module of the e-GP System.

Strategic Objective 6: To increase uptake of registration and licensing of procuring or asset disposal agents, and consortium buying arrangements

1. Registration and Licensing of Procuring or Asset Agents

Section 51(3) of the Act as read together with Regulation 38(1) of the Public Procurement and Asset Disposal Regulation, 2020 (the Regulation) mandates the Authority to register and license procuring or asset disposal agents (the agent).

To operationalize the registration and licensing of the procuring or asset disposal agents, the PPRA developed guidelines for observance by the Authority, procuring entities and procuring or asset disposal agents. Further, the Guidelines for Registration and Licensing for Procurement or Asset Disposal Agents (the Guidelines) provide simplified application procedure as well as the requirements and conditions to be met by the procuring or asset disposal agents when applying for registration and licensing and when applying for renewal of annual practicing license. The Guidelines and relevant forms can be accessed from the Authority's website, www.ppra.go.ke.

During the period under review, the Authority committed to review the applications submitted by the procuring or asset disposal agents. The committee analyzed the 11 applications, 9 were completed and 2 are still being processed.

Strategic Objective 7: To enhance the capacity of persons participating in the public procurement and asset disposal system

1. Training and Capacity Building

During the year under review, and pursuant to Section 9 of the Act, the Authority provided capacity building to persons involved in the public procurement and asset disposal system; through training, technical support and sensitization. Through these initiatives, the Authority trained a total of 3,749 person on various aspects of the public procurement policy, legal and regulatory framework; and on the PPIP.

2. Transfer of procuring or asset disposal responsibilities

During the reporting period, the Authority received **Twenty-four (24)** requests for transfer of procuring responsibility to another procuring entity pursuant to Section 52 of the Act. All the requests were approved.

Strategic Objective 8: To enhance stakeholder engagements and partnerships for improved organisational performance

1. Stakeholder Engagements and Partnerships

1.1 Memorandum of Understanding (MOU) between EACC and PPRA

The Authority and the Ethics and Anticorruption Commission (EACC) signed an MOU on 15th June 2023 as a framework for cooperation and collaboration between the two agencies to combat unethical and corrupt practices in public procurement and asset disposal system. During the period under review, the two parties continued to implement the MOU towards enhancing the efficiency. The Authority also operationalised the Joint Working Committee, coordinating the implementation of the MOU between PPRA and EACC. The Committee was asked to prioritise key areas for reforms to entrench integrity and ethical conduct in public procurement operations and effectiveness of the public procurement and asset disposal system.

1.2 Association of Chartered Certified Accountants (ACCA)

During the year under review, the Authority participated in a round table discussion organised by ACCA – Kenya to explore ways of implementing the recommendations made from the PEFA assessment and areas of collaboration for effective public financial management reforms. The discussions took place on 6th July 2023 at Macure hotel. The discussions focussed on feedback sessions on the following areas:

- i) Performance information, resource receipt and utilization reporting transparency and efficiency;
- ii) Payroll and pension rationalization, human resource data management improvements and payroll automation;
- iii) Private sector resources mobilization, budgeting discipline by line ministries and counties, effective procurement and contract management;
- iv) Internal audit reporting and follow up procedures

1.3 United Nations Office for Projects (UNOPs)

The Authority held discussions on areas of possible collaboration with the UNOPs Kenya office to enhance the efficiency and effectiveness of public procurement system in Kenya on 25th July 2023. This was a precursor to the upcoming UNOPS Possibilities (UP) Forum scheduled for 3rd October 2023. The theme of the forum was: 'How sustainable procurement can be leveraged to advance resilient and inclusive development; advancing possibilities for local suppliers in Kenya'. The discussions focused on the two agencies entering a memorandum of understanding to strengthen capacity building of persons participating in the public procurement system; capacity development of the Authority's staff; strengthening compliance with the public procurement system by stakeholders; and strengthening the capacity of the Authority to undertake its functions.

UNOPS to explore areas of possible collaborations towards strengthening the capacity of the Authority to undertake its mandate on areas of compliance monitoring and M&E. Through this the Authority participated in the UNOPS Possibilities Forum held on 4th October 2023 to show case procurement opportunities available for firms'/companies' resident in Kenya.

Another engagement with UNOPS was on enhancing the resilience, accessibility and sustainability of infrastructure assets in developing countries in support of the 2030 agenda held on 6th December 2023.

1.4 The World Bank's Beneficial Ownership Transparency (BOT) Opportunity Mission July 31-August 11, 2023

The Authority held discussions with a team from the World Bank and Open Ownership on areas of enhancing beneficial ownership transparency, on 9th August 2023; as part of a scoping mission to determine areas of support. The discussions were focused on the following areas:

- i) the review of the existing Business Registration Service (BRS) beneficial ownership register,
- ii) analysis of the quantity and quality of BOI data in the Public Procurement Information Portal (PPIP);
- iii) an updated analysis of gaps and potential solutions, and
- iv) a rapid needs assessment to determine priority areas of focus for delivery of technical assistance and capacity building activities under the project.

The Authority being the institution in enhancing beneficial ownership transparency in public procurement, was informed that the World Bank had received funding from a Multi-Donor Trust Fund (MDTF) towards implementation of Beneficial Ownership Transparency activities and financing for capacity building of staff of the implementing Agencies involved in the data collection, analysis, and enforcement of Beneficial Ownership disclosure regulations.

1.5 Open Government Partnership (OGP) Multi-stakeholder Forum on Access to Information

The Authority being a key stakeholder in implementation of Open Government Partnership commitments, more so open contracting, participated in the OGP Multi-stakeholder Forum on Access to Information that was held on 7th August, 2023 at Serena Hotel in Nairobi. The forum objectives included:

- i) To increase awareness about OGP and the significance of access to information in governance;
- ii) To evaluate the progress made in implementing access to information commitments in Kenya's 4th National Action Plan under the OGP;

- iii) To increase stakeholders' awareness and understanding of the legal framework on Access to Information (ATI), facilitating effective utilization of the ATI Act's procedures and provisions; and
- iv) To foster inclusive dialogue among stakeholders to identify priorities and actionable goals for enhancing access to information in Kenya's forthcoming 5th National Action Plan under the OGP.

The Authority benefited from the experiences shared by other implementing agencies from the reports and presentations that captured valuable insights, discussions, and key takeaways from the workshop. The Authority committed to participate in the drafting of the 5th National Action Plan on promotion of open contracting and access to information.

1.6 Chartered Institute of Procurement and Supplies

CIPS-HPA to explore areas of collaboration with the Authority towards enhancing the effectiveness of public procurement and asset disposal system. The areas identified included training of procurement professionals, capacity strengthening of the Authority and information sharing. The Authority finalized MOU in preparation for Board approval. CIPS has provided full scholarship for 7 staff of the Authority to pursue CIPS Level 4 course.

1.7 Open Ownership and World Bank

Open Ownership and the World Bank to develop the capacity of the Authority to utilise Beneficial Ownership Information (BOI) currently being disclosed through the PPIP. The training took place between 14th and 17th November 2023 in Nairobi.

1.8 Foreign Commonwealth Development Office (FCDO)

FCDO to undertake a situational analysis of the operations of the Authority in terms of fighting corruption in public procurement and design a response plan to support implementation of the proposed interventions, held on 8th December 2023.

1.9 National Tax Payers Association

National Tax Payers Association to discuss measures put in place to promote proactive disclosure of emergency procurement information.

1.10 International, Regional and National Stakeholder Consultative Forums

The Authority participated in the Second National Supply Chain Dialogue held between 14th and 17th November 2023 in Mombasa. The theme of the Forum was: Optimizing the Economic Power of Supply Chain through the Bottom-Up Economic Transformation Agenda (BETA). The Forum ended with resolutions on how to strengthen supply chain management systems to enhance economic growth and sustainable development.

The Authority between 19th and 22nd March 2024 also participated in the 3rd Quality Management conference held in Sarova Whitesands, convened by the Kenya Bureau of Standards. The conference brought out the critical issues that organizations implementing various national, regional, and international standards should consider to ensure promotion and delivery of quality services to customers. The conference also underscored the value of standards in promotion of trade and economic growth.

