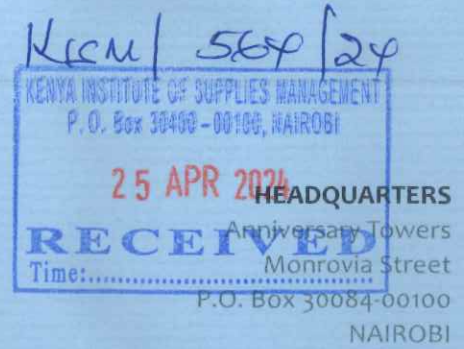
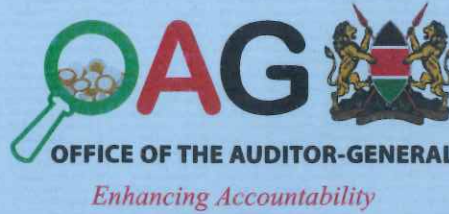


REPUBLIC OF KENYA

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



Ref: OAG/KISM/2022 (8)

25 APRIL, 2024

Kenneth Matiba
Chief Executive Officer,
Kenya Institute of Supplies Management,
P.O. Box 30400 – 00100,
NAIROBI, KENYA.

Dear Sir,

**REPORT OF THE AUDITOR-GENERAL ON THE KENYA INSTITUTE OF SUPPLIES
MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER, 2022**

Enclosed, please find two (2) sets of the report of the Auditor-General on the Kenya Institute of Supplies Management for the year ended 31 December 2022 duly certified and with the seal of the Auditor-General affixed thereon for your retention and necessary action.

Yours faithfully,

Andrew Kintu
Director of Audit
For: Auditor-General

Copy to: **Chief Executive Officer/Secretary**
State Corporations Advisory Committee (SCAC)
KICC 9th Floor
P. O. Box 42145 – 00100
NAIROBI

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

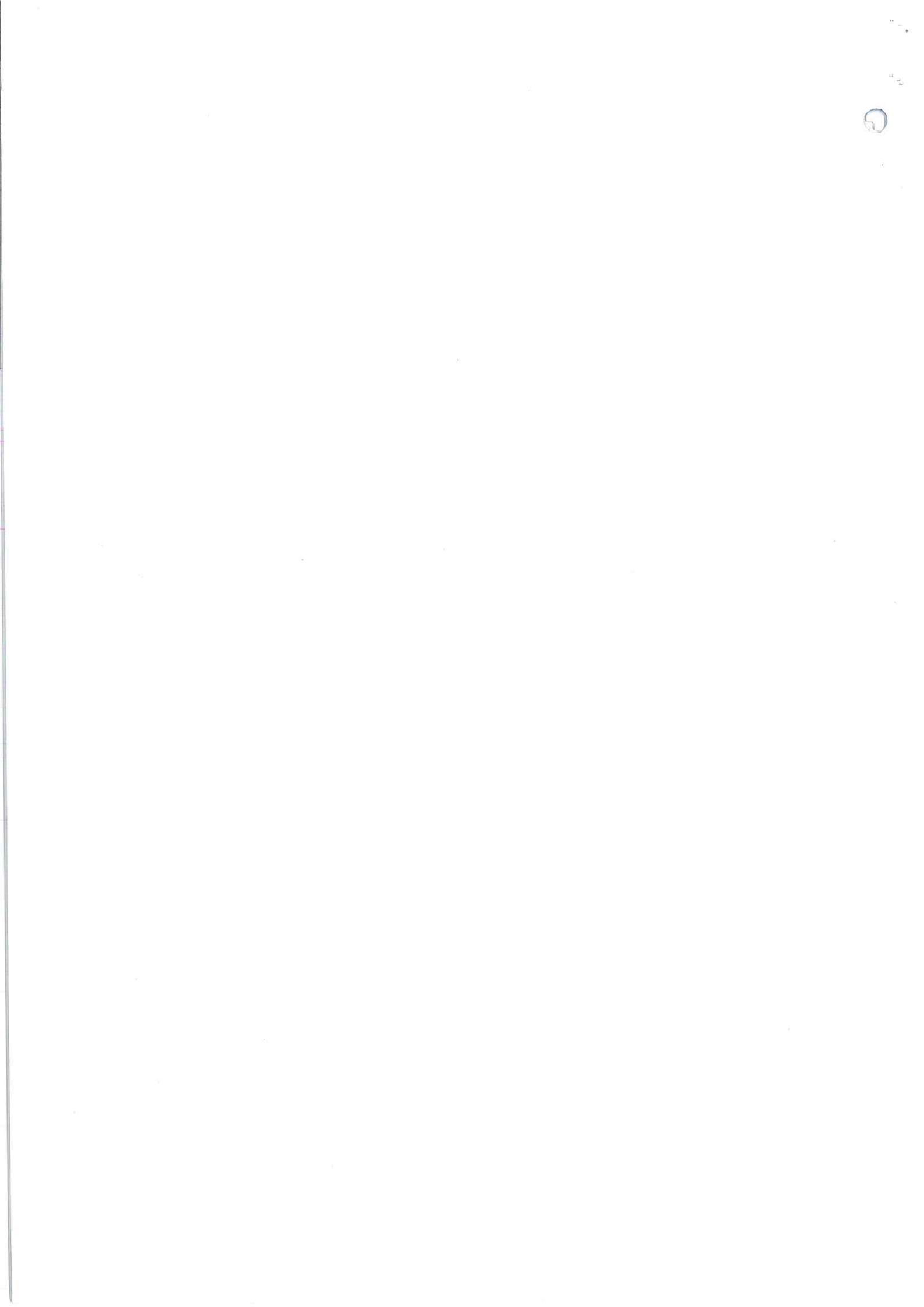
OF

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE OF SUPPLIES
MANAGEMENT**

**FOR THE YEAR ENDED
31 DECEMBER, 2022**



OFFICE OF THE AUDITOR GENERAL
4TH FLOOR TIMES TOWER
P. O. Box 30084 - 00100 NAIROBI

17 APR 2024

RECEIVED



KENYA INSTITUTE OF SUPPLIES MANAGEMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31ST DECEMBER 2022

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



**Kenya Institute of Supplies Management
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For the Year ended 31st December, 2022**

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1. 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, with its offices in Nairobi's up-market Ngong road, off Ngong Lane.

B) PRINCIPAL ACTIVITIES

The principal activity of the Institute is founded under section 5 of the Supplies Practitioners Management Act 2007. The mandate comprises of the following:

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

Vision of the Institute

Competent and ethical Supply Chain Management Practitioners

Mission of the Institute

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

Core Values

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



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C) KEY MANAGEMENT

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

D) Council

The Council is composed of the Chairman, six elected Council members, the Director General Public Procurement and Regulatory Authority (PPRA) and the Principal Secretary National Treasury.

- Chief Executive Officer – competitively recruited
- Management – Heads of Department and Sections within the Institute

E) FIDUCIARY MANAGEMENT

The Key Management Personnel who held office during the financial year ended 31st December 2022 and had direct fiduciary responsibility were:

MANAGEMENT

SN	DESIGNATION	NAME
1	Ag Chief Executive Officer	CS. Serah Okumu
2	Registrar	Dr. Martin Gachukia
3	Finance Manager	CPA Nicholas Wafula
4	Supply Chain Manager	Mr. Reuben Ebei - from 5th May to 30th August 2022
5	Ag. Supply Chain Manager	Mr. Chilion Ogol – from 31st August 2022
6	Training Manager	Ms. Emmah Kinuthia - upto 15th December 2022
7	Ag. Training Manager	Ms. Edith Kariuki - from 16th December 2022
8	Corporation Secretary	CS. Serah Okumu
9	Internal Auditor	CPA Douglas Gikunda
10	HR and Administration Manager	CHRP Stella Geoffrey



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F) FIDUCIARY OVERSIGHT ARRANGEMENTS

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

Committees of the Council

- a) *Audit and Risk Management Committee*
This committee is responsible for all oversight and audit and risk management issues of the Institute.
- b) *Professionals Standards Committee*
This is the technical committee of the Institute responsible for all member related issues.
- c) *Strategy Committee*
This committee is responsible for oversight over the Institute strategic plan.
- d) *Finance, Corporate Affairs and Human Resource committee*
This Committee is responsible for financial, corporate affairs and human resource 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 registrations and licensing of members of the Institute in accordance with section 15(3) of the SPMA 2007.
- b) *Disciplinary Committee*
This committee is responsible for receiving and investigating complaints against supplies practitioners in accordance with section 22(4) of the SPMA 2007.

G) ENTITY HEADQUARTERS

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

H) ENTITY CONTACTS

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



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I) ENTITY BANKERS

1. Standard Chartered Bank
Westlands Branch
Woodvale Groove
P.O. Box 14438-00800, NAIROBI
Tel:4443018/2/20,4448956
2. National Bank of Kenya
Ngong Road Branch
P.O Box 72866-00200, NAIROBI
Tel. No. 020-282 8900 | 0703 088 900 | 0732 118 900
3. Safaricom Limited
Safaricom Headquarters
P.O Box 66827-00800, NAIROBI
Tel. No. 0722-003272

J) INDEPENDENT AUDITORS

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




K) PRINCIPAL LEGAL ADVISOR

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


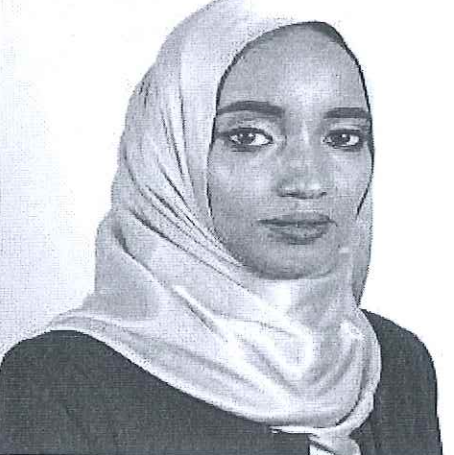
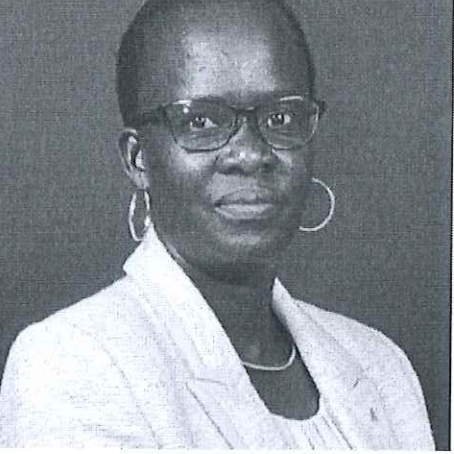


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2. COUNCIL MEMBERS


	COUNCIL MEMBER	EDUCATION & EXPERIENCE	BACKGROUND
1.	 Mr. John Karani Council Chairman	BA-Economics, MBA, MKISM, MCIPS, C-MILT, AoEC 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-Smithkilne, Diageo, Kenya Cooperative Creameries and Kenya Meat Commission. 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.	
2.	 Ms. Grace Murichu-Kariuki Council Member	B.Com, MBA, MKISM, MCIPS Over 25 years' experience in Human Resources and Supply Chain Management, currently serving as Deputy Commissioner Supply Chain Management at the Kenya Revenue Authority. Grace is a Charter Member of the Rotary Club of Langata. She is the Chair of the Audit and Risk Committee.	
3.	 Mr. Moses A. Omondi Council Member	Msc. (Proc), C-MILT, ITC, MKISM Over 25 years' experience in SCM, Previous Head of SCM at Intercontinental Hotel & Group Procurement Manager Access Kenya Group. 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. Chairs the Registration & Licensing Committee.	










