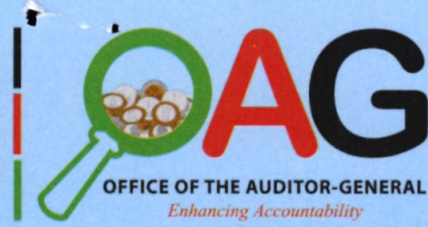


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 JUN 2026	DAY: WED
TABLED BY:	REP Leader of the Maj. Party Hon. DWEN BATHA, CBS, MP
CLERK-AT THE-TABLE:	MS. MERCY CHUMO

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THE AUDITOR-GENERAL

ON

KENYA INSTITUTE OF SUPPLIES MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2025



KENYA INSTITUTE OF SUPPLIES MANAGEMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

DECEMBER 31ST, 2025

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



Kenya Institute of Supplies Management
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1. Acronyms and Definition of Key Terms

A: Acronyms

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

B: Definition of Key Terms

- i. Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization
- ii. Comparative Year- Means the prior period.
- iii. Statutory Committee – These are committee established by the enabling legal instrument ie SPMA Act 2007
- iv. Assets – Resources owned by the Institute expected to provide future economic benefits.
- v. Liabilities – Obligations owed to external parties arising from past transactions.
- vi. Prepayments – Payments made in advance for goods or services not yet received.
- vii. Depreciation – Allocation of the cost of tangible assets over their useful life.
- viii. Amortization – Gradual write-off of intangible assets over time.
- ix. Provision – A liability of uncertain timing or amount recognized in the financial statements.
- x. Budget Variance – The difference between budgeted and actual figures, showing over- or under-performance.
- xi. Commitments – Future obligations the Institute has agreed to incur but not yet recorded as liabilities.
- xii. Grants / Transfers – Resources received from government or other entities, usually non-exchange in nature.
- xiii. Non-Exchange Transactions – Transactions where the Institute does not give equivalent value in return (e.g., government grants).
- xiv. Exchange Transactions – Transactions where the Institute provides goods or services in return for consideration.
- xv. Financial Year (FY) – The 12-month reporting period for financial statements.



2. KEY INSTITUTE INFORMATION AND MANAGEMENT

A. BACKGROUND INFORMATION

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

B. PRINCIPAL ACTIVITIES

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

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

Vision of the Institute

A model institute fostering competence and ethics in supply chain Management

Mission of the Institute

To Empower Supply Chain Professionals through Registration, Licensing, training, Discipline, and Regulation for Sustainable and Ethical Practice

Core Values

- a) Integrity
- b) Professionalism
- c) Synergy
- d) Dynamism
- e) Excellence



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C. KEY MANAGEMENT

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

No.	Directorate	Departments
1	Chief Executive Officer (CEO)	Office of the CEO
2	Corporate Services	Finance & Accounts Human Resource & Administration Information and Communication Technology (ICT) Marketing & Communication
3	Registration & Licensing	Registration Licensing
4	Supply Chain Management	Procurement & Supply Chain
5	Capacity Development	Capacity Development & Accreditation Continuous Professional Development (CPD) Kenya College of Supply Chain Management Internship & Industrial Attachment
6	Standards & Compliance	Discipline, Surveillance & Enforcement Standards & Compliance
7	Internal Audit & Risk Assurance	Internal Audit & Risk Assurance
8	Corporation Secretary & Legal Services	Corporation Secretary Legal Services
9	Strategy, Planning & Research	Strategy & Planning Research & Policy Development



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D. FIDUCIARY MANAGEMENT

S/N	Name	Designation	Date of Appointment
1.	Kenneth Matiba, MBS	Chief Executive Officer	April 2024
2.	CHRP Naomi Jelimo	Director Corporate Services	March 2024
3.	Mary Mutugi, OGW	Director Standards and Compliance	March 2024
4.	Dr. Ezekiel Chirchir, PhD	Director Cap. Development & Accreditation	March 2024
5.	CPA Nicholas Wafula	Deputy Director Finance & Accounts	December 2016
6.	Ruth Randa	Deputy Director Marketing & Communication	March 2024
7.	CPA Alphonse Otachi	Deputy Director Audit & Risk Assurance	July 2024
8.	Chilion Ogol	Deputy Director Supply Chain Mgt	June 2024
9.	CHRP Stella Mutanu	Deputy Director HR & Admin	October 2022
10.	CS Judith Opili	Deputy Director Legal & Corp. Secretary	November 2025

E. FIDUCIARY OVERSIGHT ARRANGEMENTS

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

Committees of the Council

i. Audit and Risk Management Committee

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

ii. Professionals Standards Committee

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

iii. Strategy Committee

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

iv. Corporate Affairs Committee

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

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

Statutory Committees

a) Registration Committee

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



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b) Disciplinary Committee

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

F. ENTITY HEADQUARTERS

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

G. ENTITY CONTACTS

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

H. ENTITY BANKERS

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

I. INDEPENDENT AUDITORS

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




J. PRINCIPAL LEGAL ADVISOR

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



3. COUNCIL MEMBERS

The current Council term is effective from 24 January 2023 and is due for on 23 January 2026. KISM Council Elections were held on 14 -16 January 2026 where a new Council was elected into Office. The Members of the KISM Council as at 31 December 2025 were as follows:

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





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



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






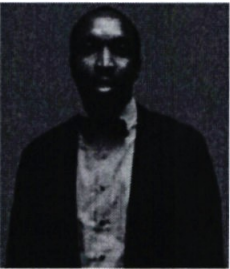
4. MANAGEMENT TEAM		
Ref	Management	Details
1.		<p>Kenneth Matiba, MBS, MKISM Council Secretary/Chief Executive Officer.</p> <p>Mr. Matiba is a dynamic Supply Chain Professional with a foundational leadership background and a sterling 16 years of experience, spread locally and internationally. He is the Secretary to the Council and the Accounting Officer of the Institute. He has previously worked at the Office of the Auditor-General, German Development Cooperation, Ethics and Anti-Corruption Commission, Kenya Industrial Estates Limited among others. Currently, he is a Supply Chain Management (PhD) Candidate. He holds a Master Science Degree in Procurement & Logistics, First Class Honours Bachelor of Science Degree in Supply Chain Management among others. He holds several professional qualifications including in Strategic Leadership Development Program, Forensic Investigations, Logistics and Transport, Strategic Management, Resource Mobilization among others. He is a Member of KISM, KIM, CILT, ACIPS and IRSK among others.</p>
2.		<p>CHRP Naomi Jelimo Director, Corporate Services.</p> <p>She holds a Master of Business Administration (MBA) in Strategic Management, a Bachelor's degree in Agribusiness Management, and a Postgraduate Diploma in Human Resource Management. She is a Certified Human Resource Professional (CHRP-K) and a licensed member of the Institute of Human Resource Management (IHRM). She brings over 22 years of extensive experience in Corporate Services and Human Resource Management within the public sector. Her expertise spans talent management, organizational development, policy formulation, workforce planning, employee relations, and performance management. She has successfully led initiatives to strengthen human resource frameworks, enhance institutional governance, and improve operational efficiency. Her combined academic and professional qualifications, together with her long-standing experience, equip her to provide strategic leadership in human capital management while ensuring compliance with statutory and professional standards in the public sector.</p>
3.		<p>Ms. Mary Mutugi, OGW Director, Standards and Compliance.</p> <p>She holds a Master of Arts in International Conflict Management, a Bachelor of Law, and a Postgraduate Diploma in Law. She is a licensed member of the Law Society of Kenya (LSK) and brings over 18 years of professional experience in legal practice, regulatory compliance, and standards development. Throughout her career, she has been actively involved in the development, review, and enforcement of regulatory frameworks and professional standards, ensuring alignment with national and international best practices. Her expertise spans legal advisory services, compliance monitoring, policy formulation, and institutional governance. She has played a pivotal role in advising organizations on</p>



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		<p>legal risk management, dispute resolution, and adherence to statutory and regulatory obligations.</p> <p>Her combination of legal proficiency and specialized knowledge in international conflict management equips her to navigate complex regulatory environments, provide strategic guidance on compliance matters, and contribute to the strengthening of institutional policies and governance frameworks.</p>
4.		<p>Dr. Ezekiel Chirchir (PhD) Director, Capacity Development and Accreditation.</p> <p>He holds a PhD in Business Management (Strategic Management), a Master of Business Management (MBM) in Purchasing & Supplies Management, a Bachelor of Business Management (Purchasing & Supplies Option), and a Diploma in Business Administration. He is a certified member of the Kenya Institute of Supplies Management (KISM) and the Kenya Institute of Management (KIM).</p> <p>He brings over 20 years of extensive experience in supply chain practice, providing expertise in procurement, logistics, strategic sourcing, contract management, and operational efficiency. His professional leadership has contributed significantly to the development and strengthening of supply chain systems and governance within both public and private sector organizations.</p>
5.		<p>Ms. Felista Lekaram The Institute's Acting Registrar.</p> <p>She holds a Master of Business Administration (MBA) in Strategic Management and a Bachelor of Business Management, with a specialization in Supplies and Procurement Management. She is a licensed member of the Kenya Institute of Supplies Management (KISM).</p> <p>She brings expertise in procurement, supply chain management, strategic planning, and operational efficiency, with a strong track record in enhancing institutional procurement processes and ensuring compliance with professional standards.</p>
6.		<p>CPA. Nicholas Wafula Otsieno Deputy Director, Finance and Accounts.</p> <p>CPA Nicholas Wafula Otsieno holds a Master of Commerce in Finance and Investment and a Bachelor of Commerce in Finance. He is a Certified Public Accountant (K) and a full member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors Kenya (IIAK).</p> <p>He brings over 20 years of extensive experience in both the public and private sectors, providing expertise in financial management, accounting, auditing, and investment advisory. His leadership and professional competence have been instrumental in strengthening financial governance, strategic planning, and operational efficiency within the organizations he has served.</p>



7.		<p>CHRP Stella Mutanu Deputy Director HR and Administration. CHRP Stella Mutanu holds a Master of Business Administration (MBA) in Human Resource Management and a Bachelor of Commerce (BCOM) in Human Resource Management. She is a Certified Human Resource Professional (CHRP) and a full member of the Institute of Human Resource Management (IHRM) with a valid practicing license. She brings over 17 years of extensive experience in Human Resource Management and Administration within the public sector, providing expertise in talent management, organizational development, policy implementation, and workforce planning. Her professional leadership has contributed significantly to strengthening human capital and enhancing operational efficiency within the organizations she has served.</p>
8.		<p>Ms. Ruth Randa Deputy Director, Marketing and Communication and Ag. Strategy Planning and Research. She holds a Master of Business Administration (MBA) in Strategic Management, a Bachelor of Business Management in Marketing, and a Post Graduate Diploma in Human Resource Management. She brings over 16 years of experience in Marketing and Corporate Communications, providing expertise in brand management, stakeholder engagement, strategic marketing, and organizational communication. She is a member of the Public Relations Society of Kenya (PRSK) and the Marketing Society of Kenya (MSK), reflecting her commitment to professional standards and best practices in the fields of marketing and public relations.</p>
9.		<p>Chilion Ogol Deputy Director Supply Chain Management. He holds a Master of Science (MSc) in Procurement and Logistics, a Bachelor of Business Administration (Marketing), and a Diploma in Purchasing & Supplies Management. He is a licensed member of the Kenya Institute of Supply Management (KISM) and an Associate member of the Chartered Institute of Procurement & Supply (CIPS), UK. He brings extensive expertise in procurement, logistics, and supply chain management, with a strong track record in strategic sourcing, contract management, and operational efficiency within both public and private sector environments.</p>
10.		<p>CPA. Alphonse Otachi Deputy Director, Internal Audit & Risk Assurance. He holds a Master of Science (MSc) in Finance and a Bachelor of Business Administration in Banking & Finance. He is a Certified Public Accountant (CPA-K), a Certified Information Systems Auditor (CISA), and a certified ISO 9001:2015 Internal Quality Management Systems Auditor. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Internal Auditors Kenya (IIA-K), and ISACA. He has also completed the Senior Management Course and the</p>



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		<p>Strategic Leadership Development Program at the Kenya School of Government, equipping him with advanced leadership and strategic management skills.</p> <p>He brings extensive experience in finance, auditing, quality management, and governance, with a proven track record in strengthening organizational controls and enhancing operational efficiency.</p>
11.		<p>CS Judith Akuku Opili Corporation Secretary & Deputy Director Legal Services</p> <p>She holds a Master's degree in Law, a Bachelor's degree in Law, and a Postgraduate Diploma in Law. She is an active member of the Law Society of Kenya (LSK) and a practicing member of the Institute of Certified Secretaries (ICS).</p> <p>She brings over eighteen (18) years of post-admission experience, providing expertise in corporate governance, litigation, legal advisory, board secretariat services, regulatory compliance, and institutional risk management. She is also a certified mediator and a certified trustee in Kenya, underscoring her commitment to professional excellence and ethical stewardship in legal and corporate affairs.</p>



5. COUNCIL CHAIRPERSON'S STATEMENT ON THE FINANCIAL STATEMENTS

The Kenya Institute of Supplies Management (KISM) is a statutory professional body established under the Supplies Practitioners Management Act No. 17 of 2007 with the mandate to regulate, develop, and promote excellence in procurement and supply chain management in Kenya. As the guardian of professional standards and ethical conduct within the sector, the Institute remains committed to strengthening institutional accountability and advancing professional practice nationally.

The financial statements for the year ended 31 December 2025 present a true and fair view of the Institute's financial position and performance. They reflect the Council's steadfast commitment to transparency, prudent financial management, and responsible stewardship of members' and stakeholders' resources. The statements also demonstrate alignment between financial performance and the Institute's strategic priorities.

During the year under review, the Council exercised robust oversight through its statutory and standing committees, notably the Audit and Risk Committee, the Finance and General Purposes Committee, and the Corporate Affairs and Human Resource Committee. These committees ensured effective governance, strengthened internal control systems, enhanced risk management frameworks, and reinforced policy compliance. The Internal Audit function continued to provide independent assurance on the adequacy and effectiveness of financial, operational, and compliance controls.

The 2025 financial year marked a period of consolidation and institutional strengthening. The Institute recorded measurable progress in membership growth, regulatory enforcement, professional capacity development, and digital transformation. Strategic reforms were implemented to modernize service delivery, enhance member engagement, and improve operational efficiency. These initiatives have strengthened the Institute's resilience and positioned it to respond effectively to emerging sector dynamics.

Financial sustainability remained central to Council deliberations. Through prudent expenditure management, revenue diversification strategies, and cost optimization measures, the Institute enhanced its financial stability while continuing to invest in member services, professional development programmes, and institutional infrastructure. This balanced approach ensured that operational obligations were met without compromising long-term strategic ambitions.

The Council remains mindful of challenges encountered during the year, including regulatory uncertainties, macroeconomic pressures, and legacy financial commitments. However, the measures undertaken have reinforced institutional stability and positioned the Institute for sustainable growth and enhanced regional influence.



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Looking ahead, KISM remains committed to advancing the procurement and supply chain profession through strengthened regulation, continuous professional development, policy advocacy, and strategic partnerships. Our vision is to position the Institute as a centre of excellence in Kenya and across the region by championing integrity, innovation, and professionalism.

On behalf of the Council, I extend sincere appreciation to our members, partners, regulators, sponsors, and staff for their continued trust and support. Together, we will build a stronger, more responsive, and future-ready professional body.

CPSP Jeniffer Cirindi, MKISM CP3P
Council Chairperson

Sign

Date. 27th February, 2026



6. REPORT OF THE CHIEF EXECUTIVE OFFICER — FINANCIAL YEAR 2025

The Institute commenced the FY 2025 with a clear mandate to advance professionalism, strengthen regulatory compliance, and enhance capacity in supply chain and procurement practices across Kenya. The year's activities were guided by responsive management, evidence-based interventions, and strategic partnerships that collectively supported the achievement of the Institute's strategic objectives.

A key operational focus in 2025 was addressing prevalent non-compliance within the profession. Through targeted assessments conducted across both public and private sectors, the Institute identified significant gaps in registration, licensing, and professional qualifications among practitioners. These insights informed a series of enforcement and regulatory initiatives aimed at reinforcing adherence to statutory requirements and professional standards—an essential measure to safeguard public resources and enhance the efficiency and effectiveness of procurement processes nationwide.

KISM's leadership in the implementation of the Electronic Government Procurement (e-GP) system exemplified our role as a proactive change agent in the sector. In collaboration with the National Treasury, we delivered comprehensive training programmes to over 1,300 officers, emphasizing practical competencies for digital procurement processes. A parallel Trainer of Trainers initiative laid the groundwork for sustained and scalable capacity development throughout the profession.

Our engagements with key governance institutions—including oversight and anti-corruption agencies—were geared toward embedding professionalism and ethical conduct in supply chain operations. These collaborations enriched our training curricula, amplified advocacy on integrity issues, and strengthened the enforcement continuum for professional misconduct.

KISM also advanced strategic alliances with academic and training institutions. Notably, consultative engagements with the Open University of Kenya advanced plans for joint educational initiatives, digital learning platforms, and mentorship programmes aimed at enhancing the academic and practical foundations of supply chain practice.

Our flagship SPURS SCM Excellence Awards 2025 provided an avenue for recognising outstanding practitioners and institutions that demonstrate commitment to excellence, accountability, and value-driven procurement practices. These awards reinforced industry benchmarks and uplifted public awareness of professional standards.



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Through disciplined financial stewardship and innovative programme design, KISM strengthened its operational base while advancing its strategic objectives. We witnessed increased adoption of digital tools, improved stakeholder engagement, and heightened professional visibility in national policy dialogues.

I thank the Council, senior management, staff, members, and partners for their contributions to this transformative year. KISM enters the next financial period with renewed confidence and commitment to advancing supply chain excellence at home and across the continent.

Kenneth Matiba, MBS, MKISM
Secretary/Chief Executive Officer

Sign

Date.....27th February 2026.....



7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2025

The Strategic Plan is structured around clearly defined strategic initiatives and activities that are organized under specific strategic objectives. These objectives are in turn aligned to distinct Key Result Areas (KRAs), which provide a coherent framework for translating the Institute's long-term strategic direction into measurable and actionable interventions. Each strategic initiative is supported by a clearly articulated RACI (Responsible, Accountable, Consulted, and Informed) matrix to ensure clarity of roles, effective accountability, and seamless coordination throughout the implementation cycle. The RACI framework also strengthens monitoring, evaluation, and follow-up by clearly assigning ownership and oversight responsibilities at each stage of execution.

The Strategic Plan 2025–2029 is anchored on five Key Result Areas, which collectively define the Institute's strategic priorities and areas of focus. These include:

1. **Key Result Area 1: Promote Membership Growth and Welfare**, which focuses on expanding the membership base, enhancing member value propositions, and improving welfare and engagement initiatives.
2. **Key Result Area 2: Enhanced Professional Development and Capacity Building**, which emphasizes continuous professional development, training programmes, certification, and skills enhancement to strengthen professional competence and relevance.
3. **Key Result Area 3: Strengthen Compliance and Regulatory Framework**, aimed at reinforcing regulatory oversight, adherence to statutory requirements, enforcement of professional standards, and promotion of ethical practice.
4. **Key Result Area 4: Financial Sustainability**, which targets revenue growth, prudent financial management, diversification of income streams, and efficient utilization of resources to support long-term institutional stability.
5. **Key Result Area 5: Strengthened Institutional Capacity**, focusing on governance, systems, human resource capacity, infrastructure, and institutional processes necessary to effectively deliver the Institute's mandate.

KISM develops its Annual Work Plans directly from the Strategic Plan 2025–2029, ensuring full alignment between strategic pillars and annual operational priorities. The annual planning process involves breaking down the strategic initiatives into specific activities with defined outputs, timelines, performance indicators, and responsible offices. This cascading approach ensures that all Directorates and Departments contribute meaningfully to the realization of the strategic objectives.

This periodic review enables the Institute to track progress, identify implementation gaps, and take timely corrective actions where necessary. Performance reviews are informed by achievement of planned outputs, adherence to timelines, and attainment of set performance indicators under each Key Result Area.



i) PROGRAMME AND PERFORMANCE REVIEW 2025

The table below presents a comprehensive analysis of the performance of each functional and strategic business unit over the reporting period. The assessment is anchored on approved programmes and sub-programmes, with performance evaluated against predefined key outputs and performance indicators in line with the Institute's results framework. This approach provides a clear linkage between planned interventions, implementation progress, and achieved results, thereby facilitating objective performance monitoring and accountability.

During the year under review, a total of **115** activities were identified, planned, and captured in the Annual Workplan. These activities were distributed across the various functional and strategic business units, each with clearly defined responsibilities, timelines, and performance indicators. By the end of the reporting period, **95** activities, representing **82.6 percent** of the total planned activities, had been fully implemented and completed in accordance with the approved targets. This reflects a strong level of execution and commitment by the respective Directorates and Departments.

In addition, 13 activities, accounting for **11.3%** of the planned activities were ongoing at the close of the reporting period. These activities had recorded varying levels of progress and were at advanced stages of implementation, with completion expected upon finalization of outstanding milestones. A further 7 activities, representing 6.08 percent of the total planned activities, were not completed within the reporting period and have been formally deferred and carried forward to Quarter One of 2026. The deferment was largely attributable to factors such as sequencing of activities, dependency on external approvals, or operational constraints encountered during implementation.

Overall, the Institute's performance indicates that **82.6%** of the Annual Workplan 2025 has been successfully delivered, demonstrating substantial progress towards the realization of the planned targets. An additional **11.3%** of activities remain on course and are expected to be completed within the subsequent period, while **6.08%** were not implemented as planned and have been rescheduled for execution in Quarter One of 2026. Taken together, this performance reflects a generally positive implementation trajectory and positions the Institute well in advancing the objectives of the Strategic Plan 2025–2029.

The Institute outlined various targets as key performance indicators as indicated below;



	and stakeholder engagement	<p>a. Impactful partnerships locally and abroad (Increased active MOUs)</p> <p>b. Increased number of Peer-to-peer exchanges</p>	<p>a.Number of active MOUs</p> <p>b.Number of peer exchanges</p>	<p>Institute’s regulatory and professional mandate.</p> <p>c. Improved Licensing of Members In 2025, a total of 5,016 members were licensed out of 9,100 full members, translating to a licensing rate of 55 percent. This marked a notable improvement compared to 2024, where 3,769 members were licensed out of 8,136 full members, representing 46 percent. The increase underscores strengthened compliance mechanisms, enhanced enforcement of licensing requirements, and improved awareness among members on the importance of licensing for professional practice.</p> <p>d. Enhanced Visibility and Member Perception The Member Satisfaction Survey rated the Institute’s visibility at 73.6 percent, indicating strong public and stakeholder awareness of KISM’s role and activities. In recognition of this achievement, KISM was awarded the accolade of the most visible regulator with the greatest impact by the Government of Kenya. This recognition</p>
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				<p>reflects the Institute’s effective communication strategy, regulatory presence, and contribution to national procurement and supply chain governance.</p> <p>e. Real-Time Access to Services through Automation Members now enjoy real-time access to Institute services following the automation of membership processes. This has significantly improved service delivery by reducing turnaround times, minimizing manual interventions, and enhancing overall efficiency and convenience for members accessing services remotely.</p> <p>f. Online Authentication of Professional Credentials The Institute implemented online authentication of member certificates, membership cards, and practicing licenses. This initiative enhances credibility, supports regulatory enforcement, and enables employers, clients, and other stakeholders to easily verify the authenticity and</p>
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				<p>validity of professional credentials.</p> <p>g. Decentralization of Services KISM decentralized its services to improve accessibility across various regions. This initiative brought professional services closer to members outside the headquarters, enhanced regional presence, and ensured equitable access to registration, licensing, compliance, and professional support services nationwide.</p> <p>h. Elevation of Members to Fellowship During the year under review, 18 members were conferred with the status of Fellow (FKISM). This recognition acknowledges distinguished professional contribution, experience, and leadership within the supply chain profession, while also strengthening the Institute’s professional hierarchy and mentorship framework.</p> <p>i. Strategic Partnerships and Memoranda of Understanding (MOUs) The Institute had five operational MOUs in place, which significantly</p>
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				<p>enhanced service delivery, capacity building, and stakeholder engagement:</p> <ol style="list-style-type: none">i. The House of Procurement (HOP) MOU facilitated job linkages and professional opportunities for members.ii. The Huduma Kenya Secretariat (HKS) partnership supported decentralization of membership and regulatory services across the country.iii. The Kenya School of Government (KSG) collaboration enabled delivery of the Strategic Leadership Course to enhance leadership and governance competencies.iv. The Open University of Kenya (OUK) MOU supported the operationalization of the Learning Management System (LMS) for the College, strengthening digital learning and training delivery.v. The Integrated Population Registration System (IPRS) partnership enhanced member
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				<p>verification and data integrity through integration with national identification systems.</p> <p>vi. Regional and International Collaboration KISM strengthened its regional and international presence through collaboration with professional bodies and institutions in South Africa, Zambia, Uganda, Somalia, Lesotho, and other countries. These partnerships facilitated knowledge exchange, benchmarking of best practices, mutual recognition initiatives, and positioned the Institute within the broader regional and continental supply chain and procurement professional landscape.</p>
Pillar 2: Enhanced Professional Development and Capacity Building	Enhance professional development	<p>a. Number of hybrid training Programs</p> <p>b. Number of supply chain professionals trained</p>	<p>a. Annual CPD calendar</p> <p>b. Reviewed CPD Guidelines</p> <p>c. At least two specialized workshops organized</p>	<p>a. Nationwide Training Programs In 2025, KISM successfully mounted 65 training programs across the country, reaching a</p>



		<ul style="list-style-type: none"> c. Number of TNA reports d. Number of members issued minimum CPD hours e. Good Stakeholder feedback on content relevance. 	<ul style="list-style-type: none"> d. Collaborative agreements and MOUs with professional bodies in the region and internationally e. Enhanced content quality and relevance. 	<p>total of 6,601 participants. This represents a 14.5 percent increase compared to 2024, when 5,763 professionals were trained. The growth reflects the Institute’s commitment to enhancing professional capacity, expanding access to learning opportunities, and responding to the evolving needs of supply chain and procurement professionals nationwide.</p> <p>b. Diversified Training Products and Sector Coverage</p> <p>The Institute continued to diversify its training products and services to ensure relevance across all seven key sectors of the economy. This strategic approach enabled KISM to deliver tailored professional development interventions that address sector-specific challenges, promote compliance with industry standards, and enhance the practical application of knowledge in diverse operational contexts.</p> <p>c. In-House and Specialized Training</p> <p>A total of 35 in-house and specialized training programs were conducted, training 1,570 professionals. These</p>
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				<p>targeted programs focused on industry-specific skills, enabling organizations to strengthen internal capacities and equip staff with practical competencies essential for efficient procurement, supply chain management, and organizational performance.</p>
				<p>d. Training of Trainers (ToT) Session KISM conducted one comprehensive Training of Trainers (ToT) session during the year. This initiative strengthened the effectiveness and quality of the Institute’s training programs by building the capacity of trainers, ensuring standardized delivery, and enhancing pedagogical skills for professional development across all training interventions.</p> <p>f. Review of CPD Guidelines The Institute reviewed its Continuing Professional Development (CPD) guidelines to establish a clear and robust standard for professional practice. The updated guidelines address emerging issues in the procurement and supply chain sector, ensure alignment with statutory requirements, and provide a</p>



				framework for practitioners to maintain and enhance their competencies, thereby promoting ethical practice, accountability, and professional excellence.
Pillar 3: Strengthen Compliance and Regulatory Framework	Strengthened regulatory frameworks	<ul style="list-style-type: none"> a. No. of cases investigated b. Member compliance report c. Number of advisories issued d. Standards of Professional Practice; e. Legal regime 	<ul style="list-style-type: none"> a. Investigation reports, b. Letters to all MDAC c. Sensitization reports, d. Implementation of the Code of Ethics and Disciplinary Policy and Procedures, Standards of Professional Practice, e. Advisories to recruiting agencies; f. Disciplinary Investigations Manual g. Disciplinary User Guide 	<p>a. Strengthened Professional Discipline KISM enhanced professional discipline within the membership by systematically managing investigation reports. This ensured that breaches of professional standards were identified, documented, and addressed in a timely and transparent manner, reinforcing the integrity of the profession.</p> <p>b. Improved Member Accountability Through the effective implementation of the Code of Ethics, Disciplinary Policy and Procedures, and Standards of Professional Practice, member accountability was significantly strengthened. Members were guided on acceptable professional behavior, obligations, and responsibilities, which contributed to a culture of ethical practice and adherence to statutory requirements.</p> <p>c. Increased Awareness and Compliance The Institute conducted</p>



				<p>targeted sensitization initiatives aimed at raising awareness among members about professional obligations, regulatory requirements, and ethical expectations. These initiatives contributed to improved compliance and understanding of professional responsibilities.</p> <p>d. Standardization of Professional Practice KISM worked to standardize professional practices across the membership by aligning activities with established standards and guidelines. This ensured consistency in service delivery, decision-making, and operational conduct among practitioners, enhancing overall professional credibility.</p> <p>e. Improved Compliance and Governance The Institute’s focus on governance and regulatory oversight strengthened compliance across all professional activities. This included monitoring adherence to statutory requirements, enforcing regulatory frameworks, and ensuring that all members conduct their duties in accordance with established governance standards.</p> <p>f. Streamlined Disciplinary Processes</p>
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				<p>A Disciplinary Investigation Manual was introduced to streamline case handling, investigations, and enforcement. This manual provided clear procedures and structured guidelines, ensuring that disciplinary processes are conducted efficiently, fairly, and transparently.</p> <p>g. Increased Awareness and Accessibility of Disciplinary Processes</p> <p>KISM developed a Disciplinary User Guide to enhance member awareness of disciplinary procedures and facilitate access to information. This guide improved transparency, informed members of their rights and obligations, and made the disciplinary process more accessible and understandable.</p> <p>h. Extensive Compliance Checks and Advisories</p> <p>Over 500 compliance checks and advisories were conducted throughout the year. These interventions ensured that members, organizations, and other stakeholders adhered to professional standards, regulatory requirements, and best practices, reinforcing a culture of accountability,</p>
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				ethical conduct, and operational excellence.
Pillar 4: Financial Sustainability	Strengthen financial viability and optimize resource	<ul style="list-style-type: none"> a. Revenue diversification b. Revenue growth rate c. Number of new donor/sponsor relationships. d. Number of audits conducted. e. Percentage improvement in cost efficiency. Software implementation date. f. Reduction in manual budgeting errors. 	<ul style="list-style-type: none"> a. Increased revenue from diversified sources. b. Secured funding from donors and sponsors c. Reduced operational costs. d. Enhanced efficiency and cost control. e. Number of compliance checks f. Percentage of staff trained on finance policies. 	<ul style="list-style-type: none"> a. Revenue from Accredited Firms KISM generated revenue from its two accredited firms, reflecting the Institute’s ability to leverage professional partnerships for financial sustainability. This revenue stream contributes to operational funding and supports the delivery of strategic initiatives aligned with the Institute’s mandate. b. Mobilization of Funds from External Partners The Institute successfully mobilized additional funding from key partners, including the Public Financial Management Reform (PFMR) program, the World Bank, and other partner institutions through event sponsorships. These funds enhanced the Institute’s capacity to implement programmes, organize professional events, and expand training and development initiatives. c. Regular Internal Finance Audits Internal finance audits were conducted on a quarterly basis, ensuring financial



				<p>accountability, transparency, and compliance with established financial policies and procedures. This regular oversight strengthened internal controls and provided assurance on the integrity of the Institute's financial management processes.</p> <p>d. Cost Efficiency and Utility Savings KISM achieved a 15 percent reduction in utility expenses in 2025 through effective cost management, monitoring, and adoption of energy-saving measures. This reduction contributed to overall operational efficiency and optimized the use of financial resources.</p> <p>e. Staff Training on Finance Policies All staff members were trained on the Institute's finance policies, enhancing awareness, adherence, and consistency in financial management practices. This training ensured that staff are well-equipped to implement policies, maintain accountability, and uphold the highest standards of financial governance.</p>
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<p>Pillar 5: Institutional Strengthening</p>	<p>Strengthen institutional capacity for efficiency & effectiveness</p>	<p>a. Level of implementation of governance instruments. b. Level of business processes and service delivery efficiency c. Increase employee engagement score to 85%</p>	<p>a. Manuals and Governance instruments developed b. Percentage of process improvement complying with ISO standard c. Increase employee satisfaction index by Conducting Employee satisfaction survey in every 2 years</p>	<p>a. 11 Institutional Policies developed: Induction manual, Knowledge Management; Complaints Management Policy; Data Protection Policy; Data Protection Statement; among others</p>
		<p>d. Attain 90% overall customer satisfaction rate e. Level of digitization and digitalization of the institute's core services f. Deliver 100% of planned Corporate Social Responsibility initiatives a. Obtain and maintain ISO 9001:2015 certification for quality management</p>	<p>d. Biennial training needs assessment and annual training plan e. Knowledge management policy f. Productivity baseline index and institutional productivity parameters g. Wellness programmes h. Rebranding framework</p>	<p>b. 6 wellness programs organized: - retirement planning, and one financial and pension management. c. Employee satisfaction on work environment survey - 73.2% d. Training needs assessment implemented e. Productivity index is 100% employee satisfaction done. Recommendations shared with the council f. 93.75% of the employees trained other trainings scheduled for Q4 as per training calendar g. Member satisfaction survey done. - 73.2% h. Improved environmental sustainability and social well-being through tree planting programs</p>



8. CORPORATE GOVERNANCE STATEMENT

8.1 ROLE OF THE COUNCIL

The Council of the Kenya Institute of Supplies Management (KISM) is constituted in accordance with the Supplies Practitioners Management Act, 2007, the Institute’s Constitution, and the Mwongozo Code of Governance for State Corporations. Council members are appointed through a structured and transparent process that emphasizes integrity, competence, and professional standing, in line with the values and principles of public service as provided under Article 232 of the Constitution of Kenya, 2010.

Appointments are guided by merit and are designed to ensure that the Council collectively possesses the requisite skills, experience, and expertise necessary to effectively provide strategic leadership and oversight to the Institute.

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

8.1.1 COUNCIL TERMS

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



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8.1.2 COUNCIL COMMITTEES & MEMBERSHIP FY2025

COUNCIL COMMITTEE	DESCRIPTION	MEMBERSHIP
<i>Corporate Affairs Committee</i>	This committee provides oversight of all Corporate Affairs of the Institute. It formulates and makes recommendations on budgets, asset management, financial management, human resource management, legal affairs, information and communication technology, Supply Chain Management and Marketing and Corporate Communication.	<ol style="list-style-type: none"> 1. Mr. Moses Omondi – Chairman 2. Mr. Martin Omuse – Member 3. Mr. Fidel Muema – Member 4. Mr. Kenneth Matiba, MBS - Secretary
<i>Professional Standards Committee</i>	This is the Committee responsible for promoting capacity development in the procurement and supply chain management profession by developing policies and providing oversight in training and research. It also assesses the syllabus, conducts equivalency and develops Continuous Professional Development (CPD) programs.	<ol style="list-style-type: none"> 1. Ms. Maryanne Karanja FCIPS– Chairperson 2. Mr. Moses Omondi - Member 3. Mr. Jeremiah Nthusi, OGW - Member 4. Mr. Kenneth Matiba, MBS - Secretary
<i>Strategy Committee</i>	This Committee spearheads the oversight of the implementation of the strategic plan and overall performance management. It monitors key strategy matters of the Institute.	<ol style="list-style-type: none"> 1. CPSP Jeniffer Cirindi - Chairperson 2. Ms. Maryanne Karanja FCIPS- Member 3. Mr. Henock Kirungu -Member 4. Mr. Kenneth Matiba, MBS - Secretary
<i>Audit and Risk Management Committee</i>	The committee has oversight over policies governing internal controls in all functions and processes. It develops audit strategies and enforces audit controls, reviews reports on internal audits then advises on appropriate interventions.	<ol style="list-style-type: none"> 1. Mr. Jeremiah Nthusi, OGW - Chairman 2. Mr. Martin Omuse - Member 3. Mr. Mark Kanda - Member 4. CPA Alphonse Otachi - Secretary



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<i>Full Council</i>	The full Council membership responsible for approving policies and undertaking the oversight role in management of the Institute's affairs.	<ol style="list-style-type: none"> 1. Mr. John Karani, MBS – Chairman 2. Mr. Moses Omondi - Member 3. Mr. Jeremiah Nthusi, OGW – Member 4. Mr. Mark Kanda - Member 5. Mr. Fidel Muema - Member 6. Ms. Maryanne Karanja FCIPS - Member 7. CPSP Jeniffer Cirindi - Member 8. Mr. Henock Kirungu – Member <i>(Representative, DG PPRA)</i> 9. Mr. Martin Ainea Omuse - Member <i>(Representative, PS National Treasury)</i> 10. Mr. Kenneth Matiba, MBS - Secretary/CEO
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8.1.3 STATUTORY COMMITTEES & MEMBERSHIP FOR THE FY 2025

COUNCIL COMMITTEE	DESCRIPTION	MEMBERSHIP
<i>Registration Committee</i>	This committee has the mandate to receive and approve registration applications, grant practicing certificates and licenses, monitor compliance of professional standards, prescribe quality assurance regulations, and investigate members' conduct.	<ol style="list-style-type: none"> 1. Mr. Mark Kanda – Chairman 2. Mr. Paul Nthiga - Member 3. Mr. Samson Mugwe - Member 4. Mr. Hosea Kemboi - Member 5. Ms. Joyce Simiyu - Member 6. Mr. Peter Ndung'u – Member 7. Ms. Mercy Mburugu – Member 8. Mr. Kenneth Matiba, MBS – CEO/Secretary
<i>Disciplinary Committee</i>	This committee receives and investigates complaints against supplies practitioners. It has the mandate to issue sanctions anticipated under the Act for professional misconduct, which include and are not limited to removal from the register, suspension of registration, revocation of practicing licenses of supplies practitioners or fines as provided for under the Act.	<ol style="list-style-type: none"> 1. Mr. Fidel Muema – Chairman 2. Ms. Judith Chimau - Member 3. Mr. Samson Masila – Member 4. Mr. Evance Ongati - Member 5. Mr. Kennedy Ariembi - Member 6. Mr. Thomas Otieno – Member 7. Dr. Rebecca Mutia - Member 8. Mr. Paraag Devani - Member 9. Mr. Kenneth Matiba, MBS – Secretary



8.1.4 RELATED BOARD OF MANAGEMENT MEMBERSHIP FOR THE FY 2025

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

8.2 REMOVAL OF COUNCIL MEMBERS

Removal of a Council member is effected strictly in accordance with the provisions of the law, the Institute’s Constitution, and Mwongozo. Grounds for removal include gross misconduct, inability to discharge Council responsibilities, conflict of interest, breach of fiduciary duty, or violation of the Code of Conduct. The removal process observes the principles of natural justice, due process, and fairness.

8.3 COUNCIL SIZE, DIVERSITY, AND DEMOGRAPHICS

The Council is structured to achieve an optimal size that facilitates effective deliberation, robust decision-making, and strong accountability mechanisms. In line with the Mwongozo Code of Governance for State Corporations and the constitutional requirements of Kenya, the Council’s composition is carefully designed to reflect both compliance and strategic governance needs.

The Council’s membership deliberately incorporates **gender equity**, ensuring adherence to the two-thirds gender principle as enshrined in the Constitution. This approach not only promotes inclusivity but also enhances the quality of decision-making by incorporating diverse perspectives.

In addition, the Council embraces **professional and functional diversity**, drawing members from a wide range of backgrounds. This ensures that the Council collectively possesses a breadth of technical expertise and sectoral knowledge, which is critical for providing comprehensive oversight and strategic guidance to the Institute.

The Council also emphasizes a **balanced mix of skills, experience, and institutional memory**, blending seasoned leaders with emerging talent. This combination ensures continuity in governance, effective succession planning, and the ability to respond dynamically to emerging challenges and opportunities in the supply chain management sector.



Such diversity and balance enable the Council to consider multiple viewpoints, evaluate complex issues thoroughly, and make decisions that are informed, strategic, and aligned with the Institute's long-term objectives. It also strengthens accountability, promotes innovative thinking, and ensures that policies and programs reflect both technical rigor and societal needs. By intentionally structuring the Council in this manner, the Institute ensures that its governance body is not only compliant with legal and regulatory requirements but is also capable of providing visionary leadership, effective oversight, and sustainable institutional growth.

8.4 COUNCIL CHARTER

The Council operates under an approved Council Charter, which defines its mandate, authority, roles, responsibilities, and relationship with Management. The Charter provides clarity on governance structures, ethical expectations, and decision-making processes and is reviewed periodically to ensure alignment with Mwongozo and evolving best practices in public sector governance.

8.5 ROLES AND FUNCTIONS OF THE COUNCIL

In accordance with the Mwongozo Code of Governance for State Corporations, the Council of the Kenya Institute of Supplies Management (KISM) serves as the apex governance body, tasked with providing strategic leadership, direction, and oversight to ensure the Institute fulfills its mandate efficiently and effectively. The Council's responsibilities are comprehensive, spanning strategic, financial, operational, and ethical dimensions.

Key roles and functions of the Council include:

a. Strategic Leadership and Policy Oversight

- Setting and approving the strategic direction, institutional policies, and annual work plans of the Institute to align with its long-term objectives.
- Providing guidance on institutional priorities, ensuring that all programmes and activities contribute to the achievement of KISM's mandate.
- Monitoring implementation of strategic initiatives to ensure consistency with approved plans.

b. Financial Stewardship

- Approving budgets, financial statements, and major expenditure decisions, ensuring that public resources are utilized efficiently and in compliance with statutory requirements.
- Providing oversight of financial management practices to guarantee transparency, accountability, and adherence to public sector financial regulations.



c. Risk Management and Internal Controls

- Overseeing the design, implementation, and monitoring of risk management frameworks and internal control systems.
- Ensuring that risks to institutional operations, resources, and reputation are identified, mitigated, and monitored effectively.
- Ensuring compliance with applicable laws, regulations, and governance standards.

d. Accountability and Transparency

- Promoting transparency, ethical conduct, and accountability across all operations of the Institute.
- Ensuring mechanisms are in place for reporting to stakeholders, including members, government authorities, and the public, in line with Mwongozo.

e. Leadership Oversight and Performance Management

- Appointing, supporting, and evaluating the performance of the Chief Executive Officer (CEO) to ensure effective institutional leadership.
- Providing guidance and support to Management while maintaining independence and oversight responsibility.
- Establishing clear performance expectations and evaluating Management against defined targets and objectives.

f. Institutional Sustainability and Reputation

- Safeguarding the long-term sustainability, institutional integrity, and public confidence in the Institute.
- Ensuring that policies, programmes, and operational decisions enhance the reputation, credibility, and strategic positioning of KISM.
- Promoting innovation, best practices, and adherence to professional standards in the supply chain management sector.

8.6 INDUCTION, TRAINING, AND DEVELOPMENT OF COUNCIL MEMBERS

In compliance with Mwongozo, all newly appointed Council members undergo a formal induction programme designed to familiarize them with:

- The mandate, functions, and governance framework of KISM
- The legal and regulatory environment within which the Institute operates
- Their fiduciary duties, ethical obligations, and collective responsibility

The Institute facilitates continuous training and development of Council members through governance workshops, retreats, and capacity-building programmes to enhance effectiveness and keep members abreast of emerging governance issues.



8.7 KISM COUNCIL & COMMITTEES ATTENDANCE FOR FY 2025

The Council meets regularly in line with an approved almanac and in compliance with the statutory and governance requirements set out under the Mwongozo Code of Governance for State Corporations and the Institute’s governing instruments. During the reporting period, the Council convened the prescribed number of meetings in accordance with the approved calendar and applicable legal provisions. Council members are expected to attend all scheduled meetings to effectively discharge their fiduciary responsibilities, unless formally excused for valid and documented reasons. Consistent attendance ensures continuity in decision-making, informed deliberations, and collective responsibility of the Council. In line with Mwongozo requirements, detailed records of Council meeting attendance are maintained and disclosed in the Annual Report.

A. KISM COUNCIL			
Total No. of Meetings			07
Name	Role	When Appointed	Meetings Attended
Mr. John Karani, MBS	Chairman	24.01.2023	7/7
Mr. Jeremiah Nthusi, OGW	Member	24.01.2023	7/7
Mr. Moses Omondi	Member	24.01.2023	7/7
Mr. Mark Kanda	Member	24.01.2023	7/7
Mr. Fidel Muema	Member	24.01.2023	7/7
CPSP Jeniffer Cirindi	Member	24.01.2023	7/7
Ms. Maryanne Karanja, FCIPS	Member	24.01.2023	6/7
Mr. Ainea Martin Omuse	Member	01.08.2022	5/7
Mr. Henock Kirungu	Member	24.01.2023	5/7
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	7/7

B. PROFESSIONAL STANDARDS COMMITTEE			
Total No. of Meetings			04
Name	Role	When Appointed	Meetings Attended
Ms. Maryanne Karanja, FCIPS	Chairperson	01.11.2024	3/4
Mr. Moses Omondi	Member	01.11.2024	4/4
Mr. Jeremiah Nthusi, OGW	Member	01.11.2024	4/4
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	4/4

C. CORPORATE AFFAIRS COMMITTEE			
Total No. of Meetings			07
Committee Members	Role	When appointed	Meetings Attended
Mr. Moses Omondi	Chairman	01.11.2024	7/7
Mr. Ainea Martin Omuse	Member	01.08.2022	5/7
Mr. Fidel Muema	Member	01.11.2024	7/7
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	7/7



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D. STRATEGY COMMITTEE			
Total No. of Meetings			04
Name	Role	When Appointed	Meetings Attended
CPSP Jeniffer Cirindi	Chairperson	01.11.2024	4/4
Mr. Henock Kirungu	Member	24.01.2023	4/4
Ms. Maryanne Karanja, FCIPS	Member	01.11.2024	2/4
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	4/4

E. AUDIT & RISK MANAGEMENT COMMITTEE			
Total No. of Meetings			05
Name	Role	When Appointed	Meetings Attended
Mr. Jeremiah Nthusi, OGW	Chairman	01.11.2024	5/5
Mr. Ainea Martin Omuse	Member	01.08.2022	5/5
Mr. Mark Kanda	Member	01.11.2024	5/5
CPA Alphonce Otachi	Secretary	10.07.2024	5/5

STATUTORY COMMITTEES

F. REGISTRATION COMMITTEE			
Total No. of Meetings			11
Name	Role	When Appointed	Meetings Attended
Mr. Mark Kanda	Chairman	01.11.2024	11/11
Mr. Samson Mugwe	Member	24.01.2023	9/11
Mr. Paul Nthiga	Member	24.01.2023	10/11
Mr. Hosea Kemboi	Member	24.01.2023	10/11
Ms. Joyce Simiyu	Member	24.01.2023	10/11
Mr. Peter Ndung'u	Member	24.01.2023	10/11
Ms. Mercy Mburugu	Member	24.01.2023	10/11
Ag. Registrar	Secretary	01.01.2025	11/11

G. DISCIPLINARY COMMITTEE			
Total No. of Meetings			03
Name	Role	When Appointed	Meetings Attended
Mr. Fidel Muema	Chairman	01.11.2024	3/3
FCPA/FCS Paraag Devani	Member	24.01.2023	3/3
Ms. Judith Chimau	Member	24.01.2023	3/3
Mr. Samson Masila	Member	24.01.2023	3/3
Mr. Kennedy Ariembi	Member	24.01.2023	3/3
Dr. Evance Ongati, FKISM	Member	24.01.2023	3/3
Prof. Lawrence Gumbé	Member	24.01.2023	3/3
Mr. Thomas Otieno	Member	24.01.2023	3/3
Dr. Rebecca Mutia	Member	24.01.2023	3/3
Mr. Kenneth Matiba, MBS	Secretary	11.04.2024	3/3



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G. KENYA COLLEGE OF SUPPLY CHAIN MANAGEMENT SCHOOL BOARD			
Total No. of Meetings			4
Name	Role	When Appointed	Meetings Attended
Moses A. Omondi	Chairman	24.01.2024	4/4
CPSP Jeniffer Cirindi	Member	24.01.2024	4/4
Dr. Harley Mutisya	Member	24.01.2024	4/4
Dr. Caren Chepngetich	Member	24.01.2024	4/4
Dr. Vincent Ochieng	Member	24.01.2024	4/4
Flormina Ngina	Member	24.01.2024	4/4
Kenneth Matiba, MBS	Secretary	10.04.2024	4/4

8.8 ROLES AND FUNCTIONS OF THE COUNCIL AND ITS COMMITTEES

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

8.9 BOARD REMUNERATION

The Council receives remuneration as per the set Government Guidelines. During FY2025, Council members were paid sitting, subsistence, and travel allowances as per the Government-approved rates.

8.10 COUNCIL AND INDIVIDUAL MEMBERS' PERFORMANCE EVALUATION

Good corporate governance requires that the Council undertakes a comprehensive annual performance self-evaluation to assess its effectiveness, identify strengths, and address areas requiring improvement. In align with the provisions of **Mwongozo**, the Code of Governance for State Corporations, the Council submitted the results to the **National Treasury** and the **State Corporations Advisory Committee (SCAC)** to ensure transparency, accountability, and adherence to best governance practices and further support continuous improvement in governance and leadership practices within the Institute. The evaluation process assessed:

- Effectiveness of the Council in providing strategic oversight
- Quality of decision-making and policy guidance
- Attendance, participation, and adherence to ethical standards

For the 2025 financial year, the Council conducted its performance self-evaluation in collaboration with SCAC in **July 2025**. The evaluation process involved a structured **self and peer review**, whereby each Council Member assessed the overall performance of the Council as a whole, as well as the performance of key leadership positions, including the **Chairperson**, the **Chief Executive Officer (CEO)**, the **Corporation Secretary**, and the **Internal Auditor**.

Each area in the evaluation tool was rated, and the responses systematically analyzed to generate **mean scores** for every assessed area. These scores provided an objective measure of performance, highlighting areas of strength and identifying aspects requiring further improvement.



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S.No.	Name	Position	Date of Appointment	Date of Expiry	Score	% Score
1.	Mr. John Ndiwa Karani, MBS.,	Chairperson	24 th -Jan-2023	23 rd -Jan-2026	4.63	92.64
2.	CPA. Ainea Martin Omuse	Member	1 st -Aug-2022	23 rd -Jan-2026	4.39	87.80
3.	Mr. Fidel Muema Peter	Member	24 th -Jan-2023	23 rd -Jan-2026	4.57	91.30
4.	Mr. Henock Korosso Kirungu	Member	27 th -Jan-2023	23 rd -Jan-2026	4.68	93.60
5.	CPSP Jeniffer Cirindi Njiru	Member	24 th -Jan-2023	23 rd -Jan-2026	4.40	88.00
6.	Mr. Jeremiah Kiiro Nthusi, OGW	Member	24 th -Jan-2023	23 rd -Jan-2026	4.45	88.90
7.	Mr. Mark Kanda	Member	24 th -Jan-2023	23 rd -Jan-2026	4.65	93.09
8.	Ms. Maryanne Kuvochi Karanja, FCIPS	Member	24 th -Jan-2023	23 rd -Jan-2026	4.79	95.70
9.	Mr. Moses Allan Omondi	Member	24 th -Jan-2023	23 rd -Jan-2026	4.54	90.70
10.	Mr. Kenneth Matiba, MBS	CEO	11 th -Apr-2022	11 th -Apr-2027	4.53	90.53
11.	CPA. Alphonse Otachi Momanyi	IA	N/A	N/A	4.80	96.00
Corporate Full Board Performance Evaluation Report					4.63	92.65

8.11 SUCCESSION PLANNING

The Institute has established a succession planning framework covering both Council leadership and senior Management positions. The framework ensures leadership continuity, institutional stability, and effective transition through identification of critical roles, potential successors, and capacity-building initiatives, in line with Mwongozo requirements.

8.12 POLICY ON MANAGEMENT OF CONFLICTS OF INTEREST

In compliance with the Mwongozo Code of Governance for State Corporations, the Institute has an approved **Conflict of Interest Policy** that applies to all Council members and Management. The policy provides a structured framework to identify, manage, and mitigate situations where personal interests may conflict, or appear to conflict, with the interests of the Institute, thereby safeguarding transparency and integrity in decision-making.

Key requirements of the policy include:

- **Disclosure of Conflicts:** All Council members and Management are required to declare any actual, potential, or perceived conflicts of interest promptly. This ensures that decision-making processes remain transparent and free from undue influence.
- **Conflict-of-Interest Register:** The Institute maintains a comprehensive and regularly updated register of all declared conflicts. This register is reviewed periodically by the Council and relevant oversight committees to monitor compliance and address emerging concerns.
- **Recusal from Deliberations and Decisions:** Any member with a declared conflict is required to recuse themselves from discussions, deliberations, and decision-making processes related to the matter, ensuring that the Council's decisions are objective and impartial.



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This framework upholds the principles of **objectivity, integrity, and accountability**, protects the Institute's resources and reputation, and fosters public trust in its governance and operational practices. Regular monitoring and enforcement of this policy reinforce a culture of ethical conduct and responsible stewardship at all levels of the Institute.

8.13 ETHICS AND CONDUCT

The Institute has adopted a comprehensive **Code of Ethics and Conduct** that aligns with the principles of the Mwongozo Code of Governance for State Corporations, the Constitution of Kenya, and broader public service values. The Code serves as a guiding framework for the behaviour and decision-making of Council members, Management, and staff, promoting a culture of integrity, professionalism, accountability, and responsible stewardship of the Institute's resources.

The Code outlines expected standards in areas such as conflict-of-interest management, transparency in decision-making, confidentiality, compliance with laws and regulations, and fair and equitable treatment of stakeholders. It emphasizes the importance of ethical conduct in maintaining public trust, enhancing institutional credibility, and ensuring the effective delivery of the Institute's mandate.

To reinforce compliance, Council members are required to formally sign their conflict of interest in each meeting to affirm their commitment to ethical principles and standards. These declarations are maintained in the Institute's records and form part of the ongoing governance oversight process, ensuring that ethical considerations remain central to all Council deliberations and actions. This systematic approach strengthens accountability, promotes responsible leadership, and embeds a culture of integrity across the Institute.