The topics covered included:

- (i) Enhancing the Quality – the highway to the African Free Continent Trade Area (AfCFTA)
- (ii) Circular economy – a developing country perspective.
- (iii) Quality excellence across borders – A Davis and Shirtliff story
- (iv) Enhancing customer satisfaction for competitive advantage: KIWASCO experience
- (v) Conformity assessment – the role of measurement traceability in enhancing quality.
- (vi) Quality in the 4th industrial revolution – EABL case
- (vii) Global perspective on innovation ISO 56002:2019 – Ekaterina PLC case
- (viii) Business continuity management system – the panacea to disruptive incidences
- (ix) Implementation of QMS in the African countries
- (x) Big data analytics – driver to quality excellence: Safaricom case
- (xi) Realizing competitive advantage through quality excellence: KPA case

1.11 East Africa Procurement Forum

The Authority was represented in the 15th EAPF in Bujumbura, Burundi, which took place between 4th and 6th December, 2023. Six delegates from Kenya participated in the Forum as follows: PPRA (1), The National Treasury and Economic Planning (2), National Assembly (2) and Kenya Medical Supplies Authority (1). The 16th Forum will be held in 2024 in Dodoma, Tanzania. The 15th Forum resolved that in the next one year, member states should:

1. Share experiences on the implementation and management of the e-GP system in the EAC member States (through study trips, meetings, etc.)
2. Create partnerships with international certified institutions to build capacities of EAC Public Procurement Stakeholders on struggling areas.
3. Ensure that sustainability provisions (Environment, Social, Health & Safety) requirements are implemented in public procurement.
4. Implement, monitor and report the application of Beneficiary Ownership Information.

5. Each Public Procurement Regulatory Body to put in much effort to have EAPF institutionalized by the EAC Secretariat within six months.
6. To agree on an Action Plan for the implementation of the adopted resolutions.

1.12 Danish Institute of Human Rights

MOU was finalized and awaiting presentation before the Board for adoption. The areas of collaboration include entrenching aspects of human rights in public procurement practice. This is underscored under the National Action Plan on Business and Human Rights (NAP) (2020-2025), which contains a policy action stating that the Government will “strengthen leverage in using public procurement to promote human rights. This will involve the review of existing public procurement policies, laws and standards and their impacts with due regard to the state’s human rights obligations including the participation of women, persons with disability and other vulnerable groups”.

The MOUs were further revised the MOUs to take into account the provisions of the Circular from the Office of the Attorney General; Ref: AG/CIRCULAR/2024 No. 01, dated 22nd April 2024. The MOUs have since been submitted to the CS TNT & EP for review and approval.

Strategic Objective 9: To enhance the capacity of employees to deliver on the mandate through strategic talent management

1. Staff Training and Capacity Development

During the year the Authority trained 80% of its staff on different subject matters to facilitate effect delivery of its mandate. The Authority also concluded partitioning of its offices with aim of creating a conducive environment to support implementation of the mission and vision.

Strategic Objective 10: To strengthen organisational processes and systems to increase productivity, good corporate governance and learning

1. Development of the Strategic Plan for the 2023 – 2028 Period

During the period, the Authority continued to develop the strategic plan for the 2023-2028 period. The draft Strategic Plan underwent through internal stakeholders’ review and validation, after which, the draft plan was shared with external stakeholders on 30th May 2023 through the Authority’s website (<https://ppra.go.ke>) and on MyGov newspaper pullout on 13th June 2023, with a closing date of 19th June 2023. The Authority received valuable comments from the stakeholders, that were considered as the strategic plan was being finalised. The Strategic Plan was finalised, approved by the Regulatory Board and launched on 19th June 2024; a ceremony graced by the CS/National Treasury and Economic Planning.

2. Performance Contracting for the 2023/2024 Period

The Authority implemented the performance contract for the period 2023/2024 that was signed between the Government of Kenya through the Cabinet Secretary for the National Treasury and Economic Planning, and the Public Procurement Regulatory Board. All the signed commitments were on target of being achieved, subject to independent evaluation.

The Authority also developed and negotiated with the National Treasury, the performance contract for the 2023/2024 period, and awaiting vetting and sign off. The Authority also performed well in the 2021/2022 period performance contract, scoring 2.9750 translating to very good.

3. Quality Management System

The Authority is ISO 9001:2015 certified. This is the certification for Quality Management System (QMS) issued by the Kenya Bureau of Standards. The Authority continued to implement the Standard as required, alongside addressing the minor non-conformity and areas of improvement identified during the surveillance review of the Authority's Quality Management System undertaken by the Kenya Bureau of Standards (KEBS) on 11th May 2023. The Authority also revised the Standard Operating Procedures for all functional areas.

4. Enterprise Risk Management

In a volatile, uncertain, complex and ambiguous (VUCA) operating environment, risk management has become a central function in the public sector. Public sector entities are therefore required to adopt a risk-based thinking in all their processes so as to manage businesses risks, protect existing value, and enable further value-creation.

The Public Finance Management Act, 2012 and its attendant Regulations 2015, Code of Governance for State Corporations (Mwongozo) and Risk Management Guidelines issued by the National Treasury; places a duty on Accounting Officers of all public sector entities, to develop systems of risk and internal controls that establish robust business operations. The requirements are also aimed at promoting a coherent approach to discharging the duties and to assist public sector entities to understand the requirements for managing risk.

The Authority, as required by the Strategic Planning Guidelines, identified strategic risks and outlined measures aimed at addressing them in the approved Strategic Plan for the 2023 – 2027 period. Through this process, the Authority outlined 16 risks, cutting across all functional areas, and its mandate. A review of the status of the risks and mitigation measures, identified the following nine (9) risks as a likely threat to the realization of the strategic direction of the Authority, all being rated as high.

Table 2: Status of Mitigation of Strategic Risks

Risk and Description	Overall Risk Level (L/H/M)	Mitigation Measures	Status of implementation of the mitigation measures / Actions taken
1. Limited access to procurements information from PEs	H	Consultations, sensitization, liaison, partnerships	Continuous implementation of capacity building and sensitization programs for Procuring Entities (PEs). The Authority has requested the National Treasury to initiate legal amendments to allow for administrative sanctions against non-compliant PEs.
2. Failure by PEs to comply with the directives or orders of the Authority	H	Enhance Enforcement as well as sensitization of key stakeholders	Continuous implementation of capacity building and sensitization programs for PEs. The Authority has requested the National Treasury to initiate legal amendments to allow for administrative sanctions against non-compliant PEs.
3. Low uptake of the complaints management system by stakeholders	H	Enhance Enforcement as well as sensitization of key stakeholders	The Complaints Management System (CMS) was rolled out from effective 15 th October, 2023. CMS User guide prepared and uploaded in the PPRA website.
4. Procurement of items over and above the prevailing market prices by PEs due to lack of updated market price index	H	Pre-bid procurement monitoring; issuance of Market Price Index (MPI); enforcement	The Authority conducts Pre-bid compliance Monitoring to ensure PEs procurement and disposal documents promote competition and thus fair prices.
	H		Currently the MPI list is being reviewed as per the workplan, which will inform the undertaking of the MPI surveys.
5. Inadequate capacity of persons involved in public procurement and asset disposal system	H	Capacity building programs	Capacity building of persons involved in public procurement & asset disposal is done on a continuous basis through requests and programmed trainings.
6. Lack of cooperation by PEs to comply with directives on disclosure of public procurement	H	Sensitization, enforcement, Stakeholder consultative forums	Continuous implementation of capacity building and sensitization programs for PEs. The Authority has requested the National Treasury to initiate legal amendments to allow for

Public Procurement Regulatory Authority
Annual Report and Financial Statements
For the Year Ended June 30, 2024

Risk and Description	Overall Risk Level (L/H/M)	Mitigation Measures	Status of implementation of the mitigation measures / Actions taken
information			administrative sanctions against non-compliant PEs.
7. Cyber security risks	H	Cyber security controls	The ICT cybersecurity testing and ICT security tools have been operationalized.
8. Inadequate human and financial resources	H	Resource mobilization; prudent financial management	Resource mobilization: through new revenue streams including; capacity building, licensing of agents, procurement audits, and Operationalization of the capacity building levy.
9. Resistance to Corporate culture transformation	H	Effective communication, Team building, sensitization, induction programme	Cultural transformation sessions; and quick action on staff needs and frequent staff meetings.