<p>4.</p>	 <p>Mr. Jeremiah K. Nthusi Council Member</p>	<p>BCom, MSc Proc & Logistics, MBA, MCIPS, MKISM. A seasoned SCM practitioner with over 28 years' experience in Financial Management, Procurement & Logistics Management a Certified Trainer of Trainers. Currently Director, SCM at the Judiciary. Pursuing PhD in SCM. He is the Chair, Strategy Committee of the KISM Council.</p>
<p>5.</p>	 <p>Ms. Nimo Abdullahi Hussein Council Member</p>	<p>MCIPS, MKISM, Msc. Procurement & Logistics Is a Supply Chain Specialist boasting an illustrious career spanning over twelve years in the energy and service sectors and winner CFC Stanbic rising stars awards 2015 Energy, Chemical and Construction category. She is the Chair of the Professional Standards committee.</p>
<p>6.</p>	 <p>Dr. Vincensia Anyango Apopa</p>	<p>MKISM, MCIPS, BSC, PhD (Supply Chain) Over three decades, experience in Supply Chain Management with increasing roles & responsibilities in large and medium sized organizations in the public sector ranging from Agriculture, Social Services, Infrastructure and Currently the Head of Supply Chain at National Construction Authority. Chaired the taskforce developing National Public Procurement and Asset Disposal Policy. She is the chair of Disciplinary Committee.</p>



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Council Member		
7.	 Ms. Diana Nadzua Mwacharo Council Member	<p>B.Com, MCIPS, MKISM Over 15 years' experience in Public Procurement from Posta Corporation of Kenya, Independent Electoral and Boundaries Commission (IEBC), Sacco Societies Regulatory Authority (SASRA), and currently Head of Procurement in Salaries and Remuneration Commission (SRC). Passionate about Youth Mentorship, Technology and Innovation in Supply Chain and Governance. She is the Chair of the Finance, Corporate Affairs and Human Resource Committee.</p>
8.	 Mr. Henock Kirungu Council Member Rep. PPRA	<p>B. Com, Diploma (Supplies Mgt), MBA He has over 25-years' experience in public procurement. He has 25-year experience in 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.</p>
9.	 Mr. Martin Ainea Omuse Council Member Rep. CS National Treasury	<p>Mr. Omuse has vast experience in auditing having worked for over 10 years as National Treasury Sub-County Internal Auditor. Currently he is the Deputy Accountant General working with the National Treasury in the Department of National Assets and Liabilities (NALM). He holds a Masters Degree in Business Administration (BBM) from Masinde Muliro University. He is also has undergone training under strategic leadership, senior management and a member of the following professional bodies, ICPAK, IIA, KIM, CFE.</p>
9.	 Cs. Serah Esendi Okumu Ag. Chief Executive Officer/ Council Secretary	<p>LLM, (UKZN, South Africa), LLB (CUEA), Post Grd.Dip. (KSL), Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public and Certified Public Secretary. She has over 12 years' experience in governance and legal matters in the public, private and Ngo sectors and is the substantive Corporation Secretary and Manager, Legal Services.</p>

3. MANAGEMENT TEAM

Ref	Management	Details
1.		Cs. Serah Esendi Okumu The acting Chief Executive Officer and the Secretary to the Council of the Institute. Doubles as the Institute Corporation Secretary and Manager, Legal Services. She has Master of law (LLW), Post-graduate Diploma in Law (KSL) and Bachelor of Law (CUEA). A Licensed member of Law Society of Kenya and Institute of Certified Secretaries with 14 years experience.
2.		Dr. Martin Gachukia The Institute's Registrar. He has PhD (Supply Chains Management), Msc in Procurement and Logistic, Bachelor in Philosophy. He is a licensed member of Kenya Institute of Supplies Management with 13 years experience.
3.		Nicholas Wafula Otsieno, Finance Manager KISM Finance Manager. He is a holder of Bachelor of Commerce (Finance), Certified Public Accountant (K) and a full member of ICPAK and IIAK with 18 years of experience.
4.		Edith Njeri Kariuki, The Ag. Training Manager. She has a Masters Degree in Communication Studies - Communication Development, Bachelor of Arts - Communication. She is a full member of PRSK.
5.		Douglas Gikunda Internal Audit and Risk Manager. He holds an MBA (Strategic Management), Bachelor's degree - Economics & Finance, Certified Public Accountant (K). He is a full member of ICPAK and IIAK with years of experience.
6.		Chilion Ogol Ag. Supply Chain Management Manager. MSC Procurement and Logistics, Bachelor of Business Administration (Marketing), Diploma in Purchasing & Supplies Management, CIPS. He is a licensed member of KISM and Associate member CIPS, UK.
7.		Stella Mutanu HR and Administration Manager. MBA (Human Resource Management), BCOM, Certified Human Resource Professional (CHRP) and Diploma in Information Studies. She is a full member of IHRM with a Practising licence.



4. CHAIRMAN'S STATEMENT

KISM is the national body for professionals in the practice of procurement and supply chain management in Kenya. The Institute draws its mandate from the "Supplies Practitioners Management Act No.17 of 2007. The financial statements provide a concise, material and honest assessment of how KISM has grown over the last year. It provides an overview of the impact made through the Council and Statutory Committees, operational and governance performance, and activities undertaken by Management for the Institute in the financial year 2022.

The report provides the financial perspective of the strides made by the Institute in the achievement of its mandate in the financial year 2022. It presents the identified material information through a clearly-structured narrative that provides a financial overview of the key activities undertaken by the Institute in the financial year 2022. The Council's Audit and Risk Committee and the Finance, Corporate Affairs and Human Resource Committee provide internal assurance to the Council on the execution of the 7 strategic pillars. The Institute's financial, operating, compliance and risk management controls are assessed by the Internal Audit function, which is overseen by the Council's Audit and Risk Committee.

In the year in review, we achieved critical milestones in the journey of transforming both our Institute and the Supply Chain Profession at large by amplifying the critical role that supply chain plays in our nation and beyond. In the year under review, the Council was able to spearhead the review of the Council Elections Regulations which were published in the Kenya Gazette on 8th June 2022 under Legal Notice No. 94 which embedded electronic voting as the way in which members of the Institute would elect their Council. This was a milestone achievement noting the impact made in efforts to ensure that members would be able to cast their votes from the comfort of their desired locations. Further to that the Council was able to approve critical internal policies that were required to improve efficiency and performance of the Secretariat, the policies included but were not limited to the following, the Financial Management Policy and Manual, Procurement and Asset Disposal Policy and Manual, Corruption Prevention and Whistleblowing Policy, Gifts Policy, the Conflict of Interest among others.

During the year under review, the Council was able to undertake a mid-term review of the Strategic Plan 2020-2024 and identified improvements and amendments needed to ensure delivery of the strategic objectives. To ensure this, the Council directed the Secretariat to



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initiate the process of undertaking performance contracting in line with the Government policy on measuring performance which would aid in achievement of the strategic objectives.

The Institute however during the year under review was faced with the accumulation of pending bills arising from payments due to the Contractor and Consultants in construction of KISM Towers. The Council and Management continues to make spirited attempts to ensure the settlement of the bills and subvert the growing interest demands arising therein. The directives on scrapping of budgetary allocations for trainings negatively impacted the Institute as well the pause in business operations due to the National General elections.

Mr. John Karani, MKISM, MCIPS

Council Chairperson

Sign 

Date..... 16/04/2024



5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Kenya Institute of Supplies Management (KISM) draws its mandate from the Supplies Practitioners Management Act No. 17 of 2007. It serves as the regulatory body for the procurement and supply chain profession in the Republic of Kenya. The financial statements provide an honest and concise reflection of the performance of the Institute's growth in comparison to the previous year moving from a deficit to a surplus due to implementation of cost cutting measures and prudent financial management.

In the year ended 2022, the Institute managed to conclude development of its Human Resource Instruments, with the same submitted to the National Treasury and thereafter to the State Corporations Advisory Committee (SCAC). The Instruments are awaiting release by SCAC and upon approval shall spearhead the reorganization of the Institute to enhance effective and efficient service delivery by the Secretariat. Critical staff were also onboarded during the year under review as the Council recruited the Corporation Secretary and the Supply Chain Manager positions critical to governance and efficient service delivery.

With regard to legislation, we had the Supplies Practitioners Management (Council Elections) Regulations 2022 approved and gazetted for use in the Council elections 2023. The regulations provided for electronic voting in efforts to aid in expanded voter participation by members. The Supply Chain Professionals Management Bill was at advanced stages with input from the National Treasury received with regard to specific provisions in the Bill put together after stakeholder input. During the year, Internal policies critical to the operations of the Institute were approved by the Council with the same pivotal to the roadmap on compliance.

Upon approval by the Council, the Secretariat put in place an effective performance management system which was supported by an approved Reward, Recognition and Sanctions Policy in efforts to enhance performance and service delivery. Cost cutting measures were also employed to ensure that the Institute recovered from the dismal performance of the previous year ended 2021. The Institute continues to identify income generating activities to elevate service delivery to its members in efforts to comply with national, regional and international standards.



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I am confident in the Institute's ability to achieve its vision of promoting professionalism in supply chain management.