8.14 GOVERNANCE AUDIT

In compliance with the Mwongozo Code of Governance for State Corporations, the Institute periodically conducts governance audits as an integral part of its governance and assurance framework. These audits are undertaken to assess the adequacy, effectiveness, and integrity of the Institute's governance structures, policies, systems, and practices, and to determine the level of compliance with applicable laws, regulations, and governance standards.

The governance audits evaluate key areas including Council effectiveness, committee structures, leadership and oversight arrangements, risk management and internal control frameworks, ethical conduct, accountability mechanisms, and stakeholder engagement processes. The audits also assess alignment with Mwongozo principles, the Institute's enabling legislation, and approved internal policies.

Findings and recommendations arising from governance audits are formally presented to the Council for consideration and action. The Institute uses the outcomes of these audits to strengthen governance systems, address identified gaps, implement corrective and preventive measures, and continuously improve governance performance. This process reinforces accountability, promotes transparency, and supports the Institute's commitment to the highest standards of public sector governance.



8.15 COMMUNICATION POLICY

The Institute operates under an approved Communication Policy that provides a structured framework for engagement with both internal and external stakeholders, in line with the Mwongozo Code of Governance for State Corporations. The policy defines the principles, channels, and responsibilities for communication to ensure consistency, clarity, and accountability in the dissemination of information.

The Communication Policy promotes transparency by ensuring that accurate, relevant, and timely information is shared with stakeholders, including members, regulators, partners, and the public, in accordance with statutory and governance requirements. It also supports informed decision-making and stakeholder confidence by facilitating open and effective communication on the Institute's programmes, performance, and strategic direction.

The policy further safeguards confidentiality by providing clear guidelines on the handling of sensitive and proprietary information. It ensures that communication practices protect the Institute's institutional integrity, reputation, and compliance obligations, while balancing the public interest and the right to information. Through this framework, the Institute reinforces accountability, strengthens stakeholder engagement, and upholds the principles of good governance as prescribed under Mwongozo.

8.16 COUNCIL COMMITTEES AND TERMS OF REFERENCE

To enhance efficiency, effectiveness, and depth of oversight, the Council has established specialized Committees in accordance with the Mwongozo Code of Governance for State Corporations and the Institute's governance framework. The Committees are constituted as extensions of the Council and operate under the authority delegated to them by the full Council, without diminishing the collective responsibility of the Council.

Each Committee operates under formally approved Terms of Reference that clearly define its mandate, scope of authority, membership composition, quorum requirements, frequency of meetings, and reporting obligations. The Terms of Reference also outline the specific roles and responsibilities of each Committee, ensuring clarity, accountability, and alignment with the Council's overall governance and oversight functions.

The Committees support the Council by providing focused oversight, in-depth analysis, and expert recommendations in specialized areas of the Institute's operations and strategic priorities. Matters deliberated at Committee level are formally reported to the full Council through structured reports and minutes, enabling informed decision-making and effective oversight at Council level.

In line with this framework, the Council established the following Committees to support its work:

- **Corporate Affairs Committee**, which oversees governance, human resource matters, stakeholder engagement, and institutional policies;
- **Professional Standards Committee**, responsible for oversight of professional standards, registration, licensing, compliance, and disciplinary processes;
- **Strategy Committee**, which provides oversight on strategic planning, performance monitoring, innovation, and long-term sustainability of the Institute; and



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- **Audit Committee**, which oversees financial reporting, internal controls, risk management, internal and external audit processes, and compliance with applicable laws and standards.

8.17 POLICY ON RELATED PARTY TRANSACTIONS

The Institute has an approved Related Party Transactions Policy consistent with Mwongozo. The policy ensures that all related party transactions are:

- Fully disclosed and transparently reported
- Conducted at arm's length
- Reviewed and approved in accordance with established governance procedures

This safeguards the Institute from conflicts of interest, abuse, and reputational risk.

9. MANAGEMENT DISCUSSION AND ANALYSIS

9.1 Registration of Members

KISM has played a pivotal role in strengthening the procurement profession through active engagement with the **Procurement Law of 2015**. The Institute periodically communicates with organizations to advise on **reporting structures** and the design of procurement departments, ensuring alignment with statutory requirements. This continuous profiling and advocacy for professional procurement practice have supported growth in membership. Specifically, the **full Member category** increased from **7,342 members in 2024 to 8,668 members in 2025**, reflecting sustained interest and confidence in KISM's professional value proposition.

9.2 Licensing of Practitioners

Licensing serves as a critical tool for promoting the authority and professional recognition of procurement practitioners within organizations. By formalizing professional credentials, licensing elevates the procurement function and strengthens the regulatory framework governing professional practice. Between 2023 and 2024, the number of licensed practitioners rose from **3,845 to 4,932**, demonstrating increased compliance with professional standards and a growing acknowledgment of the importance of regulated procurement practice.

9.3 Opportunities for Licensed Firms and Individuals

KISM continues to provide platforms for both firms and individual practitioners to be recognized as professional service providers. Organizations routinely request access to **lists of licensed firms and individuals** to ensure compliance with statutory requirements when engaging procurement expertise. Professionals seeking to offer advisory services are encouraged to register their interest with the Institute, promoting transparency, accountability, and adherence to the **Public Procurement and Asset Disposal Act (PPADA)**. This process not only supports professional recognition but also enhances market opportunities for licensed practitioners.

9.4 Continuing Professional Development (CPD) Workshops

KISM maintains an engaging programme of professional development through workshops and training designed to enhance skills, knowledge, and compliance among members. In 2025, the Institute organized **22 workshops** with a total participation of **6,601 professionals**, **14 webinars** with **1,635 participants**, and **45 in-house training sessions** reaching **1,666 professionals**. These initiatives are part of the broader CPD framework, ensuring that practitioners remain up to date with emerging trends, regulatory changes, and best practices in procurement and supply chain management.



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SECTION A: THE ENTITY FINANCIAL AND OPERATIONAL PERFORMANCE

The financial performance of the Institute for the FY 2025 period shows significant growth across key revenue streams, controlled expenditures, and improved operational efficiency. The table summarizes the trends for each major financial KPI, highlighting the changes from 2024 to 2025 and the corresponding implications for the Institute’s sustainability, operational capacity, and strategic priorities.

KPI	2025 (KSh)	2024 (KSh)	Trend / Implications
GoK Grants	28,616,794	113,248,778	The grant income for the period FY 2025 was derived from deemed income. In 2025, the Institute did not realize any support from donors as compared to the FY 2024, where the Institute received support from both the GoK and World Bank. This demonstrates the financial thrift with the Institute depending on internally generated revenue.
Membership Income	42,051,699	37,206,500	Increased by 19%; reflects successful compliance enforcement, higher renewals and registrations, provides a stable operational revenue base.
Practicing Licenses	32,425,000	22,854,000	Increased by 41%; compliance initiatives drove license uptake, strengthening the Institute’s regulatory role, professionalization, and revenue base.
Workshop Income	428,164,507	269,381,606	Increased by 67%; high-impact professional development programs and strong corporate participation boost cash flow and position KISM as a leading capacity-building provider.
Rental Income	15,429,231	16,758,365	Decreased by 8%; signals opportunities to optimize asset utilization and maximize rental revenue.
Council Expenses	28,808,127	24,731,879	Increased by 9%; controlled at ~6.19% of total expenses, demonstrating prudent financial management while maintaining effective oversight.
Statutory Committees	8,387,097	7,658,927	Increased by 8% to support regulatory oversight and enforcement activities.
Employment Costs	82,758,390	71,256,615	Increased by 15%; reflecting full absorption of the staffing productivity, with investment in human capital strengthening operational capacity.
Surplus / Deficit	83,754,077	-4,548,749	Turnaround to surplus; signals strong financial health, resilience, and reduced reliance on GoK grants.
Trade Payables	300,699,337	341,337,373	Decreased by 18%; improved cash management and timely supplier settlement reduces financial risk and enhances creditworthiness.
Non-Current Assets	1,232,856,902	1,270,006,670	Decreased by 2%; asset base remains strong, supporting operational capacity.
Trade Receivables	279,835,925	264,725,346	Increased by 8%; higher workshops billed to corporate accounts indicates revenue growth and underscores the need for effective receivables management.
Cash & Bank Balances	107,064,960	92,087,101	Increased by 26%; healthy liquidity provides operational flexibility and contingency coverage.



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KPI	2025 (KSh)	2024 (KSh)	Trend / Implications
Total Expenses	466,343,293	387,853,523	Increased by 12%; managed prudently with Council expenses maintained within 5% of total expenses, supporting financial sustainability.
Total Income	554,379,221	383,304,774	Increased by 44.63%; growth in workshops, membership fees, and licenses results in a significant surplus, demonstrating operational resilience and financial stability.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

The Institute advances sustainability through a strong focus on capacity building, social inclusion, and promotion of sustainable procurement practices. By championing sustainable public procurement, the Institute encourages the integration of environmental, social, and governance considerations into purchasing decisions, supporting Kenya’s national development priorities and the Sustainable Development Goals (SDGs). Sustainability at KISM is anchored in professionalism, ethical conduct, transparency, and accountability across both public and private sector supply chains.

KISM strengthened its sustainability profile by implementing initiatives aimed at enhancing professionalism, good governance, and sector resilience. The Institute collaborated with the National Treasury to support the rollout of the Electronic Government Procurement (e-GP) system, training procurement and supply chain practitioners and advocating for restricted system access to licensed professionals to enhance accountability. KISM also deepened strategic partnerships with the Kenya School of Government and the Open University of Kenya to build capacity, improve skills, and strengthen ethical standards in public procurement and supply chain management.

ii) Environmental performance

KISM’s environmental performance is driven by its commitment to promoting environmentally responsible procurement and supply chain practices. Through advocacy and professional training, the Institute encourages practitioners to integrate environmental considerations such as resource efficiency, responsible sourcing, and sustainability criteria into procurement and logistics decisions, thereby reducing environmental impact and supporting long-term economic resilience.

KISM complemented its advocacy with direct environmental action by participating in tree-planting activities in Kuresoi, contributing to national climate action and environmental conservation efforts. In the same year, the Institute also trained members on Environmental, Social and Governance (ESG) principles and organized professional forums themed “Logistics: Embracing Technology and Sustainability in Global Supply Chains,” which emphasized digital innovation and environmentally responsible logistics. These initiatives strengthened members’ capacity to adopt sustainable practices and improved the overall environmental performance of supply chains in Kenya



iii) Employee welfare

The Institute prioritized staff welfare through remuneration and comprehensive financial benefits, including salaries and allowances, statutory contributions, and enhanced retirement benefits. The Institute fully complied with Retirement Benefits Authority (RBA) requirements by implementing pension contributions of 7.5% by employees and 15% by the employer and contracting out NSSF Tier II, strengthening staff financial security and long-term wellbeing.

The Institute sensitized staff on prudent financial management including retirement planning as well as developed a Staff welfare Policy and implemented Staff Welfare from July 2025. KISM also provided medical insurance, group life cover, and work injury benefits, ensuring staff health, safety, and compliance with regulatory standards.

KISM also focused on staff engagement and wellbeing, conducting an employee satisfaction survey in 2025 which recorded a positive score of **73.2%**, guiding improvements in human resource management practices. The Institute promoted holistic health through wellness talks covering mental wellness, cancer awareness, lifestyle diseases, and physical health checks among others, ensuring that staff were informed and supported in maintaining healthy lifestyles.

To further strengthen the work environment, KISM organized team-building activities to foster collaboration and cohesion among staff, and appointed Occupational Safety and Health (OSH) committees, providing them with targeted training to enhance workplace safety. Alongside ongoing capacity building, provision of adequate tools of work, and inclusive employment practices aligned with diversity, equity, and inclusion (DEI) principles, these initiatives contributed to improved staff morale, safety, productivity, and overall institutional effectiveness.

iv) Marketplace practices

a) Responsible Competition Practice

The Institute integrated responsible competition into its 2025-2029 Strategic Plan, advocating for fair, equitable systems that empower underrepresented groups and spur timely project delivery. Through collaborations with anti-corruption agencies and disciplinary measures, the institute enforces compliance and builds public-private partnerships. Training and newsletters further emphasize resilience, technology's role, and global competitiveness in supply chains.

In 2025, the Institute was recognized by the Executive Office of the President for Visibility in the Deployment of Regulatory Action with Clear and Demonstrable Results. Additionally, the Institute had a Policy on Media Strategy and Framework and Members Complaint Framework which enhanced the institute's engagement with media and the stakeholders in the regulatory sector. The Institute was scored 100% by the Commission of Administrative Justice (CAJ) in handling Public Complaints.

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



b) Responsible Supply Chain and Supplier Relations

The Institute plays a pivotal role in promoting responsible supply chain management and fostering positive supplier relations in Kenya. As a professional body, KISM is dedicated to setting standards, providing training, and advocating for best practices within the procurement and supply chain sector, such as implementing 30% Access to Government Procurement Opportunities, Promotional of local content, Implementing the institute's sustainability strategies and Framework contracts.

By emphasizing ethical sourcing, sustainability, and transparency, KISM ensures that supply chain professionals are equipped to handle challenges effectively and align with global standards. Additionally, the Institute focuses on strengthening supplier relationships, encouraging fair treatment, and fostering collaboration to improve efficiency and innovation within the supply chain. Through these efforts, KISM contributes significantly to the economic growth and development of the country's supply chain industry.

c) Responsible Marketing and Advertising

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

d) Product Stewardship

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

i. Regulatory Compliance & Ethical Standards

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

ii. Customer-Centric Service Delivery

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

iii. Sustainability & Professional Growth

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

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



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e) Corporate Social Responsibility / Community Engagement

KISM implemented a robust Corporate Social Responsibility and Community Engagement program aimed at environmental conservation, professional development, gender inclusion, and sustainability. These initiatives reinforced the Institute's mandate to contribute to national development, promote ethical leadership, and build capacity in the supply chain profession, while aligning with global best practices in sustainability and workforce development. As part of its environmental sustainability agenda, KISM in collaboration with the State Department of Environment and NetFund planted 2,000 trees in Mau Forest-Gacharage Forest Block - Kuresoi South in Nakuru County, contributing to climate action, ecosystem restoration, and community awareness on environmental responsibility. In addition, the Institute conducted sustainability training programs for both members and non-members, equipping participants with knowledge and skills to integrate ethical and sustainable practices into organizational operations, particularly within supply chain and management functions.

KISM further promoted inclusivity and professional growth by hosting the Women in Supply Chain Forum, providing mentorship, networking, and empowerment opportunities for women professionals. The Institute also recognized excellence through the SPURS Awards, celebrating innovation, ethical practice, and outstanding contributions to the supply chain profession. In partnership with the House of Procurement, KISM launched a Graduate Apprenticeship Program, providing structured internship/job training and attachment opportunities that allowed graduates and ongoing students to gain practical experience and develop professional competencies within public and private sector supply chain functions.

Through these integrated initiatives, environmental conservation, sustainability training, gender empowerment, professional recognition, and strategic partnerships—KISM demonstrated its commitment to community engagement, workforce development, and sustainable professional practice. These interventions not only strengthened KISM's public value but also contributed to building a more skilled, ethical, and inclusive supply chain workforce in 2025.



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11. REPORT OF THE COUNCIL

The Council submits its report together with the audited financial statements for the year ended December 31st, 2025, which show the state of the Institute's affairs.

i) **Principal Activities**

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

ii) **Results**

The results of the Institute for the year ended December 31st, 2025, are set out on pages 1-5

iii) **Council**

The members of the Council who served during the year are shown on pages XXXVI - XXXVIII. During the year 2025, all the Council members assumed office following the election held on 10th January 2023 and gazette notice issued on 24th January 2023.

iv) **Surplus Remission**

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

v) **Auditors**

The Auditor-General is responsible for the statutory audit of the Kenya Institute of Supplies Management under Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the **Kenya Institute of Supplies Management** for the year ended December 31, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Council

CS Judith Auma Opili

Name

Corporation Secretary



12. STATEMENT OF COUNCIL RESPONSIBILITIES

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

The Council is responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and at the end of the financial year (period) ended on December 31, 2025. This responsibility includes:

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

The Council accepts responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the **PFM Act, 2012 and Supplies Practitioners Management Act 2007 No. 17 Part V Section 28 (2)**. The Council believes that the Institute's financial statements give a true and fair view of the state of the Institute's transactions during the financial year ended **31st December 2025**, and of the Institute's financial position as at that date.

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



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

Approval of the financial statements

The Kenya Institute of Supplies Management's financial statements were approved by the Council on **25th February, 2026** and signed on its behalf by:

The Kenya Institute of Supplies Management's financial statements were approved by the Council on **25th February, 2026** and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Jeniffer Cirindi', written over a horizontal dotted line.

JENIFFER CIRINDI,
Chairperson of the Council

A handwritten signature in black ink, appearing to be 'Kenneth Matiba', written over a horizontal dotted line.

KENNETH MATIBA, MBS
Accounting Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF SUPPLIES MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Institute of Supplies Management set out on pages 1 to 41, which comprise of the statement of financial position as at 31 December, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Institute of Supplies Management as at 31 December, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the Public Sector Accounting Standards (Accrual Basis) and comply with the Supplies Practitioners Management Act, 2007 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis amounts of Kshs.660,779,017 and Kshs.554,251,352 respectively, resulting in under-funding of Kshs.106,527,665 or 16% of the budget. The statement also reflects actual expenditure of Kshs.475,839,942 against approved budget of Kshs.660,779,017 resulting in an under-performance of Kshs.184,939,075 or 28% of the budget.

The under-funding and under-performance affected the planned activities and may have adversely affected service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.279,835,925 which, as disclosed in Note 17(b) to the financial

statements, is net of provisions for doubtful debts of Kshs.26,306,905. Review of the ageing analysis indicates that balances totalling Kshs.83,959,432 in respect of trade receivables were more than one year old and no explanation was provided on the failure to recover the long outstanding debts. Further, receivables balance includes long outstanding balance due from Kenya Institute of Supplies Examination Board (KISEB) of Kshs.4,325,464 that had not been recognized at KISEB. Management attributed the balance to net financial position arising from transitional arrangements between the two Institutions.

In the circumstances, the full recoverability of the trade and other receivables balance totalling to Kshs.88,284,896 could not be confirmed.

Other Information

The Council is responsible for the Other Information set out on pages iii to liv which comprise of Key Institute Information and Management, Council Members, Management Team, Council Chairperson's Statement, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council, and Statement of Council Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Long Outstanding Payables

The statement of financial position reflects a balance of Kshs.301,482,326 in respect of trade and other payables as disclosed in Note 20 to the financial statements. Review

of the ageing analysis revealed that creditors with balances totaling Kshs.67,569,199, representing 22% of the payables, had been outstanding for over sixty (60) days with balances totaling Kshs.47,492,343 relating to contractors involved in the construction of a building that generates rental income. This was contrary to the provisions of Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires an entity to make prompt payment within sixty (60) days from the date of receipt of invoice.

In the circumstances, Management was in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Under-staffing

The Institute had an approved staff establishment of fifty-four (54) employees. However, review of Human Resource records, including the payroll, revealed that during the year under review, the Institute had only thirty-seven (37) employees in post resulting in under-staffing of seventeen (17) employees or 31% of the approved staff establishment.

In the circumstances, the Institute may have challenges in achieving its core mandate due to shortage of staff.

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

Responsibilities of the Management and the Council Members

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an

effective way. In addition, I 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

20 May, 2026



**Kenya Institute of Supplies Management
Annual Report and Financial Statements
For the Year ended December 31st 2025**

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST
DECEMBER 2025**

	Notes	2025 Kshs	2024 Kshs
Revenue from non-exchange transactions			
Transfers from other government entities	6	-	-
Grants from Partners	6	-	-
Revenue from exchange transactions			
Membership Subscriptions	7	75,871,199	61,471,500
Rendering of Services	8	428,164,507	269,381,606
Other Income	9	46,442,046	54,804,466
Net Surplus/(Deficit) from School Program	10	903,297	(2,352,798)
Total Revenue		551,381,049	383,304,774
Expenses			
Employee costs	11	83,541,379	71,256,615
Council Expenses	12	28,808,127	24,731,879
Statutory Committee	13	8,387,097	7,658,927
Use of goods and services	14	307,785,211	242,311,635
Depreciation and amortization expenses	15	39,105,158	41,894,467
Total expenses		467,626,972	387,853,523
Surplus before tax		83,754,077	(4,548,749)
Taxation			
Surplus/(deficit) for the period/year		83,754,077	(4,548,749)
Remission to National Treasury			
Net Surplus for the year		83,754,077	(4,548,749)

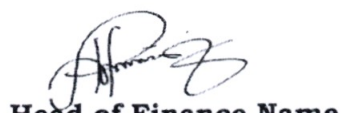
The notes set out on pages 6 to 39 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 - 5 were signed on behalf of the Council by:


Accounting Officer

Kenneth Matiba

Date

27th February 2026

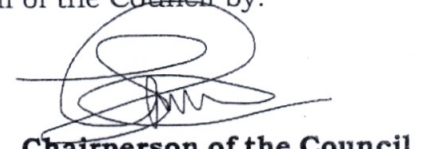

Head of Finance Name

ICPAK NO. 10128

Nicholas Wafula Otsieno

Date

27th February 2026


Chairperson of the Council

Jeniffer Cirindi

Date

27th February 2026



Kenya Institute of Supplies Management
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15. STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2025

Assets			
Current Assets			
Cash and Cash equivalents	16	107,064,960	92,087,101
Receivables from Exch. Transactions	17	279,835,925	246,184,062
Total Current Assets		386,900,885	338,271,163
Non-Current Assets			
Property, Plant, and Equipment	18	1,216,746,610	1,249,193,869
Intangible Assets	19	17,872,626	20,812,801
Total Non-Current Assets		1,234,619,236	1,270,006,670
Total Assets		1,621,520,122	1,608,277,833
Liabilities			
Current Liabilities			
Trade and Other Payables	20	301,482,326	341,337,373
Deferred Income- Asset Grant	21	25,105,086	28,616,794
Total Current Liabilities		326,587,412	369,954,167
Total Non-Current Liabilities			
Asset Grant- Deferred Asset	21	841,920,659	867,025,758
Total Liabilities		1,168,508,071	1,236,979,925
Net Assets			
Accumulated Funds			
KISM General Fund	25	424,628,960	342,914,817
Professional Development Fund	25	28,383,091	28,383,091
Total Accumulated Funds		453,012,051	371,297,908
Total Assets		1,621,520,122	1,608,277,833

The notes set out on pages 6 to 39 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 - 5 were signed on behalf of the Council by:

Accounting Officer
Kenneth Matiba

Date

27th February 2026

Head of Finance Name
ICPAK NO. 10128
Nicholas Wafula Otsieno

Date

27th February 2026

Chairperson of the Council
Jeniffer Cirindi

Date

27th February 2026



Kenya Institute of Supplies Management
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**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31ST
DECEMBER 2025**

	<i>KISM General Fund</i>	<i>Professional Development Fund</i>	<i>Total</i>
<i>As at 1st January 2024</i>	347,511,952	28,383,091	375,895,043
<i>Surplus for the year</i>	(4,548,749)		(4,548,749)
<i>Prior Year Adjustment</i>	(48,386)		(48,386)
<i>As at 31st December 2024</i>	342,914,817	28,383,091	371,297,908
			0
<i>As at 1st January 2025</i>	342,914,817	28,383,091	371,297,908
<i>Surplus for the year</i>	83,754,077		83,754,077
<i>Prior Year Adjustment</i>	526,598		526,598
<i>Corporate Tax Paid</i>	-2,566,532		-2,566,532
<i>As at 31st December 2025</i>	424,628,960	28,383,091	453,012,051



Kenya Institute of Supplies Management
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17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2025

	2025	2024
Cash Generated from Operations		
Reconciliation of Surplus(deficit) before tax to cash generated from operations;		
Surplus(deficit) before tax	83,754,077	-4,548,749
Add Non-Cash Adjustments		
Deferred Income	-28,616,794	-33,362,372
Professional development fund		
Prior year adjustment	526,598	-48,394
Depreciation	33,147,616	34,956,867
Loss on disposal	1,624,944	
Amortisation	5,957,542	6,937,600
Cashflow before Changes in Working capital	96,393,983	3,934,952
Changes in Working Capital		
(Increase)/ Decrease in Receivables	-33,651,863	-77,364,002
Increase/(Decrease) in Creditors	-39,855,047	33,281,778
Taxes Paid	-2,566,547	
Net Cash from/(used in) Operating Activities	20,320,526	-40,147,272
Investing Activities		
Purchase of Property, Plant, and Equipment	-5,342,667	-62,514,753
Net Cash from/(used in) Investing Activities	-5,342,667	-62,514,757
Financing Activities		
Increase/(Decrease) in Grants		117,930,700
Net Cash from/(used in) in Financing Activities	0	117,930,700
As at 1st January	92,087,101	76,818,426
Increase/(Decrease) in cash and Cash Equivalents	14,977,859	15,268,675
As at 31st December	107,064,960	92,087,101



Kenya Institute of Supplies Management
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18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Source of Income						
Subscriptions	110,555,000		110,555,000	75,871,199	34,683,801	69%
Workshop receipts	368,900,528		368,900,528	428,164,507	-59,264,479	116%
Other income	231,823,489	(50,500,000)	181,323,489	50,215,646	131,107,843	28%
Total income	711,279,017	(50,500,000)	660,779,017	554,251,352	106,527,165	83.88%
Uses of Income						
Employee costs	117,914,276		117,914,276	83,541,379	34,372,897	71%
Council & Statutory	39,306,800		39,306,800	37,195,224	2,111,576	95%
Admin Expenses	126,291,618		126,291,618	99,144,223	27,147,395	79%
Operating Expenses	213,884,149		213,884,149	209,901,002	5,793,027	97%
Depreciation & amortization	39,552,963		39,552,963	39,105,158	447,805	99%
Bank Charges	2,267,089		2,267,089	1,610,289	656,800	71%
Capital Expenditure	172,062,122	-50,500,000	121,562,122	5,342,667	116,219,470	4%
Total expenditure + Capex	711,279,017		660,779,017	475,839,942	184,939,075	72.01%
Surplus before Capex	0	0	0	83,754,077	-83,754,077	

1. In line with the **International Public Sector Accounting Standards (IPSAS)**, particularly **IPSAS 1 – Presentation of Financial Statements** and **IPSAS 24 – Presentation of Budget Information in Financial Statements**, the Institute discloses information relating to commitments and activities spanning beyond the reporting period to enhance transparency and accountability.
2. As at the reporting date, the Institute had **approved commitments and pending activities** that had not been fully executed within the financial year due to timing differences in procurement processes, implementation schedules, and service delivery milestones. Consequently, these activities were **rolled over into the 2026 financial year**. The activities include the **Customer Satisfaction Index Survey, Brand Index Survey**, implementation of a **Call Centre Solution**, and **College visibility initiatives**.
3. These commitments do not constitute adjusting events after the reporting date under **IPSAS 14 – Events After the Reporting Date**, as the underlying conditions existed at the reporting date and the delays relate solely to execution timelines. The related budgetary provisions had already been approved, and contractual or administrative processes were ongoing as at year-end.
4. The Other expenses income includes income drawn from School programs and the related expenses charged to the operating expenses.
5. Management confirms that all the rolled-over activities are **adequately funded**, have clear implementation timelines, and are expected to be **completed within the applicable timelines** in 2026. The Institute continues to monitor the execution of these commitments to ensure value for money, compliance with laws, and achievement of the intended service delivery outcomes.
6. This disclosure is made to provide users of the financial statements with sufficient information on the nature, status, and expected completion of commitments existing at the reporting date, consistent with the **fair presentation and full disclosure principles under IPSAS 1**.



NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kenya Institute of Supplies Management. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



Notes to the Financial Statements (Continued)

1. Adoption of New and Revised Standards

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

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

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



Notes to the Financial Statements (Continued)

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

ii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

KISM 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 they are probable that the future economic benefits or service potential associated with the asset will flow 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 KISM and can be measured reliably. Recurrent grants are recognized in the statement of financial performance. Development/capital grants are recognized in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

Rendering of services

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

Sale of services

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



Notes to the Financial Statements (Continued)

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2025 was approved by the council in December 2024. Subsequent revisions and additional appropriations were made to the approved budget in line with government circular issued in March 2024. The additional appropriations revised the original budget upon receipt of requisite approvals. The Institute budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Section 17 of these financial statements.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (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 Kenya Institute of Supplies Management operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

Sales tax

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

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

g) Intangible assets

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

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

h) Research and development costs

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

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

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity.

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

Impairment of financial assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

The of debtors are experiencing significant financial difficulty.

- i) Default or delinquency in interest or principal payments
- ii) The probability that debtors will enter bankruptcy or other financial reorganization.



- iii) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

j) Inventories

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

Raw materials: purchase cost using the weighted average cost method.

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated completion costs and the costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Institute*.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

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

l) Contingent liabilities

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

m) Contingent assets

KISM does not recognize a contingent asset. Still, it discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the KISM 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.

n) Nature and purpose of reserves

KISM creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

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

r) Borrowing costs

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

s) Related parties

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

t) Service concession arrangements

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

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

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 31st December 2025.

4. Significant Judgments and Sources of Estimation Uncertainty

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Estimates and assumptions

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

Useful lives and residual value

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

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

The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

- b) The nature of the processes in which the asset is deployed.
- c) Availability of funding to replace the asset.
- d) Changes in the market for the asset

Provisions

Provisions were raised, and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40, which are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and discounted to present value where the effect is material.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

IPSAS 19 provides that a liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity embodying economic benefits or service potential. IPSAS 19.18 defines a contingent liability as:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or



- b) A present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. Contingent liabilities do not get recorded in the financial statements. These are obligations that are yet to occur, but there is a probability that they may occur in the future. Therefore, no accounting treatment exists for contingent liabilities.

During the year ended 31st December 2025, the Institute had the following cases:

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

The Petitioner filed a Petition claiming that the Respondents failed to fulfil their mandates under the SPMA 2007 and the Kenyan Constitution, leading to alleged professional, regulatory, and legal lapses. Matter due for highlighting of submissions in January 2026.

2. HCCHRPET. E855 OF 2025: MWANIKI GACHUBA v IEBC & KISM

The Petitioner filed the Petition challenging the conduct of the 2026 Kenya Institute of Supplies Management Council Elections. Among others, the Petitioner seeks a declaration **that** the Supplies Practitioners Management (Council Election) Regulations, 2022 is inconsistent with the constitution and the law; **that** the appointment of the Returning Officer of the KISM Council Elections was unconstitutional and unlawful; **that** the involvement of the 2nd Respondent in the declaration of vacancies, nominations and registration of candidates, registration of voters, voter education, procurement of electronic voting system or technology and other facets of elections undermined and compromised the independence of the 1st Respondent and the independence and integrity of the elections. Matter is due for Mention in March 2026 for further directions by the Court.

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

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

4. MCELC/E432/2023 KISM v BUNISHA LIMITED

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

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

Execution proceedings are now ongoing in the matter.

KISM Going concern within the Foreseeable future

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

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

Whereas the Institute closed with an acceptable current ratio, that confirms that the Institute remains a going concern, the management assessed the Institute's ability to manage the pressing pending bills as at the reporting date:

- a) **KISM Towers:** The KISM Towers are valuable assets that can be leveraged to settle the outstanding liabilities owed to the contractors.
- b) **Discussions with National Treasury:** The Institute has been engaged in ongoing and supportive discussions with the National Treasury regarding the provision of funding to address its working capital challenges. These discussions indicate the availability of potential sources of financing.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) **Pending Bills Verification Committee:** The Institute's pending bills, including those owed to contractors, have been reviewed by the Pending Bills Verification Committee. The committee is expected to facilitate the settlement of these outstanding liabilities. Despite the current stressed economic environment, the Institute affirms that there are no indications that could jeopardize its ongoing operations in the foreseeable future. Additionally, external factors are not expected to impair its financial stability or its ability to deliver services.

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

Name of the Institution sending the grant	Amount recognized in the Statement of Financial Performance KShs	Amount deferred under deferred income KShs	Amount recognised in the capital fund. KShs	Total grant income during the period KShs	Comparative Period KShs
The National Treasury	0	0	0	0	65,500,00
World Bank	0	0	0	0	52,430,7000
Total	0	0	0	0	117,930,700

NB:

The institute was declassified and as such defunded.



Notes to the Financial Statements (Continued)

Revenue

	2025	2024
	Total	Total
6. Grants from Partners		
<i>Grant from GoK</i>	0	0
Grant Income for the Year	0	0
7. Subscriptions		
<i>Individual Membership</i>	42,051,699	36,871,500
<i>Corporate Membership</i>	209,000	335,000
<i>Membership Dinner Income</i>	1,185,500	1,411,000
<i>Licence Fees</i>	32,425,000	22,854,000
Total Subscriptions	75,871,199	61,471,500
8. Rendering of services		
<i>Workshop income</i>	384,134,531	226,048,263
<i>Inhouse training fees</i>	44,029,976	43,333,343
Total Rendering of Services	428,164,507	269,381,606
9. Other Incomes		
<i>Procurement Consultancy</i>	245,571	2,133,291
<i>Interest Income</i>	450	447
<i>Deferred Income – Note 23</i>	28,616,794	33,362,363
<i>Sponsorship Income</i>	2,150,000	2,550,000
<i>Rental Income</i>	15,429,231	16,758,365
Total Other Income	46,442,046	54,804,466

10. School Program Initiative

The Institute’s College is designed to enhance professional and capacity building within the supply chain management. This followed due process and was in line with the regulatory requirements set forth by the Technical and Vocational Education and Training Authority (TVETA). The inaugural Board appointed in January 2024 to oversee the roll-out and provide strategic direction to its operations has seven members, including three representatives from the KISM Council and four members competitively appointed from members.

Description	KES
Revenue	
Training and Registration Fees	3,773,600
Total Revenue	3,773,600
Expenses	
Total Expenses ¹	2,870,303
Net Deficit for the Year	903,297

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Notes to the Financial Statements (Continued)

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

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

11. Employee Costs

Salaries and wages	83,541,379	71,256,615
Employee costs	83,541,379	71,256,615

12. Council Expenses

Council Sitting Allowances	11,715,000	12,477,790
Travel and Accommodation	8,516,728	5,109,489
Other Council Expenses	8,576,399	7,144,600
Total	28,808,127	24,731,879

During the reporting period, the Council’s expenses exceeded the statutory 5% threshold established for allowances and engagement costs. In accordance with applicable public finance management regulations and in consultation with the National Treasury, the Institute sought and obtained approval for a total of **KES 8,177,578** to cover the excess costs arising from Council engagement activities. This approval specifically addressed the amount exceeding the prescribed ceiling, ensuring compliance with the Public Finance Management Act, 2012, and related Treasury guidelines.

The Council sitting allowances accounted for in this period included remuneration for both the **quarterly scheduled Council meetings** and other **eligible external activities**, such as participation in professional forums, strategic stakeholder engagements, and oversight visits aligned with the Institute’s mandate. The approvals and disbursements were fully documented, ensuring transparency, accountability, and alignment with Mwongozo governance principles.

This approach underscores the Institute’s commitment to prudent financial management while facilitating full Council participation in activities critical to effective oversight, strategic guidance, and the professional advancement of the supply chain management sector.



Notes to the Financial Statements (Continued)

13. Statutory Committee Expenses

Description		
Registration Committee Expenses	3,050,577	3,706,827
Disciplinary Committee Expenses	5,336,520	3,952,100
Total	8,387,097	7,658,927

14. Use of Goods and Services

14.1 Administrative Expenses

Description	2025	2024
	Kshs	Kshs
Subscriptions	289,134	460,010
Employer contribution to health insurance schemes	5,909,984	7,155,621
Domestic Travel and Subsistence Allowances	32,689,090	28,884,431
Staff Membership Subscription	384,040	140,300
Training levies	61,950	35,100
Staff Team Building	2,140,096	950,234
Staff Training	3,306,487	2,180,884
Photocopy and Stationery		1,861,154
Printing Expenses	3,151,006	2,521,460
Telephone and Postage	1,139,467	1,332,945
Rent & Rates	2,874,373	4,752,947
Consultancy	15,040,379	10,067,660
Legal Fees	1,099,065	1,360,000
Audit Fees	387,931	387,931
Licenses	326,398	369,310
Office Expenses	4,424,330	3,327,493
Facility Management costs	2,201,701	4,436,157
AGM Costs	1,509,282	374,138
Cleaning Services	704,841	1,651,112
Travelling Expenses	13,245,109	10,282,721
Motor Vehicle Fuel	645,965	368,630
Events Merchandise expenses		110,000
Internal Audit Costs	1,106,000	
Legislative Expenses	1,138,451	
Procurement Costs	248,400	
Debt Collections Costs	336,300	
Regional Office Expenses	4,684,444	
Corporate Social Responsibility	100,000	
Total Administrative Expenses	99,144,223	83,010,238



Notes to the Financial Statements (Continued)

14.2 Operating Expenses

Description	2025	2024
	Kshs	Kshs
Bank Charges	1,610,289	1,478,826
Promotion & Advertisements	1,309,961	1,562,883
Promotional Materials	16,300,326	10,267,514
Insurance	1,307,297	1,477,088
Utilities	1,722,109	1,922,183
Workshop Expenses	2,904,863	1,075,857
Workshop Facilitation Expenses	21,710,000	22,708,100
Website Expenses & Internet Expenses	753,642	734,680
Loss on Disposal	1,624,944	0
Provision for Bad Debts	7,765,621	18,541,284
Workshop & Membership Venue Expenses	151,631,936	99,532,982
Total Operating Expenses	208,640,988	159,301,397
Total Use of Goods and Services	307,785,211	242,311,635

15. Depreciation and Amortization Expense

Description	2025	2024
	Kshs	Kshs
Property, plant, and equipment	33,147,616	34,956,867
Intangible assets	5,957,542	6,937,600
Total depreciation and amortization	39,105,158	41,894,467

16. Cash and Cash Equivalents

Description	2025	2024
	Kshs	Kshs
Current Account	100,612,373	85,277,349
KISM Paybill 552500	5,839,914	6,175,062
On-Call Deposits	45,172	44,790
eCitizen	567,500	589,900
Total Cash and Cash Equivalents	107,064,960	92,087,101



Notes to the Financial Statements (Continued)

Detailed Analysis of the Cash and Cash Equivalents

Banks	Account Number	2025	
		Kshs	Kshs
National Bank 001	1071220247001	19,944,437	5,068,475
National Bank 000	1071220247000	47,175,091	35,330,000
MPESA Paybill 552500	552500	5,839,914	6,175,062
Standard Chartered	0102096929100	4,220,749	15,298,044
Standard Chartered	0102096929101	14,208	2,037,498
Standard Chartered -USD	8702096929100	29,257,889	27,543,332
Standard Chartered-Call Account		45,172	44,790
eCitizen		567,500	589,900
TOTAL		107,064,960	92,087,101

17. Receivables from Exchange Transactions

Trade receivables	287,056,918	258,707,130
Deposits and prepayments	199,951	199,951
Dues from KISEB	4,325,464	4,325,464
Withholding Tax Receivable	14,368,595	
Other receivables	191,902	1,492,801
Gross Trade and Other Receivables	306,142,830	264,725,346
Gross trade and other receivables	306,142,830	264,725,346
Net trade and other receivables	306,142,830	264,725,346

18b Trade Receivables

Gross trade receivables	306,142,830	264,725,346
Provision for Doubtful Debts	(26,306,905)	(18,541,284)
Deposits and Prepayments		
Net trade receivables	279,835,925	246,184,062
At December 31st, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days		18,899,067
Between 30 and 60 days		61,840,395
Between 61 and 90 days		9,552,040
Between 91 and 120 days		36,320,264
Over 120 days		113,554,080
Total		246,184,062



Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Asset	Land	Building	Motor Vehicle	Computers & other Electronics	Other Office Equipment	Furniture	Total
Rate		2%	25%	30%	12.50%	12.50%	
As at 1st Jan 2024	104,000,040	1,186,956,297	2,544,000	20,783,156	3,675,916	36,581,316	1,354,540,725
Additions		0	6,560,345	26,038,879	0.0	3,411,669	36,010,893
Disposals							
As at 31st Dec 2024	104,000,040	1,186,956,297	9,104,345	46,822,035	3,675,916	39,992,985	1,390,551,618
As at 1st Jan 2025	104,000,040	1,186,956,297	9,104,345	46,822,035	3,675,916	39,992,985	1,390,551,618
Additions		0		881,461	0.0	1,443,840	2,325,301
Disposals						(3,627,700)	(3,627,700)
As at 31st Dec 2025	104,000,040	1,186,956,297	9,104,345	47,703,496	3,675,916	37,809,125	1,389,249,219
As at 1st Jan 2024	-	69,802,526	2,510,003	15,079,352	2,611,377	16,397,624	106,400,882
Charge for the Year		22,343,075	8,499	9,522,805	133,067	2,949,420	34,956,867
Disposal							
As at 31st Dec 2024	-	92,145,601	2,518,502	24,602,157	2,744,444	19,347,044	141,357,749
As at 1st Jan 2025	-	92,145,601	2,518,502	24,602,157	2,744,444	19,347,044	141,357,749
Charge for the Year		21,896,214	1,646,461	6,930,402	116,434	2,558,105	33,147,616
Disposal						(2,002,756)	(2,002,756)
As at 31st Dec 2025	-	114,041,815	4,164,963	31,532,559	2,860,878	19,902,393	172,502,609
Net Book Value							
As at 31st Dec 2025	104,000,040	1,072,914,482	4,939,382	16,170,937	815,038	17,906,732	1,216,746,610
As at 31st Dec 2024	104,000,040	1,094,810,696	6,585,843	22,219,878	931,472	20,645,941	1,249,193,869



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19. Intangible Assets

	Intangible Asset
	25%
At cost	
As at 1st Jan 2024	4,150,557
Additions: ERP	25,007,860
Additions: Website Application	1,496,000
Disposals	
Total Cost	30,654,417
As at 1st Jan 2025	30,654,417
Additions: Internal Audit System	3,017,366
Disposals	0
Total Cost	33,671,783
Amortization	
As at 1st Jan 2023	2,904,016
Charge for the Year	6,937,600
Disposal	0
As at 30th Dec 2024	9,841,616
As at 1st Jan 2025	9,841,616
Charge for the Year	5,957,542
Disposal	0
As at 31st Dec 2025	15,799,158
Net Book Value	
As at 31st Dec 2025	17,872,625
As at 31st Dec 2024	20,812,801

20. Trade and Other Payables

Trade payables	191,461,335	176,196,651
Deposits	4,215,981	4,215,981
Prepayments	0	2,899,172
Withheld taxes	4,388,647	2,872,613
Other payables	7,967,339	10,008,025
VAT Payable	73,672,868	66,077,879
Customer Prepayments	19,776,156	79,067,052
Total	301,482,326	341,337,373



Notes to the Financial Statements (Continued)

21. Deferred Asset Grant

Asset	Building	Motor Vehicle	Computers & other Electronics	Furniture	Software & Intangible	Total
Rate	2%	25%	30%	12.50%	25.00%	
As at 1st Jan 2024	851,606,887	2,544,000	9,380,497	5,749,231	3,749,036	873,029,651
Additions	65,500,000		25,926,810	0	26,503,860	117,930,670
Disposals						
As at 31st Dec 2024	917,106,887	2,544,000	35,307,307	5,749,231	30,252,896	990,960,321
As at 1st Jan 2025	917,106,887	2,544,000	35,307,307	5,749,231	30,252,896	990,960,321
Additions						
Disposals						
As at 31st Dec 2025	917,106,887	2,544,000	35,307,307	5,749,231	30,252,896	990,960,321
As at 1st Jan 2024	47,101,033	2,510,003	6,113,593	3,771,622	2,459,169	61,955,420
Amortization for the Year	17,400,117	8,499	8,758,114	247,201	6,948,432	33,362,363
Disposal						
As at 31st Dec 2024	64,501,150	2,518,502	14,871,707	4,018,823	9,407,601	95,317,783
As at 1st Jan 2025	64,501,150	2,518,502	14,871,707	4,018,823	9,407,601	95,317,783
Amortization for the Year	17,052,115	6,375	6,130,680	216,301	5,211,324	28,616,794
Disposals						
As at 31st Dec 2025	81,553,265	2,524,877	21,002,387	4,235,124	14,618,925	123,934,577
Net Book Value						
As at 31st Dec 2025	835,553,622	19,124	14,304,920	1,514,107	15,633,971	867,025,744
As at 31st Dec 2024	852,605,737	25,498	20,435,600	1,730,408	20,845,295	895,642,538
Asset Grant Current Liability	16,711,072	4,781	4,291,476	189,263	3,908,493	25,105,086
Asset Grant Long Term Liability	818,842,550	14,343	10,013,444	1,324,844	11,725,478	841,920,659



Notes to the Financial Statements (Continued)

22. Valuation

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

23. Property, Plant and Equipment at Cost

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

Land	104,000,040	0	104,000,040	
Buildings	1,186,956,297	114,041,815	1,072,914,482	
Motor vehicles	9,104,345	4,164,963	4,939,382	
Computers and related equipment	47,703,496	31,532,559	16,170,937	
Office equipment, furniture & fittings	41,485,041	22,262,582	19,222,459	
Total	1,389,249,219	172,001,918	1,217,247,301	

24. Intangible Assets

	Intangible Asset
	25%
At cost	
As at 1st Jan 2024	4,150,557
Additions: ERP	25,007,860
Additions: Website Application	1,496,00
Disposals	
Total Cost	30,654,417
As at 1st Jan 2025	30,654,417
Additions: Internal Audit System	3,017,366
Disposals	0
Total Cost	33,671,783
Amortization	
As at 1st Jan 2023	2,904,016
Charge for the Year	6,937,600
Disposal	0
As at 30th Dec 2024	9,841,616
As at 1st Jan 2025	9,841,616
Charge for the Year	5,957,542
Disposal	0
As at 31st Dec 2025	15,799,158



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Notes to the Financial Statements (Continued)

25. Accumulated Funds

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

	KISM General Fund	Professional Development Fund	Total
As at 1st January 2024	347,511,952	28,383,091	375,895,043
Surplus for the year	(4,548,749)		(4,548,749)
Prior Year Adjustment	(48,386)		(48,386)
As at 31st December 2024	342,914,817	28,383,091	371,297,908
			0
As at 1st January 2025	342,914,817	28,383,091	371,297,908
Surplus for the year	83,754,077		83,754,077
Prior Year Adjustment	526,598		526,598
Corporate Tax Paid	-2,566,532		-2,566,532
As at 31st December 2025	424,628,960	28,383,091	453,012,051

26. Cash Generated from Operations

	2025	2024
Cash Generated from Operations		
Reconciliation of Surplus(deficit) before tax		
to cash generated from operations;		
Surplus(deficit) before tax	83,754,077	-4,548,749
Add Non-Cash Adjustments		
Deferred Income	-28,616,794	-33,362,372
Professional development fund		
Prior year adjustment	526,598	-48,394
Depreciation	33,147,616	34,956,867
Loss on disposal	1,624,944	
Amortisation	5,957,542	6,937,600
Cashflow before Changes in Working capital	96,393,983	3,934,952
Changes in Working Capital		
(Increase)/ Decrease in Receivables	-33,651,863	-77,364,002
Increase/ (Decrease) in Creditors	-39,855,047	33,281,778
Taxes Paid	-2,566,547	
Net Cash from/(used in) Operating Activities	20,320,526	-40,147,272



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Notes to the Financial Statements (Continued)

27. Financial Risk Management

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

i) Credit risk

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

As at 31st December 2024				
Receivables from exchange transactions	264,698,882	126,611,766	132,068,900	-
Bank balances	92,087,101	92,087,101	0.00	
Total	356,785,983	218,698,867	132,068,900	-
As at 31st December 2025				
Receivables from exchange transactions	279,835,925	256,257,230	23,578,695	-
Bank balances	107,064,960	107,064,960	0.00	
Total	386,900,885	363,322,190	23,578,695	-



Notes to the Financial Statements (Continued)

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

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

ii) Liquidity risk management

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

Financial Risk Management

	12 months	12 months	12 months	
	KSh	KSh	KSh	
As at 31st December 2024				
Trade payables	94,190,332	114,550,948	132,596,092	341,337,373
Employee benefit obligation	0			
Total	94,190,332	114,550,948	132,596,092	341,337,373
As at 31st December 2025				
Trade payables	83,701,135	118,903,124	98,878,067	300,699,337
Employee benefit obligation	0	301,482,326		
Total	83,701,135	118,903,124	98,878,067	300,699,337



Notes to the Financial Statements (Continued)

iii) Market risk

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

a) Foreign currency risk

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

FY 2025

AS AT 31ST DECEMBER 2025			
Investments			-
Cash	107,064,960		107,064,960
Debtors	279,835,925		279,835,925
Total Financial Assets	386,900,885		386,900,885
Financial Liabilities			
Trade And Other Payables	326,587,412		326,587,412
Borrowings	-		-
Total Financial Liabilities	326,587,412		326,587,412
Net Foreign Currency Asset/(Liability)	0		0



Notes to the Financial Statements (Continued)

28. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Institute* include parties who have ability to exercise significant influence or control over the Institute’s operating and financial decisions who include related parties such as management personnel, their associates and close family members.

1. Government of Kenya

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

Other related parties include:

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

Description	2025	2024
Transactions with related parties		
a) purchases from related parties		
Kenya Institute of Supplies Examination Board	4,325,464	4,325,464
Total	4,325,464	4,325,464
b) Grants /transfers from the government		
Grants from National government	0	65,500,000
World Bank	0	52,430,700
Total	0	117,930,700
c) Key management compensation		
Directors’ emoluments	28,525,839	24,731,880
Compensation to key management	51,777,010	45,864,876
Total	80,302,849	70,596,756

29. Surplus Remission

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



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30. Events after the Reporting Period

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

31. Ultimate And Holding Entity

The Kenya Institute of Supplies Management is a Semi- Autonomous Government Agency under the State Department of Public Investment and Asset Management. Its ultimate parent is the Government of Kenya.

32. Currency

The financial statements are presented in Kenya Shillings (Kshs)



20 APPENDICES

20.1 AUDIT FINDINGS AND RESPONSES

No	Issue / Observations	Management comments	Status:	Timeframe :
1.	Budgetary Control and Performance	<p>Management wishes to clarify that the failure to realize full budget absorption arose from the unforeseen defunding and subsequent declassification of the Institute removing it from exchequer support during the financial year.</p> <p>The Institute faced the impact of austerity measures, including reduced cash flows from government sources and delayed disbursements, which constrained the execution of certain planned programs.</p> <p>Despite these challenges, management proactively adjusted and prioritized the implementation of Institute programs to align with the available resources. Through prudent financial management, cost optimization, and strategic reprioritization, the Institute was able to sustain critical programs and maintain service delivery to its members.</p> <p>Management remains committed to mitigating the effects of economic constraints by continuously exploring alternative revenue sources, strengthening financial planning, and ensuring that operations remain aligned with available funding while safeguarding the Institute's strategic objectives.</p>	Addressed	31/12/2025
2.	Long Outstanding Receivables	<p>Management wishes to confirm that a significant portion of the previously reported long outstanding receivables amounting to Ksh. 92,740,921 has since been collected. The remaining balance stands at Ksh. 31,716,727.41, which continues to be outstanding owed by mostly Government Agencies. The Institute has written to the National Treasury to issue a Circular to aid in the collection of these debts.</p> <p>The Institute has adopted a comprehensive policy on the recognition of expected credit losses in line with IPSAS. This policy clearly defines the point at which the risk of non-recovery crystallizes, triggering a 100% provision for the receivable. In accordance with this policy, management continues to monitor all receivables closely to ensure timely recognition of potential credit losses and to maintain prudent financial reporting.</p> <p>A significant portion of the remaining receivables is owed by government agencies, which have established processes for settlement but experience delays due to bureaucratic procedures. The balance owed by private sector entities is actively being pursued through legal channels, with cases already filed in court to facilitate recovery.</p>	Addressed	31/12/2025



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No	Issue / Observations	Management comments	Status:	Timeframe :
		Management remains committed to engaging with debtors, following up on payments, and taking necessary legal actions where appropriate to recover the outstanding amounts.		
		Management is confident that the remaining receivables are being actively managed and monitored, with appropriate provisions in place in accordance with the Institute’s policy, and anticipates recovery in line with the expected timelines.		
3.	Long Outstanding Trade and other payables	<p>Management wishes to clarify that measures in managing the outstanding liabilities are being actively implemented to expedite the settlement of these obligations. Notably, the Institute settled over Ksh 33 million owed to contractors, in anticipation of receipts from the Government Grant as assessed and cleared by the Pending Bills Verification Committee.</p> <p>To address the remaining balances due to contractors, the Institute has instituted curative measures aimed at gradually managing and settling these obligations. These measures include structured payment plans and continuous follow-up with relevant stakeholders to ensure timely clearance.</p> <p>Additionally, management confirms that all business-related payables have been fully settled. The remaining outstanding balances pertain solely to payables incurred during the 2025 financial period, and these are being closely monitored to ensure they are settled promptly within the statutory and operational timelines.</p> <p>Management remains committed to prudent financial stewardship, ensuring that all liabilities are managed in accordance with the Institute’s policies and obligations while maintaining transparency and accountability in the settlement process.</p>	Partially Addressed	31/12/2025
4.	Failure of the Audit Committee to hold the required Minimum number of Meetings	<p>Management notes that the shortfall occurred in Quarter 2, following the resignation of the Head of Internal Audit, who serves as the secretary to the Committee. Given that the Institute had only one internal auditor at the time, it was not feasible to convene the Committee meetings as scheduled.</p> <p>To address this challenge and mitigate the risk of disruption, the Institute recruited an additional internal auditor. This measure will ensure continuity of internal audit functions and supports the Audit Committee in fulfilling its mandate without interruption. Management is confident that with the strengthened internal audit team, the Audit Committee will be able to hold meetings as required, maintain effective oversight, and comply fully with governance standards going forward.</p>	Addressed	31/12/2025



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Approved by: Secretary/Chief Executive Officer

Signature: 