The Authority has established mitigation measures, currently being implemented to ensure reduction of the likelihood of the risks occurring or disrupting the day-to-day operations. Some of the emerging issues currently being addressed include:

1. The Enterprise Risk Management Policy has been revised and updated following the ISO 31000 and Guidelines issued by the Public Sector Accounting Standards Board (PSASB).
2. The Functional Areas Risk Registers have been revised and the Corporate Risk Register being finalized.
3. All functional heads and champions have been trained risk management mainstreaming within their functional areas to ensure implementation of activities with the possible risks in mind.
4. Partitioning of office to address security of records.
5. Review of policies and strategies developed by different functional areas to ensure inclusion of risk management approaches.
6. Mobilization of resources to fund mitigation measures, to ensure minimization of risk.

Strategic Objective 11: To strengthen public financial management and reporting

1. Resource Mobilization: Operationalization of the Capacity Building Levy

The Capacity Building Levy is provided for under Section 24(5) (d) of the Public Procurement and Asset Disposal Act, 2015 as one of the sources of funds for the Authority, stated as: ‘capacity building levy (the Levy) of such percentage of the procurements contract price by public entities as may be prescribed by the Cabinet Secretary.’ During the year, the Authority commenced the process towards operationalization of the Levy, to bridge the financial constraints being experienced in the regulation of the public procurement and asset disposal system in Kenya.

The need to operationalise the Levy was occasioned by the results of compliance monitoring activities undertaken by the Authority which have revealed many areas of non-compliance by procuring entities; most of them are as a result of inadequate capacity amongst procurement professionals and amongst the business community. Some of these challenges include: weak contract management, weak specification development, weak development and application of evaluation criteria, unethical practices, poor records management and low levels of compliance with the legal and regulatory framework. Interventions by the Authority to address these challenges have been constrained by inadequate budgetary provisions.

The funds collected from the Levy are to be used to develop the capacity of all persons involved in the public procurement and asset disposal system; under three key areas which include: targeting the human capacity (skills & competencies); organizational capacity (internal structures, processes, systems & staffing); and institutional capacity (policy, legal and regulatory frameworks). During the year, the Public Procurement Capacity Building Levy Order 2023 issued through Legal Notice No. 206 of 6th November 2023 was approved and acceded to by the National Assembly on its sitting of 23rd April 2024.

2. Challenges Faced by the Authority

During the year under review, the Authority faced a number of challenges that constrained realization of the planned activities for the year and as detailed in the PPRA strategic plan (2023– 2027). These include:

- (a) Inadequate budgetary allocation to the Authority that constrained implementation of statutory functions including issuance of the quarterly market price index, sensitization of stakeholders on the new standard tender documents and formats, compliance monitoring and conducting of investigations. This has crippled and limited the scope of

- (b) operation of the Authority in realization of an efficient and effective public procurement and asset disposal system in Kenya.
- (c) Inadequate institutional capacity in terms of human resource numbers and multidisciplinary competencies required to effectively implement the expanded mandate of the Authority.
- (d) Some procuring entities have continued to fail to submit mandatory reports as prescribed. This has denied the Government and stakeholders' valuable data for informed decision making on public procurement. This includes ignoring the Presidential Executive Order No. 2 of 2018.

3. Recommendations to Stakeholders

Based on the findings and experience from the regulatory activities implemented, the Authority recommends that:

1. Parliament and the National Treasury should consider allocating adequate resources to the Authority to strengthen delivery of its mandate owing to the importance of ensuring efficiency and effectiveness in the public procurement and asset disposal system. A well-funded regulator has the capacity of minimizing malpractices currently experienced in the public procurement system and immensely contributing to the fight against corruption.
2. Accounting Officers should: -
 - i) uphold compliance with the provisions of the Act while undertaking procurement and asset disposal proceedings for the purpose of increasing compliance levels of their respective procuring entities;
 - ii) submit mandatory reports to the Authority within the prescribed timelines as well as publish in the Public Procurement Information Portal (PPIP) in accordance with the provisions of the Executive Order No. 2 of 2018;
 - iii) strengthen records and inventory management systems within their entities, to ensure continuity in procurement and contract records management;
 - iv) continuously professionalize and build capacity of their staff on the Public Procurement Law and other relevant requirements, and
 - v) promptly pay suppliers and contractors within the stipulated contractual requirements.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

a) Sustainability Strategy and Profile

The Authority relies heavily on Government funding which for quite some time has been implementing a strategy to reduce the heavy reliance on Government funding. During the year ended 30th June 2024, the Government funding component of total revenues reduced from 97% in FY 2022/23 to 84% in FY 2023/24. Additionally, the sustainability measures being implemented led to a reduction in personnel emoluments from 64.2% of total expenditure in FY 2022/2023 to 58.6% in FY 2023/2024.

Further, measures have been put in place to broaden the appropriation-in-aid (A-In-A) raised by the Authority. This has seen the A-In-A collection rise from Kshs.26,016,329 in FY 2022/2023 to Kshs. 66,277,973 in FY 2023/2024, an increment of 154.8%. Further, the Authority has secured approval to collect Capacity Building Levy effective FY 2024/2025. This is expected to greatly improve the A-In-A collection and reduce the over-reliance on exchequer funding. Prudent financial management to avoid wasteful spending, is another strategy being employed by the Authority to guarantee sustainability.

The Authority has also restructured to enable it deliver more efficiently and effectively on its mandate. The restructuring was accompanied by review of the Authority's human resource instruments which have now been approved by the relevant authorities. The approval paves way for the Authority to be optimally staffed and for succession management to be put in place so as to ensure the Authority continues to deliver excellent service in execution of its mandate.

b) Environmental Performance

"We owe it to ourselves and to the next generation to conserve the environment so that we can bequeath our children a sustainable world that benefits all."

Wangari Maathai

The Authority believes in operating in an environmentally friendly way so as to ensure we conserve the environment and have a better tomorrow. Some of the measures adopted by the Authority to ensure environment friendly operations include:

- i. Automation** of its operations and reducing printing to only what is necessary. In this way, the Authority has reduced on the paper used in its operations which in effect reduces the number of trees that have to be cut to process paper.
- ii. Growing trees** – As part of its corporate social investment activities the Authority has been participating in growing trees to increase the national forest cover by replacing forest areas where trees had been cut and not replaced.

iii. Staff sensitization – The Authority continues to sensitize its staff on the need to conserve the environment and encourages each member of staff to plant trees at their homes, residences and participate in other tree growing initiatives other than the ones organized by the Authority.

c) Market Place Practices

On sustainable public procurement, the Authority is working with other stakeholders on building capacity to entrench sustainable public procurement. Some of the areas where notable success has been realized include:

- i. Access to Government Procurement Opportunities (AGPO)** - Apart from procurement being used just as a business tool, procurement is also being used to empower communities and create jobs. As part of its regulatory role the Authority is working with procuring entities to ensure they set aside 30% of their procurement budget for marginalized groups. In addition, the Authority is working with The National Treasury to build the capacity of the target marginalized groups (Youth, Women and Persons with Disability) to ensure they access and benefit from Government procurement opportunities.
- ii. Promotion of local content** - Public Procurement is being used to support growth of local industries by encouraging public entities to source for their needs locally where such needs can be met by local manufacturers. The construction sector has also witnessed growth of local contractors who are increasing taking up contracts for infrastructure projects and delivering them.
- iii. Responsible competition practices** – The Authority together with other stakeholders like Competition Authority of Kenya, Public Procurement Administrative Review Board among others are working towards ensuring that the public procurement system is fair, equitable, transparent, competitive and cost effective as envisioned under Article 227 of the Constitution.
- iv. Responsible supply chain and supplier relations** – Public Procurement Regulatory Authority believes in the need to have and maintain good relations with suppliers so as to ensure the entity is able to get goods and services necessary for its day to day operations without struggling. Towards this end, the Authority endeavours to provide its suppliers a conducive environment to do business by ensuring; fairness in the procurement process, suppliers are paid within the agreed credit periods, building capacity of suppliers through training among other initiatives.

d) Corporate Social Investment

The Authority has a corporate social investment (CSI) policy which guides its CSI activities. Despite having a very constrained budget, the Authority spares some resources to give back to the community through corporate social investment activities. In FY 2023/2024 the Authority the Authority participated in various Corporate Social Investment activities.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30th, 2024 which show the state of the Authority's affairs.