Serah Okumu

Ag. Chief Executive Officer

Sign


Date




Annual Report and Financial Statements For the Year ended 31st December, 2022

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022

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

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

KISM develops its annual work plans based on the above strategic plan 2020 to 2024 whose pillars are indicated above. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. KISM achieved its performance targets set for the FY 2022 period for its 2020 - 2024 strategic pillars.

i) PROGRAMME AND PERFORMANCE REVIEW 2022

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

In the year 2021, the Institute had set various targets as key performance indicators as indicated below



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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Ensure seamless onboarding of members	Growth in membership and licensed practitioners Sustained compliance levels	Renewal of 8,000 members and Increased membership to 10,000 License all members 8,000	Sensitization of members and stakeholders; compliance assessments, gazette all the licensed members	Renewed membership 6,325, Licensed and Gazetted 2,394
Pillar 2: Membership Discipline	Enforce compliance to Disciplinary Policy, Code of Ethics, Regulations Guidelines and Standards of Professional Practice	Investigation reports, Interview reports, Letters to all MDA's and County Government/Government agencies Sensitisation reports, approved Code of Ethics and Disciplinary Policy and Procedures, Standards of Professional Practice, advisories to recruiting agencies;	Investigate all reported cases of professional misconduct and conduct disciplinary proceedings where necessary Continuously sensitize members on the SPMA, and other rules, laws and regulations applicable to members; Develop Code of Ethics and Disciplinary Policy and Procedures, Develop Standards of Professional Practice	One case determined; Code of Ethics and Disciplinary Policy and Procedures developed and Launched;
Pillar 3: Regulation of Practitioners	safeguard the public interest through regulation	Standards of Professional Practice; legal regime,	Develop the Standards of Professional Practice, competency audit, review the SPM (Council Election) Regulations, 2015; review SPMA, 2007 to align to the Constitution, 2010	SPM (Council Election) Regulations repealed; draft SCM Practitioners Bill, 2022
Pillar 4: Membership Welfare and Advocacy	Review the Institute's membership welfare and enhance the SCM Brand	regional chapters, regional policy, SPURS Awards; MoUs and Collaboration Agreements	Develop, Establish regional chapter and the attendant policy; organise and convene SPURS Awards and Dinner; negotiate and collaborate with	regional chapters Policy developed; Launched four regional Chapters, namely Kisumu,



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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
	through strategic partnerships, devolution.		Strategic Partners and other agencies/stakeholders	North Rift, Western and Coast. convened the 3 rd SPURS Awards and Dinner; collaboration and MoU's with PPRA, CoG, ICPAK, Strathmore University
Pillar 5: Financial Sustainability	Enhance financial probity through revenue maximization and prudent utilization of resource	Grow income by 25% and optimise utilization of the budget	diversify revenue streams; utilizing the unutilised office space	Onboarded 5 tenants, All manuals developed have been approved Governance instruments adopted Institute categorisation Target setting adoption BCP Draft Business Process Re-engineering Recruited HRA,CS,FO,SCM
Pillar 6: Institutional Strengthening	Strengthen the capacity of the institute in line with the relevant regulations to support its delivery of its mandate.	Net Promoter Index Governance instruments Staff Satisfaction Index Infrastructure-BCP Audit Benchmarking reports Recruitment of additional staff	Develop manuals, Governance instruments-Code of conduct,Staff Sensitisation, Corruption and Bribery Prevention,ICT Policy,Finance Manual,BCP,Risk and Management,Procurement and Supply Chain,Reward,Recognition and Sanction,Dress Code Policy	

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 7: Training and Professional Capacity Development	Develop Proficiency of the supply chain professionals	Quality training programs School Commissioned 25 Hybrid training Programs 4000 supply chain professionals trained	Develop the training concepts and programs Market the training programs Develop the capacity of the trainers Evaluate the training programs and trainers	22 training programs 11 inhouses training with 1401 professionals trained 22 training programs mounted across the country with total participation of 2500 professionals (3900 procurement professionals trained.)



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7. CORPORATE GOVERNANCE STATEMENT

7.1 Role of the Council

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

The Mwongozo Code of Governance 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 Officers. The Council has the following committees: Full Council comprised of all the Council members; Audit Committee; Finance, and Human Resource (corporate) Committee; Membership and Advocacy Committee and the Professional Standards Committee. The Committees report to the full Council through board reports presented by the Chairpersons of the abovementioned Committees. All resolutions of the Council are executed by the Council Secretary who is the Chief Executive Officer through the Institute Management Board.

7.2 Council Terms

S/N	COUNCIL MEMBER	POSITION	APPOINTMENT	EXIT	TERM
1.	Mr. John Karani	Chairman	24.01.20	23.01.23	3 years
2.	Ms. Grace Murichu	Elected Member			
3.	Ms. Diana Mwacharo				
4.	Ms. Nimo Hussein				
5.	Dr. Vincensia Apopa				
6.	Mr. Moses Omondi				
7.	Mr. Jeremiah Nthusi				
8.	Mr. Henock Kirungu	PPRA Representative	14.01.20		
9.	Mr. Martin Omuse	National Treasury Representative	01.08.22		



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7.3 COUNCIL COMMITTEES & MEMBERSHIP FY 2022

COUNCIL COMMITTEE	DESCRIPTION	MEMBERSHIP
<i>Finance, Corporate Affairs & Human Resource Committee</i>	This committee provides oversight with respect to the financial, administrative and human resource policies of the Institute. It formulates and makes recommendations on budgets, asset management, financial transactions, recruitment and general management of staff-related issues.	Diana Mwacharo – Chair Henock Kirungu – Member Moses Omondi – Member Serah Okumu - Secretary
<i>Professional Standard's Committee</i>	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.	Nimo Hussein – Chair Jeremiah Nthusi – Member Diana Mwacharo – Member Serah Okumu - 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 concern to the Institute.	Jeremiah Nthusi – Chair Henock Kirungu – Member Grace Murichu – Member Serah Okumu - Secretary



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COUNCIL COMMITTEE	DESCRIPTION	MEMBERSHIP
<i>Audit 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.	Grace Murichu – Chair Vincensia Apopa – Member Nimo Hussein – Member Douglas Gikunda - Secretary
<i>Full Council</i>	The full board membership responsible for approving policies and undertaking the oversight role in management of the Institute’s affairs.	Mr. John Karani - Chair Ms. Grace Murichu - Member Dr. Vincensia Apopa – Member Moses Omondi - Member Jeremiah Nthusi - Member Nimo Hussesin - Member Diana Mwacharo - Member Henock Kirungu – Member Martin Ainea Omuse - Member



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7.4 STATUTORY COMMITTEES & MEMBERSHIP FOR THE FY 2022

COUNCIL COMMITTEE	DESCRIPTION	MEMBERSHIP
<i>Registration Committee</i>	This committee has the mandate to receive and approve applications for registration, grant practicing certificates and licenses, monitor compliance of professional standards, prescribe quality assurance regulations, and investigate members' conduct.	<p>Moses Omondi – Chair</p> <p>Paul Nthiga - Member</p> <p>Samson Mugwe - Member</p> <p>Hosea Kemboi - Member</p> <p>Joyce Simiyu - Member</p> <p>Peter Njoroge – Member</p> <p>Nancy Kimemia – Member</p> <p>Martin Gachukia - Secretary</p>
<i>Disciplinary Committee</i>	This committee receives and investigates complaints against supplies practitioners. It has the mandate to remove from the register, or suspend registration or, revoke practicing licenses of supplies practitioners or impose fines.	<p>Vincensia Apopa - Chair</p> <p>Alfred Baliach -Member</p> <p>Ms. Judith Chimau - Member</p> <p>Mr. Anthony Ogwang - Member</p> <p>Ms. Joan Kweyu - Member</p> <p>Mr. Samson Masila - Member</p> <p>Thomas Otieno – Member</p> <p>Serah Okumu - Secretary</p>



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7.5 AD HOC COMMITTEES OF THE COUNCIL & MEMBERSHIP FOR THE FY 2022

COUNCIL COMMITTEE	DESCRIPTION	MEMBERSHIP
<i>National Dialogue Committee</i>	This Adhoc Committee was formed to address pending issues in relation to the close out of the National Dialogue Conference.	Jeremiah Nthusi – Chair Moses Omondi – Member John Karani – Member Nimo Hussein – Member Serah Okumu - Secretary
<i>Council Elections Adhoc Committee</i>	This Ad hoc Committee was formed to aid in successful preparation of the Council Elections 2022.	Vincensia Apopa - Chair Jeremiah Nthusi – Member Moses Omondi – Member John Karani – Member Nimo Hussein - Member



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7.6 COUNCIL COMMITTEES & MEMBERSHIP FY 2022

COUNCIL MEMBER	POSITION	07/01/2022	17/01/2022	28/01/2022	01/02/2022	11/02/2022	15/02/2022
Mr. John Karani	Chairman	✓	✓	✓	✓	✓	✓
Ms. Grace Murichu	Elected Member		✓	✓	☐	✓	✓
Ms. Diana Mwacharo		✓	✓		✓	✓	
Ms. Nimo Hussein		✓	☐	✓	✓	✓	✓
Dr. Vincensia Apopa		✓	✓	✓	✓	✓	✓
Mr. Moses Omondi		✓	✓	✓	✓	✓	✓
Mr. Jeremiah Nthusi		✓	✓	✓	☐	✓	
Mr. Henock Kirungu		Rep PPRA		✓	✓	✓	✓
Mr. Martin Omuse	Rep NT		☐	☐	☐	☐	☐
Dr. Martin Gachukia			✓	✓	✓	✓	✓

COUNCIL MEMBER			01/03/2022	14/03/2022	18/03/2022	21/03/2022	22/03/2022
Mr. John Karani	✓	✓	✓	17/02/2022	22/02/2022	✓	✓
Ms. Grace Murichu	✓	✓	✓	✓	✓	☐	☐
Ms. Diana Mwacharo	✓	✓	✓		✓	✓	☐
Ms. Nimo Hussein	✓	✓	✓	✓	✓	✓	✓
Dr. Vincensia Apopa	✓	✓		✓			✓
Mr. Moses Omondi	✓	✓	☐	✓	✓	✓	✓
Mr. Jeremiah Nthusi			☐	✓			
Mr. Henock Kirungu	✓	✓	✓	✓	✓	✓	✓
Mr. Martin Omuse	☐	☐	☐	☐	☐	☐	☐
Dr. Martin Gachukia	✓	✓	✓	✓	✓	✓	☐

COUNCIL MEMBER	28/03/2022	30/03/2022	06/04/2022	20/04/2022	22/04/2022	22/06/2022	23/06/2022
Mr. John Karani	✓	✓	✓	✓	✓	✓	✓
Ms. Grace Murichu	✓	✓	✓				
Ms. Diana Mwacharo	✓	✓	✓	✓	✓	✓	✓
Ms. Nimo Hussein	✓	✓	✓	✓		✓	✓
Dr. Vincensia Apopa	✓		☐	✓	✓	✓	✓
Mr. Moses Omondi	✓	✓	✓	✓	✓	✓	✓
Mr. Jeremiah Nthusi	✓	✓	✓	✓	✓		✓
Mr. Henock Kirungu	✓	✓	✓	✓	✓	✓	✓
Mr. Martin Omuse	☐	☐	☐	☐	☐	☐	☐



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Dr. Martin Gachukia	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ms. Serah Okumu	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
COUNCIL MEMBER	30/06/2022	14/07/2022	19/07/2022	22/08/2022	28/03/2022	30/03/2022 2	06/04/2022 22
Mr. John Karani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ms. Grace Murichu	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ms. Diana Mwacharo	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ms. Nimo Hussein	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Dr. Vincensia Apopa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>
Mr. Moses Omondi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Jeremiah Nthusi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Henock Kirungu	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Martin Omuse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dr. Martin Gachukia	<input type="checkbox"/>				<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ms. Serah Okumu	<input type="checkbox"/>		<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

COUNCIL MEMBER	20/04/2022	22/04/2022	22/06/2022	23/06/2022	30/06/2022	14/07/2022 2	19/07/2022 22
Mr. John Karani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ms. Grace Murichu					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ms. Diana Mwacharo	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Ms. Nimo Hussein	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dr. Vincensia Apopa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Moses Omondi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Jeremiah Nthusi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Henock Kirungu	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Martin Omuse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dr. Martin Gachukia			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Ms. Serah Okumu			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>