Principal activities

The principal activities of the Authority are outlined on page v of this report.

Results

The results of the Authority for the year ended June 30th, 2024 and accompanying notes are set out on pages 1 to 37.

Directors

The members of the Public Procurement Regulatory Board who served during the year are shown on pages x to xiv. Changes to the Regulatory Board were effected in August 2023.

Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations 2015, Regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Section 23 of the Public Audit Act 2015.

By Order of the Board



Corporation Secretary
Nairobi

Date: 23.12.2024

STATEMENT OF DIRECTORS' RESPONSIBILITY

Section 81 of the Public Finance Management Act, 2012 and Section 25 of the Public Procurement and Asset Disposal Act, 2015 require the Directors to prepare financial statements in respect of PPRA, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results for that year/period. The Directors are also required to ensure that PPRA keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

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

The Directors accept responsibility for the Authority'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 Public Procurement and Asset Disposal Act 2015. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30th, 2024, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the 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 Authority 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 Authority's financial statements were approved by the Board on 27.09.2024 and signed on its behalf by:



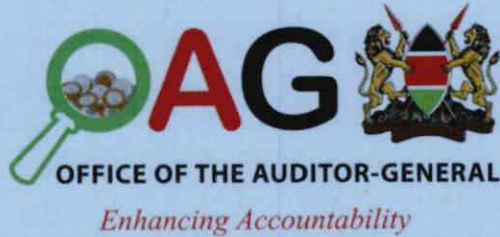
Chairperson of the Board



Director General

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON PUBLIC PROCUREMENT REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on 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

Qualified Opinion

I have audited the accompanying financial statements of Public Procurement Regulatory Authority set out on pages 62 to 96, which comprise the statement of financial position as at 30 June, 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

Report of the Auditor-General on Public Procurement Regulatory Authority for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Public Procurement Regulatory Authority as at 30 June, 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 Public Procurement and Asset Disposal Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Anomalies in the Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.69,576,078 in respect of property, plant and equipment as disclosed in Note 19 to the financial statements. However, review of Note 19 revealed the following anomalies.

1.1. Variances in the Property, Plant and Equipment Balance

- i. The Note reflects a balance of Kshs.69,761,460 in respect of equipment and computers' depreciation and impairment as at 30 June, 2023. However, the balance differs with the recomputed balance of Kshs.69,946,439 by an unexplained and unreconciled variance of Kshs.184,979.
- ii. The Note reflects a balance of Kshs.17,112,476 in respect of furniture and fittings' depreciation and impairment as at 30 June, 2023. However, the balance differs with the recomputed balance of Kshs.17,029,871 by an unexplained and unreconciled variance of Kshs.82,605.
- iii. The Note reflects a balance of Kshs.208,390,085 in respect of total depreciation and impairment as at 30 June, 2023 which differs with the balance of Kshs.208,492,460 reflected in the previous year's audited financial statements by an unexplained variance of Kshs.102,375.
- iv. The Note reflects a balance of Kshs.1,743,826 in respect of equipment and computers' net book value as at 30 June, 2022. However, the balance differs with the recomputed balance of Kshs.1,787,321 by an unexplained and unreconciled variance of Kshs.43,495.

In the circumstances, the accuracy of the respective balances could not be confirmed.

1.2. Failure to Revalue Assets

As previously reported, the statement of financial position reflects a balance of Kshs.69,576,078 in respect of property, plant and equipment and a zero balance in respect of intangible assets. However, review of the assets register revealed that assets with a historical cost of Kshs.253,090,322 were fully depreciated but still in use. This was

contrary to the provisions of Paragraph 29 of the International Public Sector Accounting Standards (IPSAS) No. 17 which states that revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the current value at the reporting date.

In the circumstances, the valuation of property, plant and equipment balance of Kshs.69,576,078 could not be confirmed.

1.3. Unaccounted for Information and Communication Technology Assets

As reported in the previous year, the property, plant and equipment balance includes an amount of Kshs.12,449,614 in respect of equipment and computers which further includes a balance of Kshs.1,665,000 in relation to fourteen (14) laptops and three (3) tablets issued to Board Members whose terms ended in 2020 and staff members who had left the Authority. Review of the status in December 2024 revealed that one tablet and three laptops valued at Kshs.405,000 had still not been accounted for. Although Management indicated that they have contacted the persons who were issued with the assets, the matter had not been resolved as at the time of the audit in December, 2024.

In the circumstances, the accuracy and existence of equipment and computers balance of Kshs.1,665,000 could not be confirmed.

2. Unsupported Interest Income

The statement of financial performance reflects an amount of Kshs.49,029,256 in respect of other income which, as disclosed in Note 9 to the financial statements, includes an amount of Kshs.9,652,558 in respect of interest income. However, Management did not provide details of the associated investment including a certificate from the investment holder confirming the balance as at 30 June, 2024, if any, and interest earned during the year.

In the circumstances, the accuracy and completeness of the interest income of Kshs.9,652,558 could not be confirmed.

3. Use of an Expired Service Level Agreement

The statement of financial performance reflects an amount of Kshs.122,519,797 in respect of use of goods and services which, as disclosed in Note 12 to the financial statements, includes an amount of Kshs.10,406,446 in respect of ICT services. Review of a Service Level Agreement contract for the support and maintenance of an Enterprise Resource Planning (ERP) System with a vendor through Tender no PPRA/02/2021-2022 revealed that the contract was effective from 01 November, 2021 to 31 October, 2022 with an automatic termination on its anniversary unless renewed for a further negotiated period upon agreement by both sides. No evidence of a contract extension was provided. However, the Authority paid maintenance fees amounting to Kshs.571,130 for the period November 2023 to October 2024 long after the contract had expired.

In the circumstances, the validity of the expenditure of Kshs.571,130 in respect of an ERP system maintenance fees could not be confirmed.

4. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects a cash inflow of Kshs.159,449,423 in respect of increase in deferred income, which however, differs with the recomputed cash inflow of Kshs.157,434,673 by an unexplained and unreconciled variance of Kshs.2,014,750. In addition, the statement reflects a cash outflow of Kshs.22,604,584 in respect of acquisition of tangibles assets. However, the amount differs with the balance of Kshs.21,614,600 reflected in Note 19 to the financial statements as additions to property, plant and equipment. The resulting variance of Kshs.989,984 has not been explained or reconciled.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Public Procurement Regulatory Authority 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Directors are responsible for the other information set out on page 2 to 60 which comprise of Key Entity Information and Management, the Board of Directors, Key Management Team, Chairman's Statement, Report of the Director General, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority'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 THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on 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

1. Non-Compliance with Statutory Minimum Net Salaries

Review of the payroll for the year, revealed salary deductions and recoveries for eleven (11) staff members that exceeded two-thirds ($\frac{2}{3}$) of their basic pay contrary to the provisions of Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds ($\frac{2}{3}$) of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

2. Failure by the Authority to Issue Quarterly Market Price Indices

Review of the Authority's records and information revealed that, despite the Market Price Index being a critical regulatory tool for determination of value for money in public procurement, the Authority had not conducted market price surveys for the last three (3) financial years. This was contrary to Section 54(3) of the Public Procurement and Assets Disposal Act, 2015 which provides that the Authority shall issue a quarterly market price index as a reference guide to assist accounting officers make informed price decisions.