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COUNCIL MEMBER	22/08/2022	13/10/2022	14/10/2022 2	09/12/2022
Mr. John Karani	✓	✓	✓	✓
Ms. Grace Murichu		✓	✓	✓
Ms. Diana Mwacharo	✓	✓	✓	✓
Ms. Nimo Hussein				
Dr. Vincensia Apopa	✓	✓	✓	✓
Mr. Moses Omondi	✓	✓	✓	✓
Mr. Jeremiah Nthusi	✓	✓	✓	✓
Mr. Henock Kirungu		✓	✓	✓
Mr. Martin Omuse		✓	✓	☐
Dr. Martin Gachukia				
Ms. Serah Okumu				

NDSA AD HOC

COUNCIL MEMBER	POSITION	15/03/2022	23/03/2022 2	08/07/2022	
Mr. John Karani	Chairman	✓	✓	✓	☐
Ms. Grace Murichu	Elected Member				☐
Ms. Diana Mwacharo		☐	☐		☐
Ms. Nimo Hussein		✓	✓	✓	☐
Dr. Vincensia Apopa		☐	☐	☐	☐
Mr. Moses Omondi		✓	✓	✓	☐
Mr. Jeremiah Nthusi		✓	✓	✓	☐
Mr. Henock Kirungu	Rep PPRA		☐		☐
Dr. Martin Gachukia		✓	✓		☐
Mr. Nicholas Wafula		✓	✓		

ELECTIONS AD HOC

COUNCIL MEMBER	POSITION	08/07/2022	12/07/2022	15/09/2022	
Mr. John Karani	Chairman	✓	✓	✓	☐
Ms. Grace Murichu	Elected Member			☐	☐
Ms. Diana Mwacharo					☐
Ms. Nimo Hussein		✓	✓	☐	☐
Dr. Vincensia Apopa		✓	✓	✓	☐
Mr. Moses Omondi		✓	✓	✓	☐
Mr. Jeremiah Nthusi		✓	✓	✓	☐
Mr. Henock Kirungu	Rep PPRA			☐	☐
Dr. Martin Gachukia				☐	☐
Mr. Nicholas Wafula				☐	

3.5.1 Finance & HR (Corporate) Committee



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COUNCIL MEMBER	POSITION	05/01/2022	28/02/2022	18/03/2022	03/03/2022	16/06/2022	07/07/2022
Ms. Grace Murichu	Chairperson	✓	✓	✓	✓	✓	
Dr. Vincensia Apopa	Member	✓	✓		✓		
Mr. Jeremiah Nthusi	Member	✓	✓		✓		
Dr. Vincensia Apopa	Member	✓	✓	✓	✓		
Mr. Moses Omondi						✓	✓
Mr. Henock Kirungu						✓	✓
Ms. Diana Mwacharo						✓	✓
Ms Serah Okumu						✓	✓
Dr. Martin Gachukia	Secretary	✓	✓	✓	✓	✓	
Mr. Nicholas Wafula		✓	✓	✓	✓	✓	

3.5.2 Professional Standard's Committee

COUNCIL MEMBER	POSITION	06/01/2022	20/01/2022	14/02/2022	10/03/2022	14/03/2022	22/03/2022
Mr. Jeremiah Nthusi	Chairperson	✓	✓	✓	✓	✓	✓
Mr. Moses Omondi	Member		✓	✓	✓	✓	
Mr. John Karani				✓		✓	
Dr. Vincensia Apopa				✓		✓	
Ms. Nimo Hussein				✓		✓	
Ms. Diana Mwacharo				✓			
Ms. Emmah Kinuthia	Member			✓			
Ms Serah Okumu							
Dr. Martin Gachukia	Secretary	✓	✓	✓			

3.5.3 Membership and Advisory Committee

COUNCIL MEMBER	POSITION	10/02/2022		
Ms. Nimo Hussein	Chairperson	✓		
Dr. Martin Gachukia	Secretary			

3.5.4 Audit Committee

COUNCIL MEMBER	POSITION	22/03/2022	24/03/2022	15/06/2022	20/06/2022	04/10/2022	02/12/2022
Ms. Diana Mwacharo	Chairperson	✓	✓	✓			
Dr. Vincensia Apopa	Member			✓	✓	✓	✓
Ms. Grace Murichu	Member			✓	✓	✓	✓
Ms. Nimo Hussein				✓	✓		
Mr. Douglas Gikunda	Secretary						



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Registration Committee													
COUNCIL MEMBER	POSITION	28/1/2022	18/2/2022	08/3/2022	14/4/2022	12/5/2022	14/6/2022	15/7/2022	01/9/2022	14/9/2022	28-30/9/2022	11/10/2022	27/10/2022
Mr. Moses Omondi	Chairperson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Jeremiah Nthusi	Member	✓	✓	✓	□	✓	✓	✓	□	✓	✓	✓	✓
Samson Mugwe	Member	✓	✓	✓	□	✓	✓	✓	✓	✓	✓	□	✓
Nancy Kimemia	Member	✓	□	✓	✓	✓	✓	✓	□	✓	✓	✓	✓
Joyce Simiyu	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	□
Hosea Kemboi	Member	□	✓	✓	✓	✓	✓	✓	✓	✓	✓	□	✓
Paul Nthiga	Member	□	□	□	✓	✓	✓	✓	✓	✓	✓	✓	□
Peter Ndung'u	Member	□	□	□	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Martin Gachukia	Secretary	✓	✓	✓	✓	✓	✓	✓	□	✓	✓	✓	✓
Ms Serah Okumu	Secretary	□	□	□	□	□	□	□	✓	□	□	□	□
Yvonne Kageha		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	□
Hamida		□	□	□	□	□	□	□	□	□	✓	□	□

Disciplinary Committee													
COUNCIL MEMBER	POSITION	25/1/2022	09/2/2022	22/2/2022	25/3/2022	28/3/2022	20/4/2022	21/6/2022	21/7/2022	02/8/2022	23/8/2022	14/9/2022	29/11/2022
Dr. Vincensia Apopa	Chairperson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Anthony Ogwang	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alfred Baliach	Member	✓	✓	✓	✓	✓	✓	✓	□	✓	✓	✓	✓
Samuel Kaumba	Member	✓	✓	✓	□	□	□	□	□	□	□	□	□
Samson Masila	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Thomas Otieno	Member	□	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	□
Joanne Kweyu	Member		□	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Judith Chimau	Member		□	□	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Martin Gachukia	Secretary	✓	✓	✓	✓	✓	✓	✓	✓	□	✓	✓	✓
Ms Serah Okumu	Member					□	✓	✓	✓	✓	✓	✓	✓
Chilion Ogol									✓	✓		✓	✓



3.6 ROLES AND FUNCTIONS OF THE COUNCIL AND ITS COMMITTEES

The roles and functions of the Council are centred on Strategic Direction, Recruitment, 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.

3.7 BOARD REMUNERATION

The Council receives remuneration as per the set Government Guidelines. During the FY2022 Council members were paid sitting, subsistence and travel allowances as per the Government approved rates.

3.8 BOARD EVALUATION

Corporate governance best practices require that the Board conduct self-evaluation of its performance on an annual basis. Further, Mwongozo, the Code of Governance State Corporations, requires that Board carry out annual performance evaluation and file a report thereof with the parent Ministry and the State Corporations Advisory Committee (SCAC). The Kenya Institute of Supplies Management (KISM) Board self-evaluation for the year 2021/2022 was undertaken by SCAC. The evaluation was conducted as a self/peer review with each Board Member completing a form for the Board, the Chairperson, CEO and Corporation Secretary. The results were analysed to obtain a mean score on each rated item and thereafter the results transcribed and presented herein as follows: -

	Name	Position	Raw Score	Score 2021-22
1	John Karani	Chairperson	4.0875	81.7500
2	Diana Mwacharo	Member	3.9313	78.6250
3	Grace Catherine Njeri Murichu	Member	3.8438	76.8750
4	Henock Kirungu	Member	4.2438	84.8750
5	Jeremiah Kiiro Nthusi	Member	4.3188	86.3750
6	Moses Allan Omondi	Member	4.2750	85.5000
7	Nimo Abdullahi Hussein	Member	4.3375	86.7500



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	Name	Position	Raw Score	Score 2021-22
8	Dr. Vincensia Anyango Apopa	Member	3.8875	77.7500
9	Martin Gachukia	CEO	2.4619	49.2381
10	Serah Esendi Okumu	CS	4.3333	86.6667
CORPORATE BOARD PERFORMANCE			3.7480	74.9600

8. MANAGEMENT DISCUSSION AND ANALYSIS

Registration Of Members

KISM was instrumental in positioning procurement the procurement law of 2015, and periodically writes to organisation to advise in reporting relationships and structure for procurement organization. This ongoing profiling of procurement supports growth in Membership. The full Member category grew from 5,628 to 6,080 members.

Licensing Of Practitioners

Licensing promotes recognition of authority of procurement professionals in organizations. It elevates the procurement role and contributes to regulation of procurement practice. The number of licensed practitioners has grown from 1,721 to 1,945 between 2020 and 2021.

Opportunities For Licensed Firms And Individuals

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

Advocacy For Professionals

The Institute ran a public campaign in 2021 to educate the public on the role that procurement officers play in public procurement. At least two articles were published in the local dailies and one call for compliance ran requesting corporations to supply the Institute staff manning procurement. The campaign involved lobbying government to appreciate that procurement professionals are not the source of corruption in public sector procurement, and that there is a need focus attention on the wider supply chain order to root out corruption.

CPD Workshops

Currently KISM mounts between twenty and twenty-three workshops annually. However, due to the COVID-19 pandemic, the Institute cancelled all its trainings pending the outcome of the situation.



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SECTION A: THE ENTITY FINANCIAL AND OPERATIONAL PERFORMANCE

KPI'S	2022	2021	EXPLANATION
GOK Grants	55.98M	48.83M	Grant received in 2022 included development of 250Millions and 44.48millions towards recurrent grant. The recurrent grant grew by 9.8% due to increased funding from the National Treasury in the FY 2020/2021 and 2021/2022 and capitalisation of of PFMR grant in acquisition of computers.
Membership Income	45.9M	36.5M	There was a slight increase of 26% in membership income due to effects of COVID-19.
Workshop Income	176.5M	144.2M	There was an increase of 23% due to relaxation of most of the covid 19 containment measures, especially the restriction on gatherings, as more physical events were held in 2022.
Rental Income	16.3M	7.1M	There was increased uptake and onboarding of new tenants in the building.
Council Expenses	20.5M	29.2M	There was decrease of 30% due the use of virtual meetings by the council.
Employment costs	42.0M	39.7M	The increase of 5% was occasioned by the settlement of former CEO terminal dues and the recruitment of additional staff to the institute.
Surplus/Deficit	39M	(17.3M)	The increase of over 314% of the surplus in 2022 was contributed by the increased uptake of the workshops and other revenue generating activities.
Trade Payables	333.9M	422.6M	There was a decrease of 26% in trade payables due to settlement of bills relating to the final accounts with respect to KISM towers.
Non-Current Assets	1.268M	1.290M	The decrease is occasioned by the wear tear and depreciation of the building, that earlier was not subject of depreciation due to its completion stage.
Trade Receivables	122.2M	93.3M	The increased receivables was largely contributed by the overconcentration of the workshop programs with large attendance within the last quarter of the FY 2022. However, measures have been put in place to enhance collections of the due amounts.
Cash and Bank Balances	69.0M	89.3M	The liquidity levels as at the end of the financial year was occasioned by the settlement and retirement of some of the mature payables from the construction of KISM Headquarters.



9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

The Institute continues to maintain its focus on sustainability and as one of the key actors in public finance management reforms, continues to contribute to government policy direction on matters procurement. The growth is credited to its focus on financial probity and support from its key markets.

ii) Environmental performance

The adoption of paperless office communication, member onboarding through the self-service portal that allows them to access soft copy invoices, communication, receipts and statements. Generation of quick response codes blasted to delegates; reuse of delegates identification tags holders in the subsequent training. Adoption of vendors who subscribed to environmental sustainability. Hotels are required as part of the requirements during sourcing to supply products in both biodegradable and reusable bottles.

iii) Employee welfare

In addition to qualifications and experience the Institute subjects all candidates to gender, ethnic background and disability checks during hiring with a summary of staff composition prepared monthly. The Institute has a policy on reward, recognition and sanction which is used in performance management. Performance appraisals are carried out annually with a midterm review to establish any shortcomings and recommend interventions. The appraisal interventions include capacity building, coaching, counselling and mentorship. The institute has Occupational Safety and Health policy which implements the OSH Act 2007 fully.

iv) Marketplace practices

a) Responsible Competition Practice

The Institute ensures that there is healthy competition among the supply chain Practitioners through the standards. It has Policy on bribery and Corruption Prevention, which has been used to develop Procedure and identify possible risks then established a reporting mechanism. The institute during the period under review entered into strategic partnerships aligned to strategic goals and aspirations: A number of visits courtesy calls to consumers of the services were carried



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out. Some of the courtesy calls done during the period include visits to county governor of Makueni, Uasin Gishu, Mandera, Kitui,- Kwale and Baringo Counties. Corporate visits carried out during the period to enhance customer relationships and as a feedback loop infuse lessons and comments to the programs. Some of the corporate visits carried out include: Visits to Kengen, KEMSA, KPLC, KNH, KPA, TUM, KEMFRI, GDC.

b) Responsible Supply Chain and Supplier Relations

The institute has implemented various government requirements by implementing 30% Access to Government Procurement Opportunities, Promotional of local content, Implementation of the institute sustainability strategies and Framework contracts. The institute has continuously honoured its obligations to their suppliers.

c) Responsible Marketing and Advertising

The institute has continuously practised ethical marketing in all platforms. Information goes through an editor before going out to the market. The institute has a Public Relations officer who does all communication on behalf of the institute.

d) Product Stewardship

The institute's customers are mainly institutions and Supply Chain Practitioners whose rights and interests are protected through the SPMA and citizen service charter.

v) Corporate Social Responsibility / Community Engagement

Mentorship Programs

The mentorship program was established as an intervention to create a pool of young, knowledgeable professionals with requisite skills to enter the market place. This would be useful in bridging the existing academic-practical skill gap. The program is designed to address the challenge of learning institutions churning out students with academic qualifications, but lacked the practical skills to perform supply chain functions. To this end, the Mentorship program was initiated to enable students, through mentorship, transition with ease from college to the workplace. The policy –KISM Mentorship, Coaching and Internship Program (KMCIP) was developed by the Membership and Advocacy Committee, and launched during the KISM Spurs SCM Excellence Awards 2020 Gala Dinner. The pilot program is in its initial stage.



Annual Report and Financial Statements For the Year ended 31st December, 2022

CSR Activities and Community/public engagement

KISM has prepared various policies and laws that have included public participation. The Supplies Practitioners Management Act 2007 was reviewed with the aim of having it comply with the 2010 constitution. Views were collected from Kenya Law Reform Commission, National Treasury, Kenya Law Reform, and the KISM members. The document has been subjected to public participation and feedback submitted to the National Treasury for inclusion. The Council Election regulations have also been reviewed and views incorporated. Other documents that have undergone public engagement are organization policies including; Continuous Professional Development (CPD) Accreditation, Registration, KISM Mentorship Coaching and Internship Program (KMCIP), and KISM Spurs SCM Excellence Awards.



Annual Report and Financial Statements For the Year ended 31st December, 2022

10. REPORT OF THE COUNCIL

The Directors submit their report together with the audited financial statements for the year ended December 31st, 2022, which show the state of the Kenya Institute of Supplies Management's affairs.

i) Principal activities

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

ii) Results

The results of the Kenya Institute of Supplies Management for the year ended December 31st 2022, are set out on page following

iii) Directors

The members of the Council who served during the year are shown on page 8. During the year 2022 all the Council members assumed office following the election held on 10th January 2020.

iv) Surplus remission

Kenya Institute of Supplies Management is a semi-autonomous government agency, whose core activity is to regulate procurement and supply chain practitioners. To augment its management the Institute conducts continuous professional development programs together with membership subscriptions. At the infancy stage, the Institute approached the National Treasury for seed capital to develop its critical mass for self-sustenance. The support was granted and expected in the foreseeable future.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Kenya Institute of Supplies Management in accordance with 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, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Council

.....
Name
Corporate Secretary/Secretary to the
Council



Annual Report and Financial Statements For the Year ended 31st December, 2022

11. STATEMENT OF COUNCIL RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Supplies Practitioners Management Act 2007 No. 17 Part V Section 28 (2) require the Directors to prepare financial statements in respect of Kenya Institute of Supplies Management, which give a true and fair view of the state of affairs of the Kenya Institute of Supplies Management at the end of the financial year/period and the operating results of the Kenya Institute of Supplies Management for that year/period. The Directors are also required to ensure that the Kenya Institute of Supplies Management keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kenya Institute of Supplies Management. The Directors are also responsible for safeguarding the assets of the Kenya Institute of Supplies Management.

The Directors are responsible for the preparation and presentation of the Kenya Institute of Supplies Management's financial statements, which give a true and fair view of the state of affairs of the Kenya Institute of Supplies Management for and as at the end of the financial year (period) ended on June 30, 2022. 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 Kenya Institute of Supplies Management;
- (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 Kenya Institute of Supplies Management;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Kenya Institute of Supplies Management's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Supplies Practitioners Management Act 2007 No. 17 Part V Section 28 (2). The Directors are of the opinion that the Kenya Institute of Supplies Management's financial statements give a true and fair view of the state of Kenya Institute of Supplies Management's transactions during the financial year ended 31st December, 2021, and of the Kenya Institute of Supplies Management's financial position as at that date.



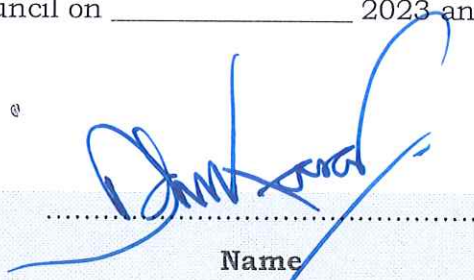
Annual Report and Financial Statements For the Year ended 31st December, 2022

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

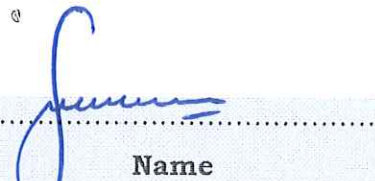
Nothing has come to the attention of the Directors to indicate that the Kenya Institute of Supplies Management will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Kenya Institute of Supplies Management's financial statements were approved by the Council on _____ 2023 and signed on its behalf by:


.....
Name

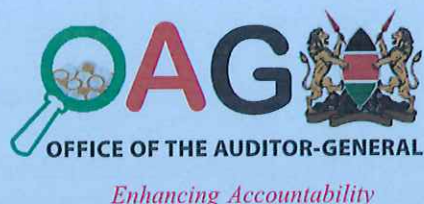
Chairperson of the Council


.....
Name

Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF SUPPLIES MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Institute of Supplies Management set out on pages 37 to 79, which comprise of the statement of financial

position as at 31 December, 2022 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Institute of Supplies Management as at 31 December, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Supplies Practitioners Management Act, 2007 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions of Kshs.122,502,616 which as disclosed in Note 17 to the financial statements, includes trade receivables of Kshs.121,758,575. However, receivables includes debtors with credit balances of Kshs.51,417,568 which were offset against the debit balances. This is contrary to paragraph 48 of the International Public Sector Accounting Standards (IPSAS) 1 which prohibits offsetting of assets and liabilities.

In the circumstances, accuracy of receivables from exchange transactions balance of Kshs.122,502,616 could not be confirmed.

2. Material Uncertainty on Going Concern and Sustainability of Services

The statement of financial position reflects current assets and current liabilities of Kshs.196,420,112 and Kshs.333,333,622 respectively, resulting to a negative working capital of Kshs.136,913,510. The Institute is therefore insolvent and may not be able to meet its financial obligations as they fall due. However, the financial statements have been prepared on assumption that the Institute will continue receiving financial support from the Government, creditors and bankers.

Further, although Management requested The National Treasury to settle the pending bills of Kshs.288,431,392.60 used for the construction of Kenya Institute of Supplies Management (KISM) Towers, no response has been received to this effect.

In addition, the insolvent state of the Institute and its inability to sustain services has not been disclosed in the financial statements.

In the circumstances, the existence of material uncertainty casts doubts on the Institute's ability to sustain its services and meeting its financial obligations as and when they fall due.

The audit was conducted in accordance with the International Standards for 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 qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual receipt of Kshs.296,930,475 and Kshs.266,628,228 respectively resulting to budget under performance of Kshs.30,302,247 or 10%. Similarly, the Institute spent a total of Kshs.227,545,424 compared to the approved budget of Kshs.292,460,369 resulting to under absorption of Kshs.64,914,945 or 22% of the budget. The under-performance of receipts and under-absorption of expenditure affected planned activities and impacted negatively on service delivery.

Further, the institute budget reflects a budget surplus of Kshs.4,470,106 contrary to Section 33(c) of Public Finance Management (National Government) Regulations, 2015 for that requires entities to prepare balanced budgets.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Budget Ceiling on Council Expenses

The statement of financial performance reflects Council expenses of Kshs.20,494,263 which is approximately nine percent (9%) of the total expenditure of Kshs.227,545,424. This is contrary to Circular No. OP/CAB.9/1A of 11 March, 2020 which requires Management to cap Board expenses for the year at Kshs.30 million or 5% of the operations and maintenance budget whichever is less and any exceeding budgets shall require approval of the Cabinet Secretary for The National Treasury. Management in their response have attributed the excess expenditure to unplanned activities of the Institute which were essential to drive business initiatives.