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, based on the audit procedures performed, except for the effects of the matter described in the Basis for

Report of the Auditor-General on Public Procurement Regulatory Authority for the year ended 30 June, 2024

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

Failure to Update the Fixed Assets Register

Review of the Fixed Assets Register provided for audit revealed that it did not contain all the required information including the assets' tag numbers, physical location of the assets and the officer under whose custody the asset is placed.

In the circumstances, the lack of an asset register can lead to asset losses, inefficient management of assets, inaccurate financial reporting, compliance issues, difficulties in insurance claims and suboptimal decision-making.

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 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 Authority'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 Board of Directors is responsible for overseeing the Authority'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

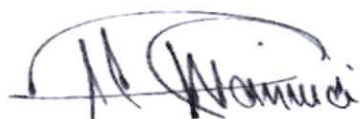
Nairobi

27 December, 2024

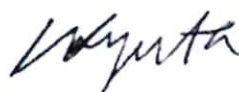
**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2024**

		2024	2023	2023
	Note	Ksh	Ksh	Restated
				Ksh
Revenue from non-exchange transactions				
Unconditional Government Grants	6	397,671,000	347,671,000	
Conditional Grants	7	9,950,630	2,014,750	0
Revenue from exchange transactions				
Rendering of services	8	17,248,717	11,047,069	
Other Income	9	49,029,256	14,969,260	
Total		66,277,973	26,016,329	
Total Revenue		473,899,603	375,702,079	
EXPENSES				
Employee Costs	10	276,497,705	243,881,002	
Board Expenses	11	42,725,929	28,982,086	
Use of Goods & Services	12	122,519,797	81,929,822	
Repairs and Maintenance	13	1,450,850	1,214,521	
Contracted Services	14	9,074,060	9,210,001	
Depreciation and Amortization	15	18,829,558	14,716,540	
Total Expenses		471,097,899	379,933,972	
Surplus / (Deficit) for the period		2,801,704	(4,231,893)	(6,246,643)

The notes set out on pages 6 to 30 form an integral part of the financial statements. The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Patrick K. Wanjuki
Director General



Lawrence K. Yuta
Ag. Head of Finance
ICPAK M/No 12812



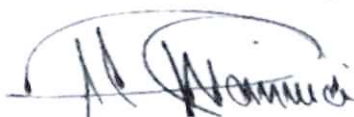
Kadhua Jimmy Kahindi
Chairman, PPRB

Public Procurement Regulatory Authority
Annual Report and Financial Statements
For the Year Ended June 30, 2024

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

		2024	2023	2023 Restated
ASSETS	Note	Ksh	Ksh	
Current Assets				
Cash and cash equivalents	16	243,715,393	60,720,077	
Receivables from exchange transactions	17	17,322,748	29,409,014	
Receivables from non-exchange transactions	18	1,817,291	1,289,345	
Total Current Assets		262,855,432	91,418,436	
Non-current Assets				
Property, Plant and Equipment	19	69,576,078	66,683,725	
Intangible Assets	20	0	4,937	
Work In Progress	21	0	0	
Total Non-Current Assets		69,576,078	66,688,662	
Total Assets (A)		332,431,510	158,107,098	
LIABILITIES				
Current Liabilities				
Trade & Other Payables from exchange transactions	22	52,294,332	42,324,205	
Provisions	23	12,142,367	8,024,460	
Deferred income	24	159,487,611	38,188	
Total current liabilities		223,924,310	50,386,853	
Non-Current Liabilities				
Non-current employee obligation		0	0	
Total non-current obligations		0	0	
Total Liabilities (B)		223,924,310	50,386,853	
Net Assets (A-B)		108,507,200	107,720,246	
Represented by:				
Accumulated Fund	25	105,705,496	111,952,140	
Surplus/(deficit)		2,801,704	(4,231,894)	(6,246,643)
Net Assets		108,507,200	107,720,246	

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



Patrick K. Wanjuki
Director General



Lawrence K. Yuta
Ag. Head of Finance
ICPAK M/No 12812



Kadhua Jimmy Kahindi
Chairman, PPRB

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2024**

	Notes	Accumulated Fund	Fair value adjustment	Total
		Ksh	Ksh	Ksh
Balance at 30.06.2022		106,974,361	0	106,974,361
Surplus/Deficit for the year		(6,246,643)	0	(6,246,643)
Prior year adjustment		4,977,778	0	4,977,778
Balance at 30.06.2023		105,705,496	0	105,705,496
Surplus/Deficit for the year		2,801,704	0	2,801,704
Prior year adjustment		0	0	0
Balance at 30.06.2024		108,507,200	0	108,507,200

- The item “**Surplus/Deficit for the year**” value for the Financial Year 2023 has been restated from **Ksh.(4,231,893)** to **Ksh.(6,246,643)** due to restatement of the Conditional Grant valued at **Ksh 2,014,750** in form of asset grant.

Public Procurement Regulatory Authority
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2024**

	2023	2022
Cash flows from operating activities	Ksh	Ksh
Receipts		
Unconditional Government Grants	397,671,000	347,671,000
Conditional Grants	8,823,491	2,014,750
Rendering of services	17,248,717	11,047,069
Other Income	49,029,256	14,969,260
Decrease/(Increase) in receivables from exchange transactions	12,086,266	(14,681,401)
Decrease/(Increase) in receivables from non-exchange transactions	(527,946)	383,606
Increase/(Decrease) in deferred income	159,449,423	38,188
Increase/(Decrease) in trade & other payables	9,970,127	(10,423,436)
Increase/(Decrease) in Provisions	4,117,907	7,166,060
Total Receipts	657,868,241	358,185,096
Payments		
Employee Costs	276,497,705	235,856,542
Board Expenses	42,725,929	28,982,086
Use of Goods & Services	122,519,797	81,929,822
Repairs and Maintenance	1,450,850	1,214,521
Contracted Services	9,074,060	9,210,001
Total Payments	452,268,341	357,192,972
Net cash flows from operating activities	205,599,900	992,124
Cash Flows from Investing Activities		
Acquisition of tangible assets	(22,604,584)	(14,513,626)
Acquisition of intangible assets	0	0
Net cash flow from Investing Activities	(22,604,584)	(14,513,626)
Net changes in Cash and Cash Equivalents	182,995,316	(13,521,502)
Cash & Cash Equivalents as at 1st July	60,720,077	74,241,579
Cash & Cash Equivalents as at 30th June	243,715,393	60,720,077

Note: The conditional grant component reflected in the statement of cash flows is for the cash received only. The PFMR component which was non-cash has not been included.

Public Procurement Regulatory Authority
Annual Report and Financial Statements
For the Year Ended June 30, 2024

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE 2024**

Revenue	Note	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of Utilization
		Ksh	Ksh	Ksh	Ksh	Ksh	
		a	b	c = (a+b)	d	e=(c-d)	f=(d/c)*100
Recurrent Government Grants	6	397,671,000	0	397,671,000	397,671,000	0	100.0%
Conditional Grants	7	9,950,630	0	9,950,630	9,950,630	0	100.0%
Rendering of services	8	15,000,000	0	15,000,000	17,248,717	2,248,717	115.0%
Other income	9	51,454,000	0	51,454,000	49,029,256	-2,424,744	95.3%
Total Revenue		474,075,630	0	474,075,630	473,899,603	(176,027)	99.96%
Expenses							
Employee Costs	10	284,865,000	0	284,865,000	276,497,705	8,367,295	97.1%
Board Expenses	11	44,630,000	0	44,630,000	42,725,929	1,904,071	95.7%
Use of Goods and Services	12	123,609,000	0	123,609,000	122,519,797	1,089,203	99.1%
Repairs and Maintenance	13	1,471,000	0	1,471,000	1,450,850	20,150	98.6%
Contracted Services	14	9,550,000	0	9,550,000	9,074,060	475,940	95.0%
Depreciation and Amortization	15	0	0	0	18,829,558	(18,829,558)	0.0%
Total Expenditure		464,125,000	0	464,125,000	471,097,899	(6,972,899)	
Surplus/(deficit) for the period		9,950,630	0	9,950,630	2,801,704	6,796,872	
Capital Expenditure							
Acquisition of Regional Office Space		130,000,000	(15,000,000)	115,000,000	0	115,000,000	0.0%
Partitioning/Furnishing of Head Office		50,000,000	(10,000,000)	40,000,000	0	40,000,000	0.0%
Total Capital expenditure		180,000,000	(25,000,000)	155,000,000	0	155,000,000	0.0%
Grand Total Expenditure (recurrent +capital)		644,125,000	(25,000,000)	619,125,000	471,097,899		
Grand total surplus/(deficit)					2,801,704		

a	The acquisition of Regional office space had commenced and the funds committed but the procurement process had not been concluded by 30th June 2024
b	The funds were for furnishing of the Head Office upon completion of the partition works had not been spent. The procurement of office furniture and equipment had commenced and the funds committed but the procurement process had not been concluded by 30th June 2024

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Public Procurement Regulatory Authority (the Authority) is established under Section 8 (1) of the Public Procurement and Disposal Act, 2015. PPRA is domiciled in Kenya and has regional offices in Mombasa, Kisumu and Eldoret. The Authority is mandated with monitoring, assessing and reviewing the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the constitution.