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

2. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.333,333,622. The payables include balances of Kshs.279,669,796, Kshs.2,406,916, Kshs.803,374 and Kshs.43,417,457 in respect of trade payables, withheld taxes, other payables and VAT payables respectively as indicated in Note 23 to the financial statements. Ageing analysis provided for audit revealed creditors with balances totalling Kshs.279,931,040 that had been outstanding for over 90 days. However, Management did not budget for payment of the payables in the current year. Further, no explanation was provided for engaging in a procurement activity without budgetary allocation. This was contrary to Section 53 (8) of the Public Procurement and Assets Disposal Act, 2015 which provides that Accounting officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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

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 the 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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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

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

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

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

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

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

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

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

I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 April, 2024

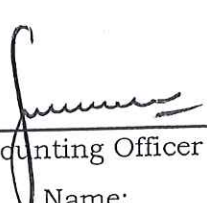

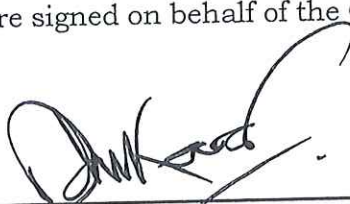


**Annual Report and Financial Statements
For the Year ended 31st December, 2022**

**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST
DECEMBER 2022**

	Notes	2022 Kshs	2021 Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	-	-
Grants from Partners	7	-	-
Revenue from exchange transactions			
Membership Subscriptions	8	46,756,428	36,514,500
Workshop receipts	9	179,463,515	144,189,653
Other Income	10	40,408,285	28,170,900
Total revenue		266,628,228	208,875,053
Expenses			
Employee costs	11	55,388,474	49,578,460
Council Expenses	12	20,494,263	29,281,629
Administrative Expenses	13	47,959,548	40,252,822
Operating Expenses	14	74,843,814	79,407,230
Depreciation and amortization expense	15	28,859,325	28,151,958
Finance costs			
Total expenses		227,545,424	226,672,099
Surplus before tax		39,082,804	(17,797,046)
Taxation			
Surplus/(deficit) for the period/year		39,082,804	(17,797,046)
Remission to National Treasury			
Net Surplus for the year		39,082,804	(17,797,046)

The notes set out on pages 49 to 87 form an integral part of these Financial Statements. The Financial Statements set out on pages 38 to 48 were signed on behalf of the Council of Directors by:

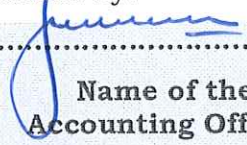
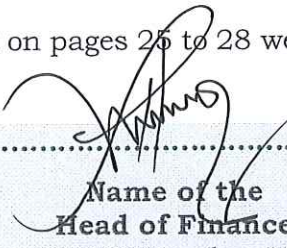
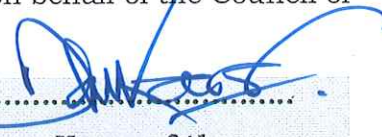
		
Accounting Officer	Head of Finance	Chairman of the Council
Name:	ICPAK Member Number: 10128	Name
SERAH ESENGI	Nicholas Wafula	John Karani
Date	Date	Date
16/04/2024	16/04/2024	16/04/2024



14. STATEMENTS OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

	Notes	2022	2021
Assets			
Current Assets			
Cash and Cash equivalents	16	69,592,032	89,225,503
Receivables from Exch. Transactions	17	122,502,616	93,262,802
Funds due from KISEB	19	4,325,464	4,325,464
Total Current Assets		196,420,112	186,813,769
Non-Current Assets			
Property, Plant and Equipment	21	1,266,484,751	1,288,102,413
Intangible Assets	23	1,662,055	2,216,073
Total Non- Current Assets		1,268,146,806	1,290,318,486
Total Assets		1,464,566,918	1,477,132,255
Liabilities			
Current Liabilities			
Trade and Other Payables	24	333,333,622	422,626,873
Total Current Liabilities		333,333,622	422,626,873
Total Non- Current Liabilities			
Total Liabilities		333,333,622	422,626,873
Net Assets			
Accumulated Surplus		350,704,171	311,621,367
Asset Grant	25	780,529,125	742,884,015
Total Net Assets		1,131,233,296	1,054,505,382
Total Net Assets and Liabilities		1,464,566,918	1,477,132,255

The financial statements set out on pages 26 to 28 were signed on behalf of the Council of Directors by:

		
Name of the Accounting Officer	Name of the Head of Finance ICPAK Member No. 10128	Name of the Chairman of the Council
Date 16/04/2024	Date 16/04/2024	Date 16/04/2024



Kenya Institute of Supplies Management
Annual Report and Financial Statements
For the Period ended 31st December, 2022

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2022

	<i>KISM General Fund</i>	<i>Professional Development Fund</i>	<i>Asset Grant</i>	<i>Total</i>
<i>As at 1st January 2021</i>	301,048,822	28,383,091	729,275,727	1,058,694,140
<i>Surplus/Deficit for the year</i>	-17,797,046			-17,797,046
<i>Net increase in asset grant</i>			13,608,288	13,608,288
<i>As at 31st December 2021</i>	283,238,276	28,383,091	742,884,015	1,054,505,382
<i>As at 1st January 2022</i>	283,238,276	28,383,091.00	742,884,015	1,054,505,382
<i>Surplus for the year</i>	39,082,804			39,082,804
<i>Net increase in asset grant</i>			37,645,110	37,645,110
<i>As at 31st December 2022</i>	322,321,080	28,383,091	780,529,125	1,131,233,296

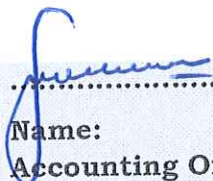



**Kenya Institute of Supplies Management
Annual Report and Financial Statements
For the Year ended 31st December, 2022**


16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
Cash Generated from Operations		
Reconciliation of Surplus(deficit) before tax to cash generated from operations;		
Surplus(deficit) before tax	39,082,804	(17,797,046)
Add Non-Cash Adjustments		
Deferred Income	(18,335,591)	(16,688,012)
Professional development fund	0	-
Depreciation	28,305,307	27,412,468
Loss on disposal	0	0
Amortisation	554,018	738,691
Cashflow before Changes in Working capital	49,606,538	(6,333,099)
Changes in Working Capital		
(Increase)/ Decrease in Receivables	(29,753,632)	(57,908,128)
Increase/(Decrease) in Creditors	(89,293,251)	350,577,821
Withholding Tax		-
Net Cash from/(used in) Operating Activities	(69,440,345)	286,335,794
Investing Activities		
Purchase of Property, Plant and Equipment	(6,686,846)	(340,281,337)
Net Cash from/(used in) Investing Activities	(6,686,846)	(340,281,337)
Financing Activities		
Increase/(Decrease) in Grants	55,980,701	30,296,300
Net Cash from/(used in) in Financing Activities	55,980,701	30,296,300
As at 1st January	89,225,503	112,874,746
Increase/(Decrease) in cash and Cash Equivalents	(20,146,490)	(23,649,243)
As at 31st December	69,079,013	89,225,503

The financial statements set out on pages 25 to 28 were signed on behalf of the Council by:


Name:
Accounting Officer


Name:
Head of Finance
ICPAK M/No: 10128
Date 16/04/2024


Name:
Chairman of the Council
Date 16/04/2024



**Kenya Institute of Supplies Management
Annual Report and Financial Statements
For the Year ended 31st December, 2022**

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities	0		0	0	0	0%
Rendering of services	56,343,775		56,343,775	46,756,428	9,587,347	83%
Sale of goods	200,856,000		200,856,000	179,463,515	21,392,485	89%
Other income	39,730,700		39,730,700	40,408,285	-677,585	102%
Total income	296,930,475		296,930,475	266,628,228	30,302,247	90%
Expenses						
Administrative expenses	65,604,304		65,604,304	47,959,548	11,516,289	73%
Operating Expenses	103,388,982		103,388,982	74,843,814	17,965,481	72%
Employee costs	64,964,996		64,964,996	55,388,474	9,576,522	85%
Remuneration of directors	29,612,380		29,612,380	20,494,263	9,118,117	69%
Depreciation and amortization expense	28,889,707		28,889,707	28,859,325	30,382	100%
Total expenditure	292,460,369		292,460,369	227,545,424	64,914,945	78%
Surplus for the period	4,470,106		4,470,106	39,082,804	34,203,637	874%

The following are the explanations for the variances:

The variance under income was due to the budget cuts implemented by the government on staff training and also the unoperationalisation of the KISM school.

The variance on the expenses was due unoperationalisation of the KISM school, non recruitment of additional staff during the year and the use of other affordable means of transport that is use of SGR .



18. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Kenya Institute of Supplies Management*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Supplies Practitioners Management Act (SPMA 2007), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p><i>Kenya Institute is for the first time adopting accrual based IPSAS and thus restated its standards to comply with the requirements.</i></p>

iii. Early adoption of standards

The Kenya Institute of Supplies Management did not early – adopt any new or amended standards in the year 2021/2022.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

Rendering of services

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 it is probable that the economic benefits or service potential associated with the transaction will flow to the Kenya Institute of Supplies Management.

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2021 was approved by the National Assembly in June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Kenya Institute of Supplies Management upon receiving the respective approvals in order to conclude the final budget. The Kenya Institute of Supplies Management's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

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.

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.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

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

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

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

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

d) Investment property

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. 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.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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. ⁹

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 Kenya Institute of Supplies Management also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. 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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Kenya Institute of Supplies Management determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity.

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

Impairment of financial assets

The Kenya Institute of Supplies Management assesses at each reporting date whether there is objective evidence that a financial asset or an Kenya Institute of Supplies Management of financial assets is impaired. A financial asset or an Kenya Institute of Supplies Management of financial assets is deemed to be



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Kenya Institute of Supplies Management of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

b) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Kenya Institute of Supplies Management*.

k) Provisions

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

l) Contingent liabilities

The Kenya Institute of Supplies Management does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the



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possibility of an outflow of resources embodying economic benefits or service potential is remote.

m) Contingent assets

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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



Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 *Kenya Institute of Supplies Management* 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 *Kenya Institute of Supplies Management*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

t) Service concession arrangements

The *Kenya Institute of Supplies Management* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Kenya Institute of Supplies Management* recognizes that asset when, and only when, it controls or regulates



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the services the operator must provide together with the asset, to whom it must provide them, and at what price.