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 Authority's accounting policies.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was

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Standard	Effective date and impact:
	<p>issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • IPSAS 39: Employee Benefits <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial</p>

Standard	Effective date and impact:
	performance.

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2023/2024.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Sale of goods

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

Interest income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the management of the Authority. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities.

Budget information continued

The Authority'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

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 Entity 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.

d) Property, plant and equipment

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

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) 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.

g) Depreciation

The Assets are depreciated as and when they are available for use by the Authority. Depreciation charge is calculated on a straight line basis for the various categories of assets as follows:

Motor vehicles	25.0%
Equipment and computers	33.3%
Furniture and fittings	12.5%
Office partitions	12.5%
Intangible assets	33.3%

h) Financial instruments

(i) 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 Entity determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 Entity 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 Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity 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 has 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 entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

h (ii) 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 Entity 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.

i) 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:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. In the year under review, the Authority revalued its fleet of vehicles and set up a revaluation reserve.

l) Changes in accounting policies and estimates

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

n) Foreign currency transactions

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

o) 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.

p) Related parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise Managers and Directors including the Director General.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The following transactions were carried out with related parties:

- i. Public Procurement Regulatory Board:** This is the Board that oversees the operations and governance of the Authority. The Board is responsible for providing strategic direction, approval of policies and overall governance of the Authority.
- ii. Public Procurement Administrative Review Board:** The Authority has a duty to provide Secretariat and administrative services as well budgetary support to the Review.
- iii. Management team:** The management team oversees the day to day operations of the Authority and also has the responsibility of formulating policies that govern operations of the Authority.

Government of Kenya and The National Treasury: The Authority is a Government institution wholly owned by the Government of Kenya. The National Treasury is the parent ministry. The Authority relies on GoK for funding with GoK funds making up 93% of its annual revenues. During the year under review, the Authority received GoK budget funding of Ksh 397,671,000.

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement.

Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

r) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset
-

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22.

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.

u) Subsequent events

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**6. Transfers from Other Government entities
Unconditional Government Grants**

Operational grants Government of Kenya funding of PPRA operations through Exchequer during the financial year.

Description	2024	2023
	Ksh	Ksh
Operational Grant	397,671,000	347,671,000

7. Conditional Government Grants

The conditional Government Grant was received from Public Finance Management Reforms program (PFMR) and the world bank towards staff training.

Description	Notes	2023-2024	2022-2023	2022-2023 (Restated)
		Kshs.	Kshs.	Kshs.
PFMR	7	1,127,139	2,014,750	0
World Bank	7	8,823,491	0	0
Total		9,950,630	2,014,750	0

- The comparative value for the Financial Year 2022/2023 has been restated from Kshs.2,014,750 to Kshs.0. This is because the conditional grant of Kshs.2,014,750 from the Public Finance Management Reforms (PFMR) was received in kind i.e. purchase of laptops (this was an asset grant received in kind and no money was received by PPRA). The restated amount of Kshs.2,014,750 has been treated as deferred income in the FY 2022/23. See note 24.

8. Rendering Services

Appeals fee: Relates to fees paid by parties seeking administrative review of public procurement disputes.

Description	2024	2023
	Ksh	Ksh
Appeals fee	17,248,717	11,047,069

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. Other Income

This includes income from the sources like training, agency licensing fee and procurement Audits.

Description	2024	2023
	Ksh	Ksh
Training fee	37,829,935	14,197,224
Licensing fees	100,000	150,000
Procurement Audits	1,422,400	590,400
Interest income	9,652,558	0
Other income	24,364	31,636
Total	49,029,256	14,969,260

10. Employee Costs

This comprises of the staff personnel emoluments and employer pension contribution. A breakdown of the employee costs is as shown below:

Description	2024	2023
	Ksh	Ksh
Salaries and wages	144,074,549	135,957,100
Housing benefits & allowances	92,072,741	75,329,342
Employer Pension expense	29,784,161	25,856,300
Gratuity expense	2,318,139	1,711,200
Leave Expense	5,531,298	5,027,060
Affordable housing Levy	2,716,817	0
Total	276,497,705	243,881,002

11. Board Expenses

This comprises of costs related to the Public Procurement Regulatory Board and the Public Procurement Administrative Review Board.

Description	2024	2023
	Ksh	Ksh
Administrative Review Board other expenses	8,998,080	2,774,168
Administrative Review Board Emoluments	21,084,000	17,904,000
Regulatory Board other expenses	6,753,849	2,423,918
Regulatory Board Emoluments	5,890,000	5,880,000
Total	42,725,929	28,982,086

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. Use of Goods and Services

Description	2024	2023
	Ksh	Ksh
Administration expenses	34,192,983	20,079,202
Advisory services & stakeholder mgt	19,267,550	8,199,200
Financial sustainability	929,301	1,214,864
Compliance monitoring	3,013,738	2,411,822
Corporate communication	3,115,550	540,926
Corporate planning	4,627,588	5,862,951
Corporate Security	54,460	15,000
Human Capital Management & Development	16,165,878	5,742,265
ICT services	10,406,446	9,676,613
Insurance costs	24,616,879	23,567,116
Internal audit expenses	325,800	188,620
Procurement Investigations and enforcement	674,400	605,500
Legal services	1,166,312	829,958
Monitoring, Evaluation & Research	1,495,200	0
Supply chain management	2,467,712	2,995,785
Total	122,519,797	81,929,822

- PPRA received service facilitation amount to Sh 1,492,500 during the FY 2023/2024 to review Standard tender documents and formats to facilitate uploading into the E-GP System. The Expenditure was incurred by PFMR Secretariat

13. Repairs and Maintenance

This constitutes expenditure on maintenance of vehicles, equipment, computers and general maintenance.

Description	2024	2023
	Ksh	Ksh
Vehicles	1,123,189	1,088,091
Equipment	274,306	0
Property	53,355	126,430
Total	1,450,850	1,214,521

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14. Contracted Services

These are services outsourced by the Authority.

Description	2024	2023
	Ksh	Ksh
Audit fees	858,400	858,400
Cleaning Services Fees	2,569,660	2,428,101
Guarding Services	1,896,000	1,230,000
Consultancy Fees	3,750,000	4,693,500
Total	9,074,060	9,210,001

15. Depreciation and Amortization

The depreciation charge for the year comprises of:

Description	2024	2023
	Ksh	Ksh
Property and equipment	18,824,621	10,931,960
Intangible assets	4,937	3,784,580
Total	18,829,558	14,716,540

16. Cash and cash equivalents

Cash and cash equivalents comprises of cash and bank balances.

Description	2024	2023
	Ksh	Ksh
NBK PPRA Account	74,590,454	60,720,077
NBK ARB Account	9,194,301	0
KCB PPRA Account	159,929,799	0
Cash on hand and in transit	839	0
Total	243,715,393	60,720,077

17. Receivables from exchange transactions

The receivables figure comprises of receivables arising from exchange transactions with third parties.

Description	2024	2023
	Ksh	Ksh
Prepayments	16,020,136	29,394,014
Receivables-Debtors	1,287,612	0
Refundable Deposits	15,000	15,000
Total	17,322,749	29,409,014

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Ageing Analysis- Receivables from exchange transactions	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	17,307,748	99.91	29,394,014	99.95
Between 1-2 years	15,000	0.09	15,000	0.05
Over 3 years	-	-	-	-
Total	17,322,749	100	29,409,014	100

- Category "Less than 1 year" value of Sh 17,307,749 is composed of Sh 1,287,612 as staff salary advances; and sh 16,020,136 is various insurance premiums paid beyond the end of the FY 2023/2024.
- Category "Between 1-2 years" value of Sh 15,000 is a deposit with Telkom Kenya for telephone services offered

18. Receivables from non-exchange transactions

Description	2024	2023
	Ksh	Ksh
PPRA Staff Loans Scheme	0	128,000
Imprest advance	650,070	286,890
Salary advance	1,167,221	874,455
Total	1,817,291	1,289,345

Ageing Analysis- Receivables from non-exchange transactions	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,817,291	100	1,289,345	100
Between 1-2 years	0	0	0	0
Over 3 years	0	0	0	0
Total	1,817,291	100	1,289,345	100

- Category "Less than 1 year" value of Sh 1,817,291 is composed of Sh 1,167,221 as staff salary advances; and sh 650,070 is imprests issued towards the end of the FY

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. Property, Plant & Equipment

	Motor Vehicles	Equipment & Computers	Furniture & Fittings	Office Partitions	Total
Cost	Ksh	Ksh	Ksh	Ksh	Ksh
At 30th June 2022	77,201,313	67,611,813	20,343,535	45,158,490	210,315,152
Additions	0	16,020,544	35,000	48,805,489	64,861,033
At 30th June 2023	77,201,313	83,632,357	20,378,535	93,963,979	275,176,185
Additions	16,270,000	5,175,000	169,600	0	21,614,600
At 30th June 2024	93,471,313	88,807,357	20,548,135	93,963,979	296,790,785
Depreciation & Impairment					
At 30th June 2022	70,000,535	65,824,492	16,446,641	45,158,490	197,430,158
Depreciation	2,290,000	3,739,145	835,690	4,067,124	10,931,959
Adjustment	0	382,802	(252,460)	0	130,342
At 30th June 2023	72,290,535	69,761,460	17,112,476	49,225,614	208,390,085
Depreciation	5,442,312	6,596,283	685,340	6,100,686	18,824,621
At 30th June 2024	77,732,847	76,357,743	17,797,816	55,326,300	227,214,706
Net book values					
At 30th June 2024	15,738,466	12,449,614	2,750,319	38,637,679	69,576,078
At 30th June 2023	4,910,778	13,870,897	3,266,059	44,738,365	66,683,725
At 30th June 2022	7,200,778	1,743,826	3,896,894.00	0	12,841,498

a).The Authority transferred/donated assets (partitions & other fixtures) which were at the previous PPRA premises i.e on the 11th floor of the National Bank of Kenya Building, along Harambee Avenue in Nairobi valued at Kshs. 12,808,000.00 (Twelve Million, Eight Hundred and Eight Thousand Kenya Shillings) to The Kenya Engineering Technology Registration Board (KETRB).At the time of the donation, the partitions & other fixtures were at zero net book value

Previously the Authority had its offices at the National Bank of Kenya Building occupying both 10th & 11th floors. The valuation report of the 10th floor partitions & other fixtures is yet to be provided to enable conclusion of the disposal by donation.

The partitions & other fixtures in both 10th & 11th floors are treated as a single asset in the current asset register. Therefore, the disposal can only be executed as a single transaction.

b). During the financial year 2023/2024 the Authority received a conditional grant amounting to one hundred and sixty five million, eight hundred and sixty one thousand, two hundred and seventy eight (**Ksh.165,861,278**) from the World Bank for partitioning works of the PPRA offices at KISM Towers floors 4th, 5th, & 7th including alterations of 6th floor partitions. At the end of the FY 2023/2024, the project had not been handed over to PPRA to allow recognition in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Intangible assets

Intangible assets comprises ICT Systems and software used by the Authority in its operations.

	2024	2023
Cost	Ksh	Ksh
At beginning of the year JULY 2022	58,469,442	58,469,442
Additions	0	0
At end of the year JUNE 2023	58,469,442	58,469,442
Amortization and Impairment		
At beginning of the year	58,464,505	54,684,862
Amortization	4,937	3,784,580
Prior year adjustments (Accumulated depreciation)	0	(4,937)
At end of the year JUNE 2023	58,469,442	58,464,505
Net book value JUNE 2024	0	4,937

21. Work-In-Progress

Description	2024	2023
	Ksh	Ksh
Work-In-Progress	0	0

Work In Progress movement is as follows:

Description	2024	2023
	Ksh	Ksh
Balance brought forward	0	53,312,181
Additions	0	8,237,427
Transfers to :	0	
Office partitions	0	(48,805,489)
Equipment & Computers	0	(12,744,119)
Balance carried forward	0	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22. Trade & Other Payables from exchange transactions

The trade and trade payables balance as at 30th June 2024 was as shown in the table below.

Description	2024	2023
	Ksh	Ksh
Trade Payables	21,927,870	18,271,030
Agent Licensing	505,000	50,000
Other Payables	821,235	2,606,257
Employee related liabilities	26,852,105	18,638,956
Regulatory Board liabilities	467,362	384,600
Administrative Review Board liabilities	1,720,760	2,373,361
Total	52,294,332	42,324,204

Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	48,758,873	93.24	41,990,117	99.21
1-2 years	3,201,372	6.12	334,087	0.79
2-3 years	334,087	0.64	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	52,294,332	100	42,324,204	100

- Category "Under one year" value of Sh 48,758,873 is the monies owed to suppliers of various goods and services ;
- Category "1-2 years " value of Sh 3,201,372 is the monies owed as Gratuity for PPRA staff under "Contract " employment terms;
- Category "2-3 years" value of Sh 334,087 is the monies owed to former PPRA employee(s) which is yet to be settled.

23. Provisions

The provisions balance as at 30th June 2024 is as shown below:

Description	2024	2023
	Ksh	Ksh
Leave provision	6,050,955	5,027,060
External Audit Provisions	1,716,800	858,400
Gratuity Provision	4,374,612	2,139,000
Total	12,142,367	8,024,460

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Deferred Income

Deferred income comprises cash received but not recognized as income for the period.

Description	2023-2024	2022-2023	2022-2023 (Restated)
	Kshs.	Kshs.	Kshs.
Deffered Income	159,487,611	2,052,938	38,188

- The comparative value for the Financial Year 2022/2023 has been restated from Sh38,188 to Sh2,052,938. This follows the change in treatment of a conditional grant of Kshs.2,014,750 from Public Finance Management Reforms (PFMR) received in kind as laptops and which had been treated as revenue in FY 2022/23. The grant has been treated as deferred income and the portion of the laptops utilized in a given year represented by depreciation is recognized as income and transferred from deferred income to conditional grant in that year. Refer to note 7.

The deferred income movement is as follows:

Description	2024	2023
	Ksh	Ksh
Balance brought forward	2,052,938	0
Additions	166,893,491	2,052,938
Utilized	(9,458,818)	0
Balance carried forward	159,487,611	2,052,938

- The comparative value for the Financial Year 2022/2023 has been restated from Ksh2,014,750 to Kshs.0 due to the change in treatment of the conditional grant from PFMR as stated above.
- The deferred income comprises of:
 - a) GoK funding for acquisition of Regional Offices Kshs.115,000,000.
 - b) Furnishing of the Head Office upon completion of partitioning Kshs.40,000,000.
 - c) PFMR asset grant (issued in form of assets) Kshs.4,487,611.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25. Accumulated Fund

The accumulated fund balance as at 30th June 2024 was as shown below.

Description	Note	2023-2024	2022-2023	2022-2023 (Restated)
		Kshs.	Kshs.	Kshs.
Accumulated Fund as at 1st July	25	105,705,496	111,952,139	111,952,139
Surplus /(Deficit for the year)	25	2,801,704	(4,231,894)	(6,246,643)
Balance as at 30th June	25	108,507,200	107,720,245	105,705,496

Restatement of Surplus/(deficit) for FY 2022/23

The deficit for FY 2022/23 has been affected by the change in treatment of the conditional grant from PFMR as stated above. As a result the the restatement, the deficit for FY 2022/23 has increased from Kshs.4,231,894 to Ksh.6,246,643.

26. Contingent Assets

The Authority had no contingent assets as at 30th June 2024.

27. Contingent Liabilities

Litigation Matters: As at 30th June 2024, there were some cases before the courts in which the Authority is a party that had not been concluded. The outcome of the cases and the likely costs of the suits (damages/other court awards) that the Authority may have to bear cannot be estimated with certainty. This disclosure has been provided in conformity with IPSAS 19.

28. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks. The overall risk management programme focuses on unpredictability of changes in the business.

29. Subsequent Events

There were no subsequent events after year end that affect the Authority and that would affect the decisions made by a third party.

30. Currency

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

Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
AUDIT CERTIFICATE FOR THE 2022/2023 FINANCIAL YEAR – PPRA				
Inaccuracies in the Financial Statements	<p>The statement of financial position reflected conditional grants from the Public Finance Management Reforms (PFMR) Program of Kshs. 2,014,750 and as disclosed in Note 6 to the financial statements. However, the Public Financial Management Reforms Secretariat financial statements reflected an amount of Kshs. 3,502,150 as having been spent on behalf of the Authority resulting in unreconciled and unexplained variance of Kshs. 1,487,400. Further, the detailed breakdown of the conditional grants had not been provided for audit review.</p>	<p>The recommendations have been noted and adopted as detailed below:</p> <p>i. PPRA had an allocation of Kshs. 5,200,000 from the PFMR Secretariat for the FY 2022/23. The total expenditure as at 30th June 2023 for the same FY was Kshs. 3,502,150. The breakdown of the expenditure is as follows:</p> <p>a. Kshs. 1,487,400 was spent to Review and develop a framework for compliance monitoring of complex contracts and the whole undertaking was facilitated by the PFMR Secretariat;</p> <p>b. Kshs. 2,014,750 was spent to acquire laptops to facilitate the PPRA officers in compliance monitoring activities in the fulfillment of its mandate. The Laptops are assets of the PPRA and are assigned to the relevant PPRA officers for their operations.</p> <p>ii. In subsequent years, the information on support from</p>	Resolved	Not applicable

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		development partners will be captured in the financial statements, to the extent possible.		
Inaccuracies in the Financial Statements	<p>The statement of cashflows reflected conditional grants of Kshs. 2,014,750 which as had been disclosed in Note 6 to the financial statements was received in form of laptops and scanners. The grants therefore were non non-cash items and should not have constituted part of the cashflow from operating activities.</p> <p>Further, the statement reflected cash outflows on acquisitions of tangible assets of Kshs. 14,513,625 whose details had not been provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of the respective balances reflected in the financial statements could not be confirmed</p>	<p>i) <i>The correction has been made by restating the financial statements for the FY 2022/23</i></p> <p>ii) <i>Details of the assets have been prepared and are available for review by the OAG team.</i></p>	Resolved	Not applicable
Revaluation of Assets	The statement of financial position reflected property, plant and equipment with net book value of Kshs. 66,683,725 as had been disclosed in Note 18 to the	i) Engagements with the State Department for Public Works are ongoing to ensure submission of the valuation report for adoption in order to	Not resolved	31 st March 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>financial statements. Review of the fixed asset register revealed that assets with historical cost value of Kshs. 143, 8962,775 were fully depreciated but still in use. No satisfactory explanation was provided on why the Management had not revalued the assets to reflect the fair values and dispose assets that are no longer useful.</p> <p>In the circumstances, the valuation of property, plant and equipment balance of Kshs. 66,683,725 could not be confirmed.</p>	<p>close the audit query.</p> <p>ii) PPRA assets that are no longer in use have been identified and the disposal process is ongoing.</p> <p>The recommendation has been noted for implementation.</p>		
<p>Unaccounted for Information and Communication Technology Assets</p>	<p>The statement of financial position reflected property, plant and equipment balance of Kshs. 66,683,725 as had been disclosed in Note 18 to the financial statements. As had been reported in the previous year, the balance included an amount of Kshs. 13,870,897 in respect of equipment and computers.</p> <p>The balance of Kshs. 13,870897 further included a balance of Kshs. 1,665,000 in relation to fourteen (14) laptops and three (3) iPads issued to Board Members</p>	<p>i) The ICT assets have been returned except 3 laptops and 1 ipad. The management is following up with the concerned Board members.</p>	<p>Partially resolved</p>	<p>31st March 2025</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>whose terms ended in 2020 and staff members who had since exited from the service. Review of the status in January 2024 revealed that one iPad and three laptops valued at Kshs. 405,000 had still not been accounted for. Although Management had indicated that they had contacted the persons who were issued with the equipment, the matter had not been resolved as at the time of the audit in January, 2024.</p> <p>In the circumstances, the OAG concluded that the accuracy and existence of equipment and computers amount of Kshs. 1,665,000 could not be confirmed</p>			
Budgetary Control and Performance	<p>The statement of comparison of budget and actual amounts reflected a final revenue budget and actual on comparable basis of Kshs. 593,635,750 and Kshs. 375,702,079 respectively resulting to budget under funding of Kshs. 217,933,671 or 37% of the budget. Similarly, the Authority expended Kshs. 383,245,397 against an approved budget of Kshs.</p>	<p>The recommendation is noted for action. Part of the ongoing efforts to bridge the budget funding gap include: i) Board and DG engagement of various parliamentary committees to enhance the Authority's budget. This has seen the GoK funding increase from Kshs 306m in FY 2021/22 to Kshs.397.6 million</p>	Resolved	Not applicable

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>593,635,750 resulting to an under-expenditure of Kshs. 210,390,353 or 35% of the budget.</p> <p>The OAG concluded that the shortfall in funding and the under expenditure affected implementation of planned activities and may have impacted negatively on service delivery to the public.</p>	<p>in FY 2023/2024</p> <p>ii) Measures to improve A-I-A collections continue to be implemented and this has seen an improvement in A-In-A performance from Kshs.16.7m in FY 2021/22 to Kshs.53.6 million as at 31st May 2024.</p> <p>iii) Further the Authority has secured approval of Parliament to collect Capacity Building Levy at the rate of 0.03% of contract sum from FY 2024/2025</p>		
Pending Accounts Payable	<p>The statement of financial position reflected trade and other payables from exchange transactions balance of Kshs. 42,324,205 as had been disclosed in Note 21 to the financial statements. Review of the aging analysis revealed balances totaling to Kshs. 4,664,172 that had been outstanding for over one year.</p> <p>Failure to settle bills in the year to which they relate adversely affected the implementation of the subsequent year budgeted programs as the pending bills formed the first charge to the subsequent year budget. The Authority was also at risk of incurring penalties and interest with the</p>	<p>i) The Trade payables have since been paid</p> <p>ii) Going forward the management has put in place to ensure that payables are paid within the credit period</p>	Resolved	Not applicable

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	continued delays in settlement of the bills.			
Irregular Payment of Acting Allowance	<p>The statement of financial performance reflected expenditure on employee costs of Kshs. 243,881,002 as had been disclosed in Note 9 to the financial statements. Review of records revealed that thirty-six (36) employees had been appointed on acting positions for more than six months and paid acting allowance amounting to Kshs. 6,226,900.</p> <p>Although Board approval had been obtained for the extension of acting appointments, the extensions were in violation of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which limit acting period to six months. Further, Circular No PSC/GEN/22/11/(91) dated 8 August, 2023 required Public Corporations to align their manuals with the Human Resource Policies and Procedures Manual for the Public Service.</p>	The management shall endeavor to adhere to the HR Instruments and the employment law as required.	Resolved	Not applicable