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

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Kenya Institute of Supplies Management'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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made: c



Estimates and assumptions

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

IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Kenya Institute of Supplies Management.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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



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Notes to the Financial Statements (Continued)

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

Name of the Institution sending the grant	Amount recognized in the Statement of Financial Performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the period KShs	Comparative Period KShs
The National Treasury			55,980,700	55,980,700	48,837,101
Total			55,980,700	55,980,700	48,837,101

NB:

The grants received during the years were capitalised and absorbed to the capital grants, refer to note 25



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Notes to the Financial Statements (Continued)

Revenue

	2022	2021
	Total	Total
7. Grants from Partners		
<i>Grant from GoK</i>	0	0
Grant Income for the Year	0	0
8. Subscriptions		
<i>Individual Membership</i>	27,727,000	23,667,500
<i>Corporate Membership</i>	500,000	75,000
<i>Membership Dinner Income</i>	1,431,428	130,000
<i>Licence Fees</i>	17,098,000	12,642,000
Total Subscriptions	46,756,428	36,514,500
9. Workshop Receipts		
<i>Total Workshop Receipts</i>	153,059,377	113,257,843
<i>Inhouse training fees</i>	26,404,138	30,931,810
Net Workshop Receipts	179,463,515	144,189,653
Total Income		0
10. Other Incomes		
<i>Procurement Consultancy</i>	3,311,000	1,984,914
<i>Interest Income</i>	329,138	2,340,456
<i>Deferred Income – Note 23</i>	18,335,591	16,688,012
<i>Foreign Exchange Gain</i>	2,152,024	0
<i>Rental Income</i>	16,280,532	7,157,518
Total Other Income	40,408,285	28,170,900

11. Employee Costs

	Kshs	Kshs
	2022	2021
Salaries and wages	41,078,896	36,301,134
Employer contribution to health insurance schemes	3,684,130	3,320,090
Domestic Travel and Subsistence Allowances	10,502,748	9,231,400
Employer contribution to pension schemes	0	0
Staff Membership Subscription	105,800	47,400
Staff Team Building		161,552
Staff Training		516,034
Training levies	16,900	850
Employee costs	55,388,474	49,578,460



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Notes to the Financial Statements (Continued)

12. Council Expenses

Description	2022	2021
		Kshs
Council Sitting Allowances	7,882,872	4,320,000
Travel and Accommodation	545,505	695,755
Other Council Expenses	12,065,886	24,265,874
Total	20,494,263	29,281,629

13. Administrative Expenses

	2022	2021
Subscriptions	612,137	923,699
Donations		60,000
Staff Team Building	930,697	0
Staff Training	1,096,310	0
Photocopy and Stationery	6,625,669	500,173
Printing Expenses	3,190,708	3,916,745
Telephone and Postage	948,974	718,203
Rent & Rates	4,593,891	7,070,513
Consultancy	7,940,000	4,588,296
Decoration Expenses	1,595,000	1,948,862
Legal Fees	2,702,269	1,595,000
Audit Fees	613,793	413,793
Security Services	1,599,000	3,247,311
Licences	5,000	363,096
Office Expenses	1,759,438	2,433,670
Facility Management costs	1,662,030	1,397,400
Disciplinary Expenses		625,655
AGM Costs	684,812	0
Cleaning Services	1,875,778	2,668,358
Travelling Expenses	9,197,842	7,528,657
Motor Vehicle Fuel	326,200	253,390
Total Administrative Expenses	47,959,548	40,252,822



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Notes to the Financial Statements (Continued)

14. Operating Expenses

	2022	2021
Bank Charges	1,300,430	1,108,277
Promotion & Advertisements	2,877,251	2,904,611
Promotional Materials	874,009	3,040,569
Insurance	1,517,710	1,740,473
Repairs & Maintenance	0	735,727
Car Hire	997,847	141,193
Utilities	1,419,981	1,211,975
Software Costs	718,621	0
Workshop Expenses	1,105,745	1,348,035
ERP Support Expenses	669,600	940,200
Workshop Facilitation Expenses	15,830,685	17,444,539
Website Expenses & Internet expenses	608,231	904,956
School Expenses	83,520	209,190
Workshop & Membership Venue Expenses	46,840,184	47,677,486
Total Operating Expenses	74,843,814	79,407,231

15. Depreciation and Amortization Expense

Description	2022	2021
	Kshs	Kshs
Property, plant and equipment	28,305,307	27,412,468
Intangible assets	554,018	738,691
Investment property carried at cost		
Total depreciation and amortization	28,859,325	28,151,159

16. Cash and Cash Equivalents

Description	2022	2021
	Kshs	Kshs
Current Account	65,297,290	26,584,237
Safaricom Paybill	4,249,657	9,292,655
On - Call Deposits	44,032	53,349,315
Petty Cash	1,053	(705)
Total Cash and Cash Equivalents	69,592,032	89,255,503



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Notes to the Financial Statements (Continued)

Detailed Analysis of the Cash and Cash Equivalents

		2022	2021
	Account Number	Kshs	Kshs
National Bank 001	1071220247001	12,353,443	1,459,191
National Bank 000	1071220247000	3,277,104	1,574,174
Safaricom MPESA Paybill 552500	552500	4,249,657	9,292,655
Standard Chartered Bank Ac 00	0102096929100	33,542,000	10,525,299
Standard Chartered Bank Ac 01	0102096929101	1,930,478	1,263,938
Standard Chartered Bank Ac USD	8702096929100	14,194,264	11,717,973
Standard Chartered Bank Call Account		44,032	43,662
National Bank Call Account	01400220247000	0	53,349,315
KISM Petty cash		1,053	-705
		69,592,032	89,225,503

17. Receivables from Exchange Transactions

	2022	2021
	Kshs	Kshs
Trade receivables	121,758,575	82,191,902
Deposits and prepayments	267,022	3,427,058
Staff receivables	477,019	1,210,250
Other receivables	0.00	1,296,247
Gross Trade and Other Receivables	122,502,616	88,125,457
Other Holding Balances	0.00	5,137,345
Gross trade and other receivables	122,502,616	93,262,802
Net trade and other receivables	122,502,616	93,262,802



Notes to the Financial Statements (Continued)

18. Trade Receivables

	2022	2021
	Kshs	Kshs
Gross trade receivables	121,758,575	87,329,247
Provision for Doubtful Debts	0	0
Deposits and Prepayments	267,022	3,427,058
Staff receivables	477,019	1,210,250
Other receivables	0	1,296,247
Net trade receivables	122,502,616	93,262,802
At December 31st, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	15,186,768	32,172,404
Between 30 and 60 days	26,546,184	15,988,997
Between 61 and 90 days	9,435,334	13,704,854
Between 91 and 120 days	5,430,310	11,420,712
Over 120 days	96,277,556	19,975,835
Total	122,502,616	93,262,802

19. Funds due from KISEB

Description	2022	2021
Total Income collected/grant		18,540,801
Less Balance b/d	4,325,464	4,325,464
Total Available Collections		14,215,337
Less: Total Current Expenses		18,540,801
Non Current Assets		
Less Share of Income		
Balance as at 31st Dec	-4,325,463	-4,325,463
Debt due from KISEB	4,325,463	4,325,463



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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Asset	Land	Building	Motor Vehicle	Computers & other Electronics	Other Office Equipments	Furnitures	Total
Rate	2%	25%	30%	12.50%	12.50%		
As at 1st Jan 2021	104,000,040	864,036,495	2,544,000	10,999,328	3,071,373	13,226,433	997,877,669
Additions		322,919,802		1,293,103	1,439	15,816,435	340,030,779
Disposals							
As at 31st Dec 2021	104,000,040	1,186,956,297	2,544,000	12,292,431	3,072,812	29,042,868	1,337,908,448
As at 1st Jan 2022	104,000,040	1,186,956,297	2,544,000	12,292,431	3,072,812	29,042,868	1,337,908,448
Additions		0		6,686,846	0	0.00	6,686,846
Disposals							
As at 31st Dec 2022	104,000,040	1,186,956,297	2,544,000	18,979,277	3,072,812	29,042,868	1,344,595,294
As at 1st Jan 2021	-		2,463,415	8,897,288	2,271,489	8,760,577	22,392,769
Charge for the Year		23,739,126	20,146	1,018,543	100,166	2,535,286	27,413,267
Disposal							
As at 31st Dec 2021	-	23,739,126	2,483,561	9,915,831	2,371,655	11,295,863	49,806,036
As at 1st Jan 2022	-	23,739,126	2,483,561	9,915,831	2,371,655	11,295,863	49,806,036
Charge for the Year		23,264,343.42	15,109.75	2,719,033.82	87,644.63	2,218,375.64	28,304,507
Disposal							
As at 31st Dec 2022	-	47,003,469	2,498,671	12,634,865	2,459,300	13,514,239	78,110,543
Net Book Value							
As at 31st Dec 2022	104,000,040	1,139,952,828	45,329	6,344,412	613,512	15,528,629	1,266,484,751
As at 31st Dec 2021	104,000,040	1,163,217,171	60,439	2,376,600	701,158	17,747,005	1,288,102,413

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.



Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	104,000,040	0	104,000,040
Buildings	1,186,956,297	47,003,469	1,139,952,828
Motor vehicles	2,544,000	2,498,672	45,328
Computers and related equipment	18,979,277	12,634,865	6,344,412
Office equipment, furniture, and fittings	32,115,680	15,973,539	16,142,141
^a	1,344,595,294	78,110,545	1,266,484,749

22. Intangible Assets

	25%	
At cost		
As at 1st Jan 2021	3,900,000	3,900,000
Additions	250,557	250,557
Disposals		
Loss on Disposal		
Total Cost	4,150,557	4,150,557
As at 1st Jan 2022	4,150,557	4,150,557
Additions		
Disposals		
Total Cost	4,150,557	4,150,557
Amortisation		
As at 1st Jan 2021	1,195,793	1,195,793
Charge for the Year	738,691	738,691
Disposal	-	-
As at 31st Dec 2022	1,934,484	1,934,484
As at 1st Jan 2022	1,934,484	1,934,484
Charge for the Year	554,018	554,018
Disposal	-	-
As at 31st Dec 2022	2,488,502	2,488,502
Net Book Value		
As at 31st Dec 2022	1,662,055	1,662,055
As at 31st Dec 2021	2,216,073	2,216,073



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Notes to the Financial Statements (Continued)

23. Trade Payables

	2022	2021
	Kshs	Kshs
Trade payables	279,669,796	386,998,154
Workshop Refunds	682,581	682,581
Deposits	3,388,095	5,237,813
Prepayments	2,965,403	
Withheld taxes	2,406,916	1,815,266
Other payables	803,374	928,234
VAT Payable	43,417,457	26,964,825
Total	333,333,622	422,626,873

The institute contributes to the National Security Fund (NSSF). This is a defined contribution scheme registered under NSSF Act. The institute obligations under the scheme is limited to specific contributions legislated from time to time and is currently at KSH 200 per employee per month. Other than NSSF, the institute has defined contribution scheme operated by Coop Trust Service Investment Limited. Employees and KISM contributes 7.5% of basic salary. KISM contribution is expensed in the statement of Financial performance within the period .

At December 31st, the ageing analysis of the gross trade Payables was as follows:		
Less than 30 days	8,480,487	11,735,028
Between 30 and 60 days	15,785,845	21,843,949
Between 61 and 90 days	3,266,853	4,520,567
Over 120 days	252,136,611	348,898,610
Total	279,669,796	386,998,154



Notes to the Financial Statements (Continued)

24. Asset Grant

Asset Grant	Gross Closing- 2022	Deferred Income Amortized 2022	Net 2022
Land and Building W.D.V	787,588,613	15,751,772	771,836,841
Motor Vehicle W.D.V	60,437	15,109	45,328
Computers & Other Electronics W.D.V	6,667,149	2,000,145	4,667,004
Furniture and Fixtures W.D.V	2,583,001	322,875	2,260,126
Software and Intangible W.D.V	1,965,516	245,690	1,719,826
Total Asset Grant	798,864,716	18,335,591	780,529,125
Additional Grant			
Net Asset Grant bal b/f			742,884,015
Add additions to asset			55,980,701
Asset Grant c/d			798,864,716
Less Depreciation - deferred income			18,335,591
Net Asset Grant bal c/d			780,529,125

The asset grant was derived from the written down values of the asset's carrying amounts acquired through the help of donors. During the year under review, the Institute opened with W.D.V of Ksh. 742,884,015. However, during the year the Institute received additional grant of Ksh 55,980,701. This was absorbed in settling part of the contractors pending dues after amortizing income of 18,335,591 , thus closing with the book balance of Ksh 780,529,125.



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Notes to the Financial Statements (Continued)

25. Cash Generated from Operations

	2022	2021
Cash Generated from Operations		
Reconciliation of Surplus(deficit) before tax to cash generated from operations;		
Surplus(deficit) before tax	39,082,804	(17,797,046)
Add Non-Cash Adjustments		
Deferred Income	(18,335,591)	(16,688,012)
Professional development fund	0	-
Depreciation	28,305,307	27,412,468
Loss on disposal	0	0
Amortisation	554,018	738,691
Cashflow before Changes in Working capital	49,606,538	(6,333,099)
Changes in Working Capital		
(Increase)/ Decrease in Receivables	(29,239,814)	(57,908,128)
Increase/ (Decrease) in Creditors	(89,293,251)	350,577,821
Withholding Tax		-
Net Cash from/(used in) Operating Activities	(69,440,345)	286,335,794

26. Financial Risk Management

The Kenya Institute of Supplies Management'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 minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Kenya Institute of Supplies Management 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 Kenya Institute of Supplies Management's financial risk management objectives and policies are detailed below:



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Notes to the Financial Statements (Continued)

i) Credit risk

The Kenya Institute of Supplies Management has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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 Kenya Institute of Supplies Management's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 31st December 2021				
Receivables from exchange transactions	69,270,374	34,900,057	34,370,317	-
Bank balances	89,225,503	89,225,503		
Total	158,495,877	124,125,560	34,370,317	-
As at 31st December 2022				
Receivables from exchange transactions	122,502,616	26,225,060	96,277,556	-
Bank balances	69,592,032	69,592,032	0.00	
Total	192,094,648	95,817,092	96,277,556	-

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 Kenya Institute of Supplies Management has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Kenya Institute of Supplies Management has significant concentration of credit risk on amounts due from 2021.



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

Financial Risk Management

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 31st December 2021				
Trade payables	323,393,346	38,046,276	19,023,138	380,462,760
Employee benefit obligation	928,234			928,234
Total	324,321,580	38,046,276	19,023,138	381,390,994
As at 31st December 2022				
Trade payables	8,480,487	19,052,698	252,136,611	279,669,796
Employee benefit obligation				
Total	8,480,487	19,052,698	252,136,611	279,669,796

iii) Market risk

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



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Notes to the Financial Statements (Continued)

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Institute's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Kenya Institute of Supplies Management's exposure to market risks or the manner in which it manages and measures 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 recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

The carrying amount of the *Institute's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

FY 2022

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As At 31ST DECEMBER 2022			
Investments			-
Cash	69,592,032		69,590,979
Debtors	122,502,616		122,502,616
Total Financial Assets	192,094,648		192,093,595
Financial Liabilities			-
Trade And Other Payables	279,669,796		279,669,796
Borrowings	-		-
Total Financial Liabilities	279,669,796		279,669,796
Net Foreign Currency Asset/(Liability)	-87,575,148		-87,575,148



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Notes to the Financial Statements (Continued)

27. Related Party Disclosures

Nature of related party relationships

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

28. Going Concern

The Council has made an assessment of the Institute's ability to continue as a going concern and have no reason to believe the institute will not be a going concern for at least the next twelve months from the date of this statement.

29. 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.

30. Surplus Remission

Kenya Institute of Supplies Management is a semi-autonomous government agency established to regulate procurement and supply chain management in Kenya. The Institute is established with sole mandate enshrined in Supplies Practitioners Management Act, with its source of funds from training, membership subscription. During the formative stages, the Institute has partnered with a number of development partners and the government of Kenya in accelerating its uptake and fulfilling its mandate. The support from the GoK is term based whose support is expected to come to an end in the near future. The Institute is a self-sustaining professional body.

31. Events after the Reporting Period

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

32. Ultimate And Holding Entity

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



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33. Currency

The financial statements are presented in Kenya Shillings (Kshs)



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No	Observation	Management Response	Status	Timeframe
1.	The statement of financial position reflects cash and cash equivalents balance of Ksh 112,874,746 as disclosed in Note 17 to the financial statements. The balance includes Ksh. 44,089,694 in respect to three bank accounts whose reconciliations were not provided for audit	The bank reconciliations to all KISM bank accounts are attached thereto. Reconciled and reviewed statements have been done. The reviewed statements are available for review and confirmation.	Solved	
2.	The statement of comparison of budget and actual on comparable basis of 515,204,474 and 406,662,577 respectively, resulting to underfunding of Ksh. 108,541, 897 or 21% of the budget. The underfunding and under expenditure affected service delivery by the Institute.	The Institute had planned that the financial year 2020, would settle all pending bills due to contractors. The allocation from the government was not realized and thus leading to underfunding. Further the Institute is a SAGA that is partly funded from annual grant from the National Treasury that is approximately 30% with the balance funded from own sources, appropriation in aid. It is noteworthy that planning with reference to demand side may be hampered by unforeseen inherent economic cycles and other business-related challenges. In the process of executing the Institute programs, the Institute moderates its expenditure within the revenue levels to minimize the effects of liquidity and financial distress.	Solved	



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No	Observation	Management Response	Status	Timeframe
3.	<p>Non submission of HR instruments as required by SCAC for approval</p> <ul style="list-style-type: none"> ▪ Organizational structure ▪ Staff grading & establishment ▪ Career guidelines ▪ Human resource policy and procedure manual 	<p>The Institute conducted its human resource review, with the recommendations operationalized in January of 2017. Following the recommendations from the human resource consultancy, the Institute wrote to both SCAC and the SRC seeking concurrence on proposed human resource reorganization, structure and establishment. Both offices i.e. KISM and SCAC have initiated processes that will lead to compliance. The human resource establishment and instruments are under review by SCAC that shall eventually be submitted to The National Treasury for concurrence and adoption prior to implementation.</p>	Solved	
4.	<p>The Institute annual report and financial statements were submitted to the office of the Auditor General on 7th May 2021 more than two months after the statutory deadline of 31st March 2021</p>	<p>The late submission was largely occasioned by the system changeover that took longer than anticipated and thus leading to protracted closure of books and clearance in readiness to preparation and submission to the Auditor General within the statutory deadlines.</p> <p>The Institute however, has made strides in ensuring that such delays and any system related challenges do not affect preparation and submission of books within the statutory deadline.</p>	Solved	
5.	<p>The statement of financial position reflects property plant and equipment balance of 975,484, 900 as disclosed in Note 23 to the financial statements. However, the management did not maintain the asset register contrary to</p>	<p>The Institute presents alongside our responses a copy of the fixed asset register the Institute maintains of all the property plant and equipment's the Institute acquires. The fixed asset register is available for review and confirmation.</p>	Not Solved	30/06/2024



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No	Observation	Management Response	Status	Timeframe
	Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015			
6.	By close of the year the Institute had withholding taxes	Over the period ended 31st December 2020, the Institute cash flows were constrained rendering payment of the resultant withholding taxes untenable. However, we have instituted payment for the resultant withholding taxes in the course of the year. By January 2021, all the withholding taxes both on VAT and taxes were remitted to the Kenya Revenue Authority.	Solved	
7.	Procurement carried out without following PPADA	All procurements are conducted upon satisfying the dictates of the procurement procedural requirements. At the beginning of the year, the head of procurement in consultation with the functional heads aligns procurement to the budget. All procurements carried out are as defined in the procurement plan. As provided in PPADA, the Institute requested for a list of registered suppliers from UFPA and consolidated with its list of vendors in KISM's list of registered vendors. However, we note an oversight that both lists were not subjected to required adoption process. To enhance the compliance processes, the Institute has since with	Solved	

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No	Observation	Management Response	Status	Timeframe
8.	As at end of FY 2020 the Institute had related party debts that remained open. Imprest register was not availed	By end of the financial year 2020, we had an outstanding imprest. The matter was canvassed at length with the Council and recommendations made on closure of the matter. The full closure of the report is as presented in the Schedule Ref. 6 The audit findings concluded that the unsundered imprest relates to the period 2018. We however wish to state that the unsundered imprest is for the period January to December 2019 and not from 2018. Efforts have been made on recovery and with effect from September 2021, recovery of the outstanding imprest was initiated. Further the Institute in its draft policies has institutionalized the requirements and tenets provided in PFM Act. No staff is advanced funds prior to settling previous both temporary and standing imprest, with both imprest standing to be recovered within 7 days on return back to work.	Solved	



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No	Observation	Management Response	Status	Timeframe
9.	A review of the internal controls revealed that the Institute did not have in place risk management policy. The Institute by end of the year had not conducted risk assessment to identify potential risk	<p>Though adhoc, periodically the Institute reviews its risk appetite, examining the business results and recommends actions to the identified risks. Despite the fact that the risk management policy being outdated, the Council through the then Finance and Administration Committee would periodically get appraised on the risk management status. Further, the Institute through the Contract Implementation Committee appraises the potential risks whose outcome could hamper the progress of the project.</p> <p>The Institute notes that the interventions have been erratic and notes that the various office span of control has been too wide to ensure proper oversight. The Institute has undertaken interventions and prioritized review of its various governance instruments in readiness implementation before the end of the financial year 2022.</p>	Solved	
10.	During the year under review the Institute operated without approved Human resource policy instruments comprising of organization structure, staff grading and establishment, career guidelines, human resource policy and procedure manual	<p>The Institute undertook its human resource review that led to reviewed Institute human resource organization structure, staff grading and establishment and human resource policy and procedure manual in 2016. The policies were adopted by the Council on 19th December, 2016. The approval and adoption is attached thereto for noting and confirmation.</p> <p>In compliance to the SCAC requirement, the Institute has been in touch with the SCAC, The National Treasury our parent ministry to fasttrack the approval process that unfortunately remains work in progress.</p>	Solved	



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No	Observation	Management Response	Status	Timeframe
		We however are glad to note as at this date of audit, that the latest is that the approvals and categorization is at an advanced stage and may be received in time before the next audit cycle.		

Approved by: **Chief Executive Officer**

Signature: