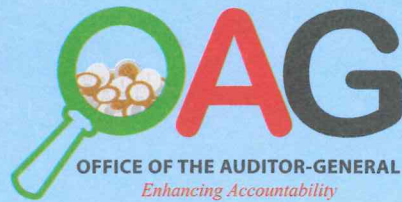


REPUBLIC OF KENYA



REPORT

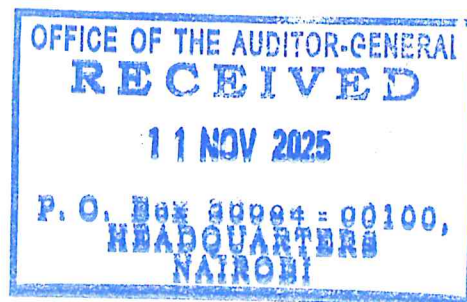
OF

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE OF SUPPLIES
EXAMINATION BOARD**

**FOR THE YEAR ENDED
30 JUNE, 2025**



KENYA INSTITUTE OF SUPPLIES EXAMINATION BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor
KISEB	Kenya Institute of Supplies Examination Board

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key KISEB Information and Management

(a) Background information

Kenya Institute of Supplies Examination Board (KISEB) is a body corporate established by section 12 of the Supplies Practitioners Management (SPM) Act No.17 of 2007 of the laws of Kenya.

(b) Principal Activities

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

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

Our Qualifications

KISEB offers two qualifications, namely;

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

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

Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
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Vision

The authoritative examination and certification body in supply chain management.

Mission

To provide best in class research, certification and career development in supply chain management for sustainable development.

Core Values

Integrity

Credibility

Engaging

Future-oriented

Professionalism

Accountability

Key Management

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

-Board of Directors

-Chief Executive Officer

-Management

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

No.	Designation	Name
1.	Board of Directors	Mr. Amos Ochieng
2.	CEO	Dr. Fred Ongisa
3.	Deputy Director Internal Audit	Ms. Angela Mokua
4.	Senior Examination Administration Officer	Ms. Regina Kariuki
5.	Senior Marketing & CC Officer	Mr. Sebastian Mwalili
6.	Senior RCED Officer	Mr. Cyprian Airo
7.	Senior ICT Officer	Mr. Eston Macharia
8.	RCED Officer	Ms. Grace Mue
9.	Senior Accounts Assistant	Ms. Abigail Chesir
10.	Senior SCM Assistant	Mr. Festus Mutai
11.	Senior Human Resource Assistant	Ms. Lymah Muyembe

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Secretary & Chief Executive Officer	Dr. Fred Ongisa
2.	Deputy Director Internal Audit	Ms. Angela Mokua
3.	Senior Examination Administration Officer	Ms. Regina Kariuki
4.	Senior Marketing & CC Officer	Mr. Sebastian Mwalili
5.	Senior RCED Officer	Mr. Cyprian Airo
6.	Senior ICT Officer	Mr. Eston Macharia
7.	RCED Officer	Ms. Grace Mue
8.	Senior Accounts Assistant	Ms. Abigael Chesir
9.	Senior SCM Assistant	Mr. Festus Mutai
10.	Senior Human Resource Assistant	Ms. Lymah Muyembe

(d) Fiduciary Oversight Arrangements

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

Curriculum Development, Examination and Quality assurance (CDEQA) Committee	• The principal responsibility of the committee is development of syllabuses which comply with global standards • Review and recommend strategies for management of examinations, • Receive and consider examiners' reports and guide the release of results • Advise the board on matters incidental to the management and administration of examinations. • Review and recommend rules and regulations regarding the standard of proficiency to be gained in each examination. • Review and consider applications for exemptions and credit transfers. • Review and approve list of qualifying candidates who have satisfied the examination requirements for award of certificates and other awards.
Corporate Services Committee	• To assist the full board in overseeing formulation, review and implementation of financial policies and procedures.

	• To receive and review budgets from management, and recommend to the full Board for approval. • To review and recommend proposed projects and work plans to the full board for approval. • To review and recommend quarterly and annual financial reports prepared by the management to the full Board for approval • Receive and review capital assets disposal inventory and recommend to the full Board for approval and disposal. • Review, consider and recommend to the Board for approval all the Human Resource policies relating to terms and conditions of service for employees. • Oversee, monitor and evaluate implementation of all the approved human resource policies by the management. • Review and recommend Human Resource Management Committees' reports on discipline, training and any other human resource report for Board's approval. • Receive and review changes proposed by management on the organization structure, performance management system, compensation guidelines and recommend to the Board for approval. • Advise the Board on the criteria for identifying, recruiting and appointment of managerial staff and recommend candidates to the full board for approval • Ensure in consultation with the Board and the CEO that succession plans are in place at all levels and review such plans regularly. • Review recommendations regarding any other issues related to Human Resource Management.
Marketing, Resource Mobilization and Accreditation Committee	• Advising on formulation, implementation and review of communication, marketing, accreditation and resource mobilization policies, strategies and plans. • Advising on development and implementation accreditation programmes and strategies. • Providing guidance on the application of customer-focused marketing strategies that will achieve increased readership levels. • Offering expertise on formulation, strengthening and sustenance of partnerships with stakeholders to enhance service delivery to the public Advising on development and implementation of Corporate Identity Manual to realize consistent reinforcement of KISEB brand

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Audit, Management and Governance Committee	Risk • Assisting the Secretary /Chief Executive Officer in enhancing internal controls in order to improve efficiency, transparency and accountability. • Reviewing audit issues raised by both internal and external auditors. • Enhancing communication between management, internal and external audit and fostering an effective internal audit function. • Reviewing and approving the audit charter where applicable and the internal audit annual work plans. • Reviewing the internal and external audit findings and recommendations and proposing corrective and preventive action where necessary. • Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics. • Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Secretary/Chief Executive Officer. • Conduct Risk Based Audits (RBA) to provide reasonable assurance that risks management processes and structures put in place by management are functioning effectively and recommending appropriate risk mitigation measures where necessary. • Review and evaluate Annual Appropriation Accounts and Statements of assets & Liabilities before they are submitted to Controller and Auditor General by finance department.
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(e) KISEB Headquarters

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

(f) KISEB Contacts

Telephone: (254) 726 244 828 / 0769878228
E-mail: info@kiseb.or.ke / examinations@kiseb.or.ke
Website: www.kiseb.or.ke

(g) KISEB Bankers

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

(h) Independent Auditor

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

(i) Principal Legal Adviser

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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3. The Board of Directors

Ref	Directors	Details
1.	 Mr. Amos Ochieng Board Chairman	Mr. Amos Ochieng is currently working as a Supply Chain Consultant and Part-Time Lecturer. Amos has over 20 years of extensive experience in procurement/supply chain management having worked with both local and several multinational organizations locally and overseas. Some of his previous roles include the following: Group Procurement Manager – Dawa Group, Regional Procurement Manager East Africa – SGS, Head of Procurement – Kenya & East Africa – GSK, Group Procurement Operations Manager – Nestle EAR among other senior roles previously held. Amos has BA and an MBA (Procurement & Supply Chain Management) Degree from the University of Nairobi. He is certified MCIPS.
2.	 Ms. Pauline Obonyo Opiyo Board Member	Ms. Pauline Obonyo Opiyo, CFE, MCIPS, MKISM, is an experienced, highly qualified, skilled and competent Procurement Specialist and a Certified Fraud Examiner, with over 24 years of experience in public procurement gained from different positions held in public sector organizations and multiple-donor programs funded by AfDB and World Bank, among others. Currently, she is engaged at the Public Procurement Regulatory Authority (the Authority) where she serves as a manager in-charge of various oversight roles including administrative review and compliance monitoring. Ms. Opiyo's experience cuts across procurement strategy formulation; public procurement and supply chain management; contract management; procurement reviews/audits and procurement investigations.
3.	 Dr. Gillian Mwaniki Board Member	Ms. Gillian Mwaniki is currently working at Kenya Institute of Curriculum Development as a Senior Principal Curriculum Development Officer in the Technical and Vocational Education and Training (TVET) department. She holds a PhD in Business administration and Management-Banking and Finance from Kenya Methodist University, a Master's Degree in Banking and Finance from Moi University, Masters of Science Degree in Entrepreneurship from JKUAT and bachelor degree in Education from Kenya University. She also holds a CPA(K) and Credit professional management from KASNEB.

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4.	 Dr. Kevin Moindi Omai Board Member	Dr. Kevin Moindi Omai is currently working with the Ethics and Anti-Corruption Commission-Kenya as a Procurement Specialist in the Directorate of Corruption Prevention. He holds a PhD in Supply Chain Management from Jomo Kenyatta University of Agriculture and Technology, a Master of Science Degree in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology and Bachelor's Degree from Kenyatta University. He also holds CIPS (UK) Diplomas Level 6, Level 5 and Level 4 and Senior Management Course and Strategic Leader Development Course from Kenya School of Government. He is currently in Law School.
5.	 Prof. Romanus Odhiambo Board Member	Prof. Romanus Odhiambo was appointed as the Vice Chancellor of Meru University of Science and Technology on 6th August, 2018. He is a Professor of Statistics of Jomo Kenyatta University of Agriculture and Technology (JKUAT) since 2007. His research interests in statistics are: Robust estimation in finite population, multiplicative bias reduction, artificial neural network, Quantile Regression, Non-Parametric regression for finite population inference, Multidisciplinary research interest and related topics. He has over 30 years' progressive experience in academics, research, community service and leadership with over 25 years in senior academic leadership positions.
6.	 Mr. Dick Dan Ajele Board Member	Dick Dan Ajele works for Parliamentary Service Commission as Chief Procurement Officer. Mr. Ajele holds a master's degree in Business Administration from the University of Nairobi and a bachelor's degree in Purchasing and Supplies Management from JKUAT. He has experience of over 26 years. He pursued and attended a course in Leadership skills for finance managers from Arab Gulf Development Program (AGFUND). He has trained in Boards and Corporate Governance course facilitated by The Institute of Leadership and Management, London in the United Kingdom. Mr Dan Ajele is a motivational, mentoring, and coaching Speaker in the area of business strategy and personal development. Attended the Executive Legislative Leadership Programme at the International Law Institute (ILI) in Washington DC.

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7.	 Mr. Mohamed Ibrahim Ali Board Member	Mr. Mohamed Ibrahim Ali is currently working with independent electoral and boundaries commission as Senior Procurement Officer. Mr. Ali holds Msc. in procurement and contract management from JKUAT, Bachelor Business management (Purchasing and Supplies option), Diploma in procurement and Supply – CIPS (UK). Mr. Ali is currently pursuing B.A international studies and Diplomacy from the University of Nairobi. Ali is a reliable and competent procurement and supply chain professional with over Ten (10) years of practical experience in both supply chain management and business development. He has attended senior management course in Kenya school of government, procurement best practices, Risk management & contract management in Dubai-UAE.
8.	 Mr. Leonard O. Adhiambo Board Member	Mr. Leonard O. Adhiambo is a Senior Test Developer at the Kenya National Examinations Council in charge of Business Studies at school and post school levels with 25 years' cumulative experience. He is trained in assessment at the Cambridge Assessment Network, Cambridge University, a graduate of the University of Nairobi in Education, a long serving Teacher and School Administrator, a Quality Management Systems Auditor from the SGS Academy, and a Trainer of Trainers.
9.	 CPA Hezron Njoroge Board Member	CPA Hezron Njoroge is the Head of Internal Audit Department at the Commission for University Education (CUE) with over Fifteen (15) years' experience having worked in Education and Manufacturing sectors. He holds Masters of Science in Finance and Investments (Kenya Methodist University) and Bachelor of Business Administration -Accounting Option (Maseno University). CPA Hezron is a Member of Institute of Certified Public Accountant of Kenya (ICPAK) and Institute of Internal Auditors (IIA).
10.		Ms. Susan Chesang is a Senior Lecturer at the Kenya School of Government, where she is responsible for preparing training materials and administering training in public procurement and many other soft skills. She is a consummate supply chain professional with consolidated experience and expertise of over 15 years in all aspects of supply chain operations, procurement and logistics. She has worked in various public and private organizations including Public Procurement Regulatory Authority (PPRA), International Livestock Research Institute and the

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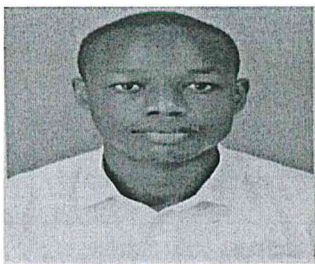
	Ms. Susan Chesang Board Member	Kenya School of Government (KSG) as a Compliance Officer, Procurement Officer, and a lecturer respectively. Chesang is a PhD Candidate specializing in procurement and contract management. She holds a Master of Business Administration (MBA) degree from University of Nairobi. She is also a full member of the Kenya Institute of Supplies Management (KISM). Chesang's vision is to bring out the best skills to the public service in order to make it highly efficient and effective in-service delivery.
11.	 Mr. Erick Ndume Board Member	Mr. Erick Ndume is a highly experienced and successful Procurement and Supply Chain Specialist with vast experience spanning almost a decade, working in the Commercial, Non-Governmental (NGO) and Donor Space. He's currently leading the Procurement Team at KEPSA in implementing projects with various donor institutions, including but not limited to; The World Bank, USAID, DANIDA, FAO, UNICEF, DFID, CIPE, UNOPS, and GIZ. He holds a Bachelor's degree in Procurement and Supply Chain Management from The University of Nairobi, a Postgraduate Degree in Tax and Customs Administration from the Kenya School of Revenue Administration (KESRA) and is a member of both the Kenya Institute of Supplies Management (KISM) and the Chartered Institute of Supply (CIPS).
12.	 Dr. Fred Ongisa Board Secretary	Dr. Fred Ongisa has thorough knowledge of supply chain management, education sector, business strategy, stakeholder engagement, training and laws of Kenya gained through 18-years of experience in teaching, training, management, and curriculum development and examination administration. He was the chairman of the Multi-Agency Taskforce on SCM Professional Framework, the chairman of Capacity Building and Reforms on Public Procurement, a member of Technical Committee on Public Finance Management Reform Strategy and External Reviewer of SCM Curricula. Dr. Ongisa is a member of Kenya Institute of Supplies Management (KISM), APMG International, African Academy of Management (AFAM) and Institute of Public Procurement. Dr. Ongisa has a PhD in Supply Chain Management, master's degree in Procurement and Logistics, postgraduate diploma in Purchasing and Supplies Management, Certified PPP Professional and Bachelor of Education degree.

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4. Key Management Team

Ref	Management	Details
1.		Name Dr. Fred Ongisa Position Secretary/CEO Key Qualifications PhD SCM, CP3P, MSc PL, DPSM, B.Ed.
2.		Name Angela Mokua Position Deputy Director Internal Audit Appointed on October 2 nd 2023 Key Qualifications MBA, BBA. CPA-K, IIA
3.		Name Regina Kariuki Position Senior Examination Administration Officer Appointed on February 13 th 2013 Key Qualifications BA
4.		Name Sebastian Mwalili Position Senior Marketing & CC Officer Appointed on February 14 th 2017 Key Qualifications BA, Communications & PR
5.		Name Cyprian Airo Position Senior RCED Officer Appointed on July 1 st 2021 Key Qualifications MSc PL, B.Ed., DEM, CIPS Name Cyprian Airo

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6.		Name Eston Macharia Position I.C.T Officer Appointed on July 1 st 2021 Key Qualifications BSCIT, DIT, CCNA
7.		Name Grace Mue Position RCED Officer Appointed on May 13 th 2024 Key Qualifications BPCM, CPSP-K
8.		Name Abigael Chesir Position Senior Accounts Assistant Appointed on August 9 th 2021 Key Qualifications BBM, CPA-K
9.		Name Festus Mutai Position Senior SCM Assistant Appointed on August 9 th 2021 Key Qualifications BPSM, MLS-SCM
10.		Name Lymah Muyembe Position Senior Human Resource Assistant Appointed on April 4 th 2024 Key Qualifications BHRM

5. Chairman's Statement

On behalf of the Board, it gives me great pleasure to present to our stakeholders the annual report and financial statements for the financial year ended June 30, 2025 and the outlook for the next financial year 2025/2026. The Board is responsible for the oversight and strategic stewardship of KISEB towards a sustainable future. During the year under review, the Board ensured that the mandate of KISEB was efficiently and effectively executed despite challenging financial constraints. Our role as a national supply chain management professional certification is critical considering that skilled human resource is an enabler and a key driver for economic and social development. In this regard, the Board made remarkable progress in the quest to enhance KISEB capacity to fulfil its legal mandate.

The implementation of the revised Corporate Strategic Plan (2023-2027) was in the second year of implementation. The strategic plan is anchored on four (4) strategic pillars namely: Curriculum Development, Quality Assessment and Certification; Corporate Positioning and Institutional Strengthening. This strategic plan is aligned to the sustainable development goals (SDGs), Africa Agenda 2063, Kenya Vision 2030, the Fourth Medium Term Plan and Bottom-up Economic Transformation Agenda (BETA).

During the year under review, the Board successfully administered three (3) sessions of the examinations. The Board also approved several policies: Revised Institutional Accreditation Policy, Revised Marketing Strategy, Resource Mobilisation Policy and Strategy, Customer Relationship Policy and Strategy, Public Participation Guidelines, Social Media Policy and Guidelines, Research and Innovation Policy, and Corporate Social Responsibility Policy.

Additionally, we initiated the development of the Examination Regulations 2025, review of the human resource instruments, and a major syllabus review by conducting SCM Skills gaps analysis. The objective was to map out the areas for review.

KISEB has over the months made progress towards discharging its mandate of certifying procurement and supply chain management professionals. The Board strives to build on the foundation laid to deliver quality professional curriculum and certification programme for sustainable development.

Looking Forward

The KISEB Strategic Plan 2023-2027 will serve as a strategic guide to position the Board as the authoritative examination and certification body in supply chain management. To this end, the Board has aligned its strategic direction with key national, regional and international development goals, notably the Bottom-up Economic Transformation Agenda (BETA), the Kenya Vision 2030, Fourth Medium Term Plan (MTP IV), the United Nations' Sustainable Development Goals to ensure that KISEB has the desired impact in supporting sustainable economic development. Our Strategic Plan projects greater impact in the supply chain management profession through increased efficiency, competitiveness, financial sustainability and responsiveness. KISEB will steer the development of supply chain management in Kenya in a way that supports national, regional and international development objectives.

In Conclusion

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

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

Amos Ochieng



6. Report of the Chief Executive Officer

I am pleased to present a review of KISEB's key operational performance for the year ended 30th June 2025. This annual report showcases our solid results and highlights the forward-looking, innovative, and agile organisation we have become. Despite facing significant challenges due to the global and domestic economic landscape, we have managed to navigate these headwinds and deliver beyond expectations outcomes.

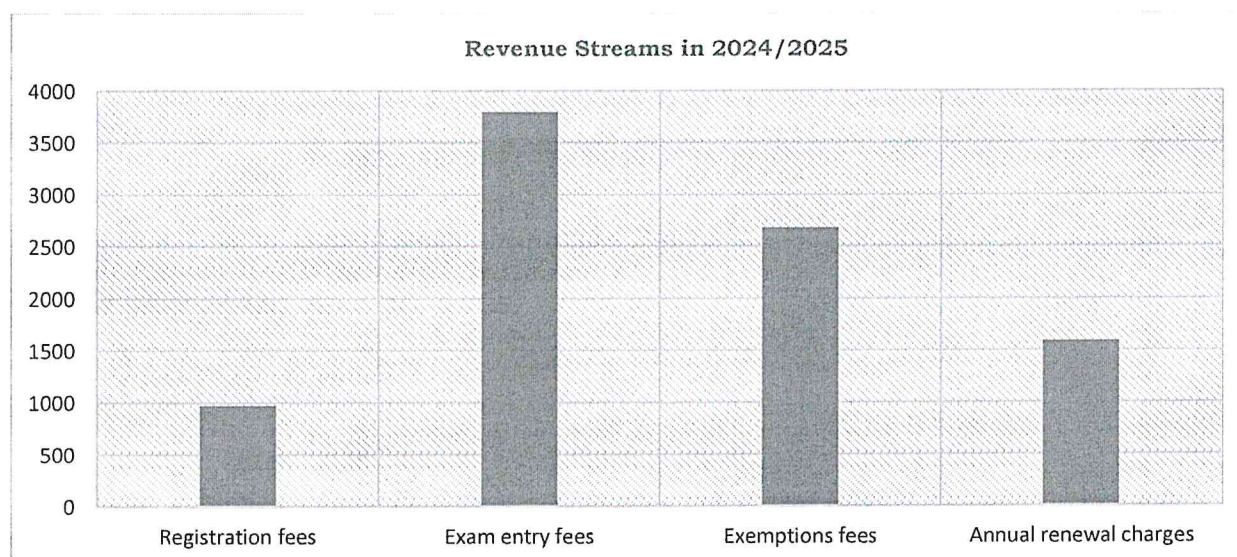
As at 30th June 2025, KISEB continued to register commendable progress in the execution of its Strategic Plan (2023–2027), demonstrating solid operational capacity and prudent financial management. Out of 95 activities planned for Year 2, the Board successfully implemented 78, translating to a performance rate of approximately 82%. An additional 6 activities remained ongoing, while 11 activities were not achieved, primarily due to financial, timing constraints, ongoing stakeholder consultations, or pending automation processes.

Key operational milestones during the year included the successful administration of three (3) sessions of the examinations. The review and development of the following policies: Revised Institutional Accreditation Policy, Revised Marketing Strategy, Resource Mobilisation Policy and Strategy, Customer Relationship Policy and Strategy, Public Participation Guidelines, Social Media Policy and Guidelines, Research and Innovation Policy, and Corporate Social Responsibility Policy. Additionally, we initiated the development of the Examination Regulations 2025, review of the human resource instruments, and a major syllabus review by conducting SCM Skills gaps analysis. The Board also maintained a high-quality pool of examiners, expanded its accredited training institutions, and sustained 100% moderation and quality assurance across all examination processes.

In terms of stakeholder engagement, KISEB strengthened its partnerships with TVETs, universities, and professional bodies. Notably, the Board achieved visibility through, broadened its marketing reach via over 58 promotional events, and deployed 47 brand ambassadors to promote its qualifications. Several initiatives to enhance institutional capacity-including website upgrades, staff training, and ICT infrastructure expansion-were also realized.

Operational Performance

On the financial front, KISEB recorded an impressive growth in its asset base, which reached Kshs 96,707,602 by the end of the financial year. During the same period, the Board received Kshs 55,215,257 in candidate-related revenue streams-including CPSP-K registration fees, examination fees, exemption fees, and annual renewal fees as shown in the Figure below. The total income for the year stood at Kshs 95,215,257, against an expenditure of Kshs 90,261,005, resulting in an accounting surplus of Kshs 4,954,252.



This financial surplus, coupled with strong operational delivery, reflects the Board's sustained focus on fiscal discipline, service delivery, and the strategic expansion of its programs and partnerships. However, notable gaps remain in areas such as the full automation of budgeting processes, the implementation of audit systems, publication of the East African Supply Chain Journal, and the establishment of a resource centre and research infrastructure. These areas will require renewed focus in the upcoming financial year to ensure that the Board remains on track with its strategic objectives.

Overall, the Board's operational performance in FY 2024/2025 affirms its strategic positioning as a leading regulatory and examination body, committed to professional excellence, institutional growth, and financial sustainability.

The review also highlights our strategic priorities in the short and medium-term focusing on improving service to customers and ensuring sustainable growth. Our role as a national supply chain management professional certification is critical considering that skilled human resource is an enabler and a key driver for economic and social development. In

***Kenya Institute of Supplies Examination Board
Annual Report and Financial Statements
for the year ended June 30, 2025.***

this regard, the Board made remarkable progress in the quest to enhance KISEB capacity to fulfil its legal mandate.

Fred Ongisa, PhD, CP3P

A handwritten signature in dark ink, appearing to read 'Fred Ongisa', written in a cursive style.

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

KISEB has four strategic pillars and six strategic objectives within the current Strategic Plan. These strategic pillars are as follows: Curriculum Development, Quality Assessment and Certification; Corporate Positioning; Institutional Strengthening; Financial Sustainability

KISEB develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Board achieved its performance targets set for the FY 2024/2025 period for its four strategic pillars, as indicated in the diagram below:

Summary of Strategic Plan Implementation – Year 2 (FY 2024/2025)

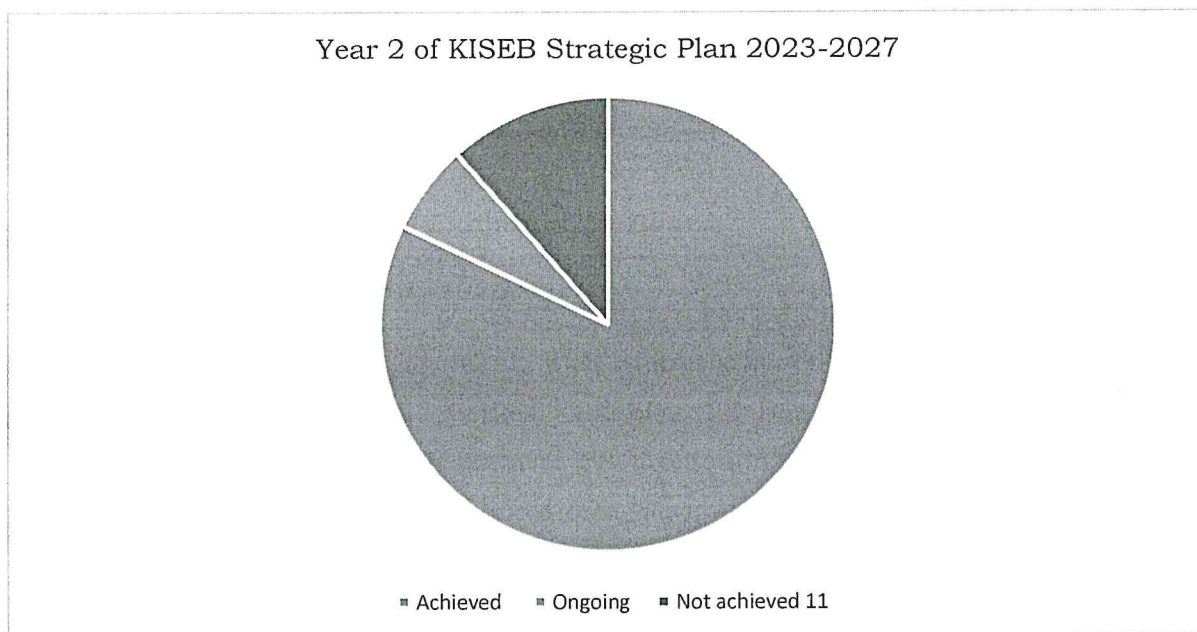
Strategic Area	Achievements	Pending/Ongoing	Not Achieved
Examinations and Curriculum	50% syllabus revision		Short courses for PSCM certification
Accreditation of Training Institutions	9 institutions accredited - RPL framework approved and implemented	Ongoing M&E of institutions	Identification of training centers of excellence
Strategic Partnerships	- MoUs signed - TVETs onboarded	- Engagements with regulators/private sector - Credit transfers ongoing	
Marketing and Corporate Branding	- CRM policy and Strategy developed and implemented 58 marketing events - Brand ambassadors deployed		
Research and Innovation	- Research policy approved - Research activities initiated - One major SCM Skills Gaps Survey completed		Supply Chain Journal not published

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Governance and Risk Management	• Board evaluations conducted • Manuals reviewed • Risk assessments done	• HR instruments under review	• Governance audit not done • Audit and Risk software not acquired
Audit and Compliance	• Audit plans implemented • Risk-based audits conducted	• Monitoring of anti-fraud strategies ongoing	• Special/system audits not done • Anti-fraud strategy assessment pending
Financial Management	• 93% budget absorption • GoK grants received • Revenue-enhancing initiatives	• Budget automation • ERP-bank integration ongoing	• Budget process automation not achieved
Institutional Capacity and Infrastructure	• ICT infrastructure upgraded • Website upgraded • Staff welfare policy approved and implemented • Staff mentorship ongoing	• Resource centre and e-Library setup ongoing	

Key operational milestones during the year included the successful administration of three (3) sessions of the examinations. The review and development of the following policies: Revised Institutional Accreditation Policy, Revised Marketing Strategy, Resource Mobilisation Policy and Strategy, Customer Relationship Policy and Strategy, Public Participation Guidelines, Social Media Policy and Guidelines, Research and Innovation Policy, and Corporate Social Responsibility Policy. Additionally, we initiated the development of the Examination Regulations 2025, review of the human resource instruments, and a major syllabus review by conducting SCM Skills gaps analysis. The Board also maintained a high-quality pool of examiners, expanded its accredited training institutions, and sustained 100% moderation and quality assurance across all examination processes.

In terms of stakeholder engagement, KISEB strengthened its partnerships with TVETs, universities, and professional bodies. Notably, the Board achieved visibility through, broadened its marketing reach via over 58 promotional events, and deployed 47 brand ambassadors to promote its qualifications. Several initiatives to enhance institutional capacity-including website upgrades, staff training, and ICT infrastructure expansion-were also realized. The Figure below is a summary of achievements in 2024/2025 financial year.



8. Corporate Governance Statement

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

Composition of the Board

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

Name of the Board Member	Board Position	Board Committees			
		Curriculum Development, Examinations and Quality Assurance	Corporate Services	Marketing, Accreditation and Resource Mobilisation	Audit and Risk Management
Mr. Amos Ochieng	Chairman				
Ms. Pauline Obonyo Opiyo	Member			Member	Member
Dr. Gillian Mwaniki	Member	Member			Member
Mr. Dan Ajele	Member				Chair
Dr. Kevin Omai	Member	Chair	Member		
Prof. Romanus Odhiambo	Member	Member		Member	
Mr. Mohamed Ibrahim	Member		Member	Member	

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Mr. Leonard Adhiambo	Member	Member			Member
Mr. Hezron Njoroge	Member	Member	Member		
Ms. Susan Chesang	Member		Chair	Member	
Mr. Eric Ndume	Member		Member	Member	
Mr. Michael Mukanzi	Member		Member		Member

The Board has a formal schedule of agenda items due for deliberations. The members of the Board are given appropriate and timely information to enable them to provide and maintain full and effective direction and control over strategic, financial and operational issues of KISEB. The Board is not involved in the conduct of day-to-day business as this is the responsibility given to the Secretary by law. During the year under review, the key areas of focus for the Board's activities and topics discussed during were on the following matters:

- Approved quarterly financial statements for the year 2024/2025
- The Board further considered and approved the quarterly financial statements
- Reviewed and approved the strategic initiatives and financial plans for the year under review
- Approved the 2024/2025 budget and monitored KISEB performance against the approved budget.
- Received a report on the board evaluation.
- Revised Institutional Accreditation Policy, Revised Marketing Strategy, Resource Mobilisation Policy and Strategy, Customer Relationship Policy and Strategy, Public Participation Guidelines, Social Media Policy and Guidelines, Research and Innovation Policy, and Corporate Social Responsibility Policy. Additionally, we initiated the development of the Examination Regulations 2025

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- Received regular reports of the deliberations of the Audit, Risk and Compliance Committee, Marketing, Accreditation and Resource Mobilisation Committee, Audit, Risk and Governance Committee and Ad Hoc Committee on Human Resources

Name of the Board Member	Total number of Board meetings	Board Committee Meetings				
		Curriculum Development, Examinations and Quality Assurance	Corporate Services	Marketing, Accreditation and Resource Mobilisation	Audit, Risk and Governance Committee	Ad Hoc Meetings
Mr. Amos Ochieng	6/6					14/15
Ms. Pauline Obonyo Opiyo	5/6			4/4	4/6	4/15
Dr. Gillian Mwaniki	5/6	8/8			6/6	3/15
Mr. Dan Ajele	5/6				6/6	6/15
Dr. Kevin Omai	6/6	8/8	7/7			9/15
Prof. Romanus Odhiambo	5/6	5/8		2/4		3/15
Mr. Mohamed Ibrahim	6/6		5/7	4/4		4/15
Mr. Leonard Adhiambo	6/6	7/8			3/6	4/15
Mr. Hezron Njoroge	6/6	8/8	7/7			3/15
Ms. Susan Chesang	2/6		6/7	4/4		4/15
Mr. Eric Ndume	6/6		7/7	3/4		5/15
Michael Mukanzi	4/6		4/7		3/6	3/15

KISEB Board Committees

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

Curriculum Development, Examination and Quality Assurance (CDEQA) Committee

The Committee consists of five non-executive members of the Board. The principal responsibility of the Committee is development of syllabuses which comply with global standards. Other roles include: review and recommend strategies for management of examinations, receive and consider examiners' reports and guide the release of results; advise the board on matters incidental to the management and administration of examinations; review and recommend rules and regulations regarding the standard of proficiency to be gained in each examination; review and consider applications for exemptions and credit transfers; review and approve list of qualifying candidates who have satisfied the examination requirements for award of certificates and other awards.

CDEQA Committee			
Name	Role	Appointment Date	Attendance 2024/25
Dr. Kevin Omai	Chairperson	15/05/2023	8/8
Dr. Gillian Mwaniki	Member	6/06/2023	8/8
Mr. Leonard Adhiambo	Member	5/07/2023	7/8
Mr. Hezron Njoroge	Member	4/07/2023	8/8
Prof. Romanus Odhiambo	Member	4/07/2023	5/8

Corporate Services Committee

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

Corporate Services Committee			
Name	Role	Appointment Date	Attendance 2024/25
Ms. Susan Chesang	Chairman	15/05/2023	6/7
Mr. Mohamed Ibrahim	Member	15/05/2023	5/7
Mr. Hezron Njoroge	Member	4/07/2023	7/7
Dr. Kevin Omai	Member	15/05/2023	7/7
Mr. Erick Ndume	Member	19/07/2023	7/7
Mr. Michael Mukanzi	Member	8/05/2024	4/7

Marketing, Accreditation and Resource Mobilisation (MARM) Committee

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

Marketing, Accreditation and Resource Mobilisation (MARM) Committee			
Name	Role	Appointment Date	Attendance 2024/25
Mr. Mohamed Ibrahim	Chairperson	15/05/2023	4/4
Mr. Eric Ndume	Member	19/07/2023	3/4
Prof. Romanus Odhiambo	Member	4/07/2023	2/4
Ms Pauline Opiyo	Member	27/06/2023	4/4
Ms. Susan Chesang	Member	15/05/2023	4/4

Audit and Risk Management Committee

The Committee consists of four non-executive members of the Board. The Audit Risk and Risk Management Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Board's process for monitoring compliance with laws and regulations. In addition, the Committee continuously evaluates the effectiveness of the risk Management processes to ensure that adequate risk management strategies are being implemented. The Committee met four times in the period under review.

Audit and Risk Management Committee			
Name	Role	Appointment Date	Attendance 2024/25
Mr. Dan Ajele	Chairperson	15/05/2023	6/6
Ms. Pauline Opiyo	Member	27/06/2023	4/6
Mr. Leonard Adhiambo	Member	5/07/2023	3/6
Dr. Gillian Mwaniki	Member	6/06/2023	6/6
Mr. George Munene	Member	14/07/2023	6/6
Mr. Michael Mukanzi	Member	8/05/2024	3/6

Ad-Hoc Meetings

The Board participated in ad hoc meetings organised by the Head of Public Service, the National Treasury and Economic Planning and other regulatory agencies.

Management Structure

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

Internal Controls

The Management has put in place a system of internal control mechanisms to ensure the reporting of complete and accurate accounting information. Procurement of goods and services is strictly done in accordance with the Public Procurement and Disposal Act, 2015 and Regulations 2020.

In all KISEB operational areas, workflows have been structured in a manner that allows adequate segregation of duties.

Conduct of Business and Performance Reporting

The business of KISEB was conducted in accordance with a carefully formulated strategy, annual business plans and approved budget that is aligned to clear objectives. Currently KISEB has a 5-year Strategic Plan 2023-2028, anchored on 4 pillars. KISEB believes that

through implementation of the annual corporate scorecard it will deliver on its objectives which are aligned to Big 4 Agenda, Vision 2030 and Africa Agenda 2063. Performance against the objectives is reviewed on a quarterly basis and reports filed with the respective authorities.

Compliance with Laws

As at the end of the financial year 2024/2025, the Board is satisfied that to the best of its knowledge, the organization has complied with all applicable laws and that business was conducted in accordance with the set laws and regulations. No Board member or employee acted or committed any indictable offence under the Anti-Corruption laws nor has any Board member or employee been involved or been used as conduit for money laundering or any other activity incompatible with the relevant laws. The requirements of the *Mwongozo* guidelines have been complied with. The Board members are updated on changes in laws and regulations, policies, and practices through facilitation to attend relevant seminars and conferences for effective and efficient management of the Board.

Ethics and Code of Conduct

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

Engagement with stakeholders

The Board recognizes the importance of maintaining transparency and accountability to its shareholders and works to ensure that all stakeholders are treated equitably. Stakeholder forums are held on an annual basis to consult on areas that would improve service delivery and create efficiency.

9. Management Discussion and Analysis

a) KISEB Mandate and Strategic Plan

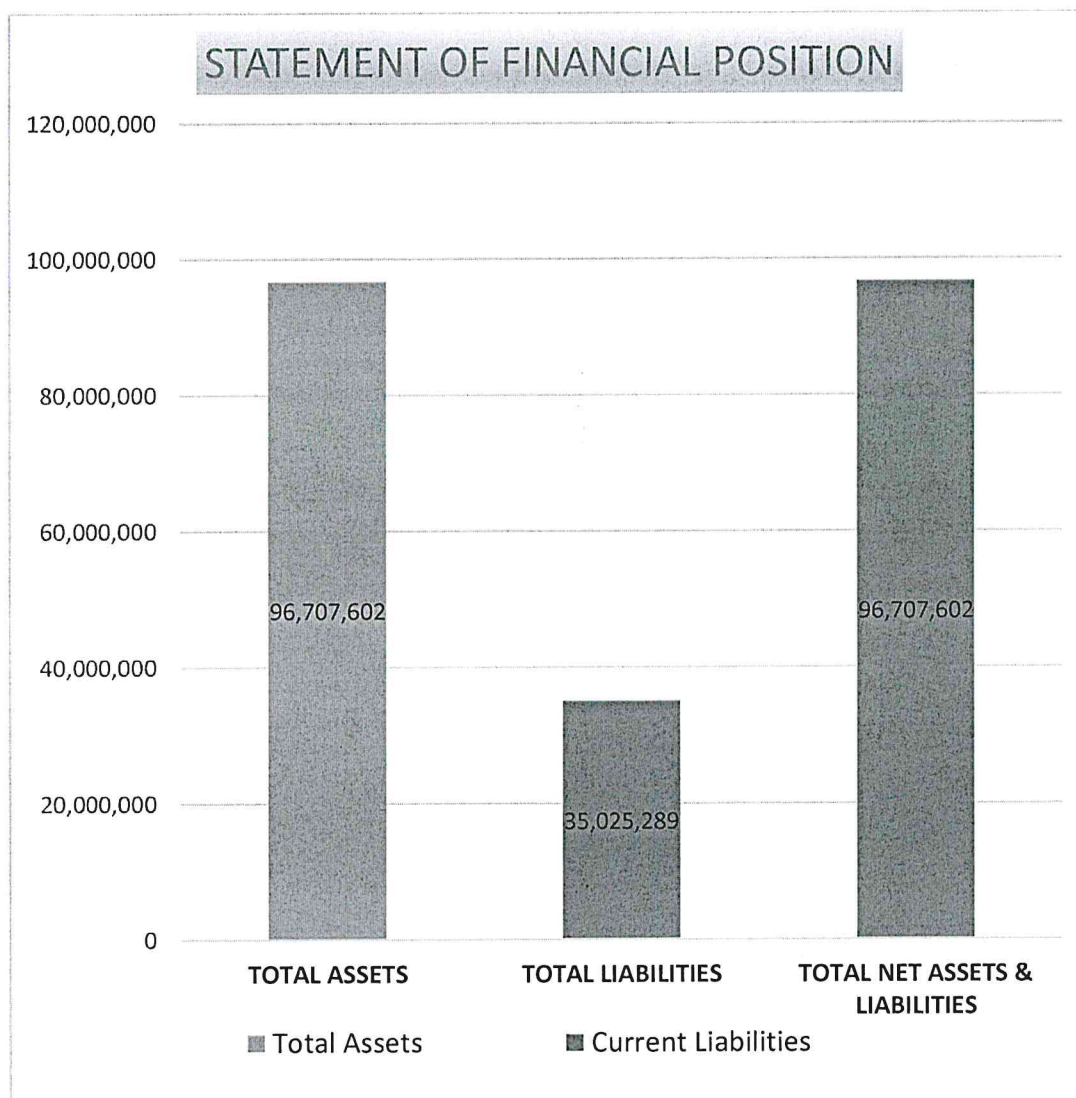
The rationale for developing this corporate strategic plan is anchored on the legal and institutional framework, which gives KISEB the mandate and a critical role in driving national and global development agenda through empowering professionals globally. This Corporate Strategic Plan (2023-2027) is aligned to the national development agenda in Kenya Vision 2030 and Sustainable Development Goals to the national aims of education in Kenya.

The four strategic pillars that the Board strives to achieve its vision and objectives are;

1. Curriculum Development, Quality Assessment and Certification;
2. Corporate Positioning;
3. Institutional Strengthening;
4. Financial Sustainability.

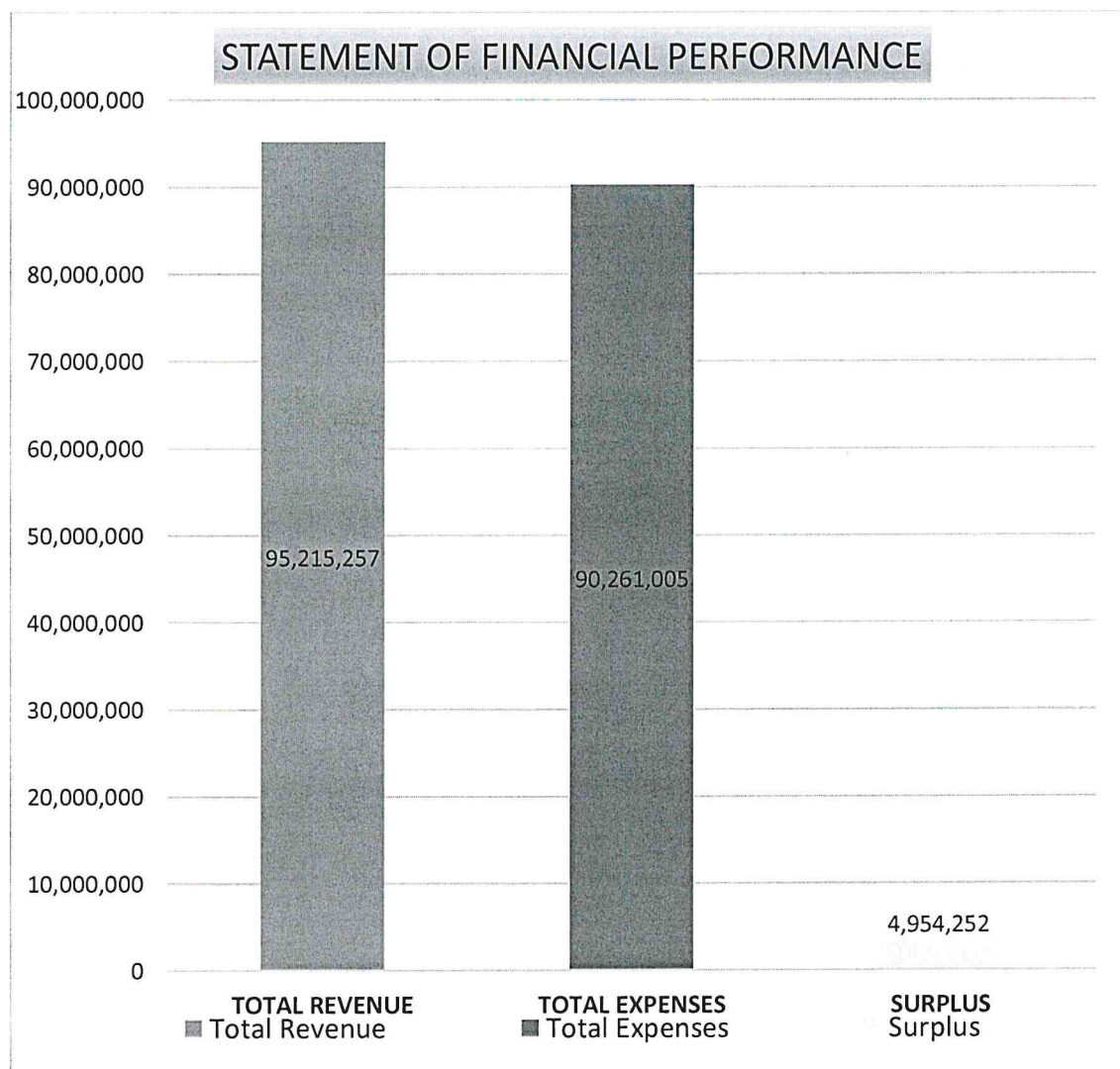
b) KISEB's operational and financial performance

As at 30th June 2025 the Board's assets had grown to Kshs 96,707,602. In the same year KISEB received revenues from registration fees, examinations fees, exemption fees and annual renewal fees of Kshs 55,215,257. The summary of the financial position as at 30th June is shown in the bar chart below.



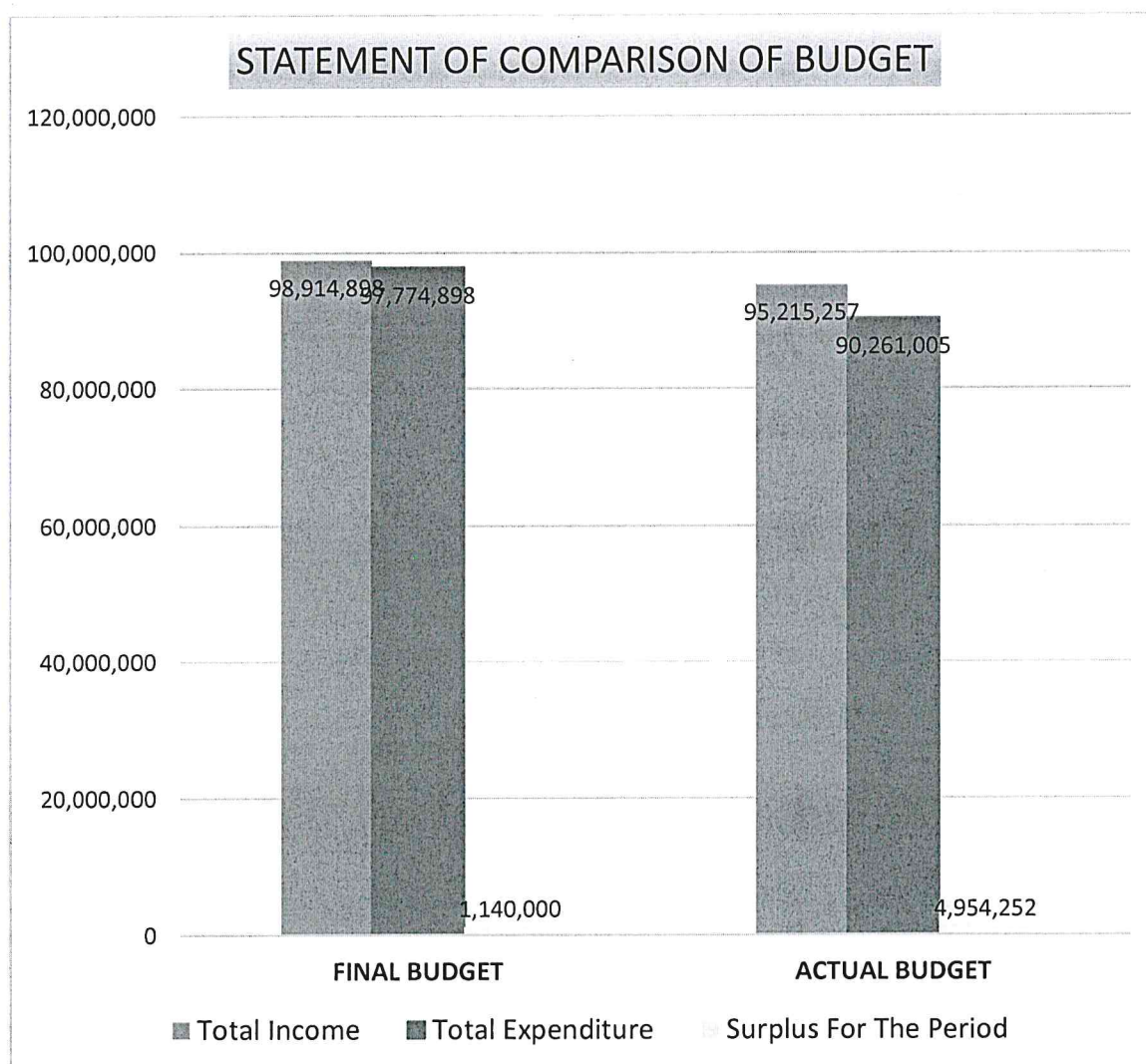
(c) Incomes and Expenditure for the period ended 30th June 2025

The income received during the period is Ksh 95,215,257 and the expenditure is Ksh 90,261,005 thus achieving an accounting surplus of Ksh 4,954,252. This is shown in the bar chart below.



(d) Budget Utilization

The income received during the period is Kshs 95,215,257 and the expenditure is Kshs 90,261,005 thus achieving an accounting surplus of Ksh 4,954,252. The comparative between the budget and the actual performance is shown in the bar chart below.



(e) KISEB's compliance with statutory requirements

All statutory compliance and requirements have been complied with. Kenya Institute of Supplies Examination Board was able to remit all statutory deductions namely PAYE, NSSF, NHIF and withholding taxes.

(f) Key projects and investment decisions being planned/implemented.

KISEB commenced the digitization of all its operations in the 2024/2025 financial year and is working towards the adoption of online examination administration which will be financed through Appropriation in Aid (AIA). In the year under review, KISEB launched the student self-service portal, examiners portal, e-board and staff portal which are expected to improve efficiency and convenience. The portals are integrated to KISEB ERP Microsoft Dynamic system.

g) Enterprise Risk Management

Risk is the potentiality that expected and unexpected events may have an adverse impact on the achievement of the Board's objectives. Risk management is an integral part of the Board's Strategic management. The Board Audit and Risk Management Committee is responsible for monitoring compliance with the policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Board.

Key risks facing KISEB.

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

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

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

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

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

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

The Board of Directors, with support of the Chief Executive Officer and Senior Management team, developed a five-year strategic plan to give direction to KISEB. The implementation of the strategic plan will be reviewed on a quarterly basis.

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

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

h) Material arrears in statutory/financial obligations

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

i) KISEB's financial probity and serious governance issues

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

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

KISEB through its members of Board is committed to implementing and adhering to good corporate governance and best practice. The Board considers that good governance, achieved through an ethical culture, competitive performance, effective control and legitimacy, can create sustainable value. The Board applies good governance practices to promote strategic decision making for the organization to balance short, medium and long-term outcomes to reconcile interests of its stakeholders and the society to create sustainable shared value. To that end, sound governance practices, based on accountability, transparency, ethical management and fairness, are entrenched across its operations.

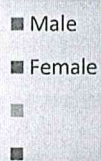
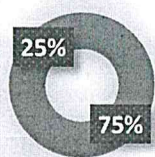
ii) Environmental performance

The Board developed its Environmental Sustainability Policy in 2024/2025 financial year to guide the business operations. The digitization of the core business activities of the Board have resulted into reduced usage of paper. Other specific measures have been adopted around conferences and virtual meetings reduce travel-carbon emission, and plastics.

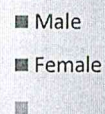
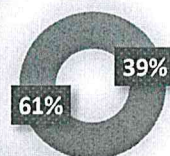
iii) Employee welfare

As at 30 June 2025, there were eleven (11) Non- executive Board members, one (1) senior management and eleven (16) staff members. Out of the seventeen staff members, 76% were on permanent and pensionable terms and 24% were on fixed term contract. KISEB recognizes the need to create a conducive work environment that enables all employees to experience the best work life balance and reach their maximum potential. As a way of enhancing employee's engagement, KISEB conducts several programs such training and coaching celebration of staff birthdays, CEO round table deliberations with staff to drive involvement and participation. To enable staff, share their views and suggestion, the Board has put in place an online record of innovative ideas from employees.

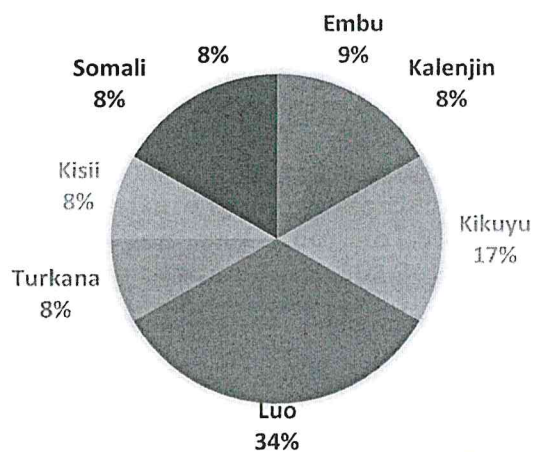
Board members



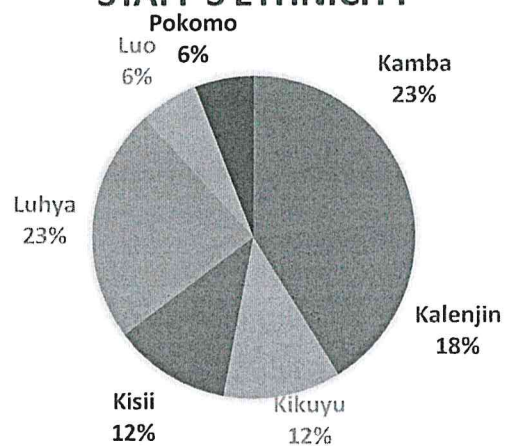
KISEB Staff



BOARD'S ETHNICITY



STAFF'S ETHNICITY



iv) Market place practices-

a) Responsible competition practice.

KISEB is a public institution that upholds and respects all aspects of human rights. It operates under a framework of well-established policies, including human resource policy and procedure manuals, which are designed to guard against corruption, discrimination, and abuse of power. The Board is also committed to the ethical marketing of its products and services.

To reinforce its commitment to transparency, accountability, and efficiency, KISEB has adopted a Service Delivery Charter. This charter outlines the standards for key services such as examination administration, certification, candidate registration, accreditation of training institutions, and customer support. It ensures that stakeholders are well-informed about their rights and the quality of service they can expect, while fostering a culture of continuous improvement and responsiveness.

Additionally, KISEB provides a self-service student portal that enhances access and convenience. Through this platform, students can seamlessly manage registration, book exams, apply for exemptions, make payments, and access examination materials and results, all in a streamlined and user-friendly environment.

b) Responsible Supply chain and supplier relations

In line with the procurement regulatory framework and policy, all suppliers are treated fairly at all stages of the procurement process. This means being open with all suppliers on the procedures, timescales, requirements, and criteria for selection amongst others. KISEB discourages the unfair use of buying power or influence. KISEB does not tolerate corruption in any form (direct or indirect). Our vendors are paid within 21 days upon verification of all the documents.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

Our business is built on a foundation of trust. For this reason, we strive to compete vigorously and effectively, but never unlawfully or unethically. We must make only truthful statements about KISEB and its products and services. All marketing claims are substantiated and we live up to the promises we make.

d) *Product stewardship or Awareness creation*

The Board has put in place an appeal mechanism for candidates should they feel aggrieved by the assessment. Candidates can appeal within 14 days after the release of the examination results.

Additionally, KISEB ensures data protection by adhering to the Data Protection Act, 2019 and implementing strong security measures including secure digital systems, restricted data access, and staff training. It collects personal data only for official purposes, obtains informed consent, and upholds individuals' rights to access and correct their information. These efforts ensure privacy, confidentiality, and trust in KISEB's operations.

v) *Corporate Social Responsibility / Community Engagements*

KISEB has demonstrated strong leadership in corporate social responsibility and environmental sustainability, aligning its efforts with the presidential directive to plant 15 billion tree seedlings by 2032. A key milestone in this initiative was the successful tree planting exercise held on June 14th, 2025, at Sorget Forest in Kericho County, where 10,000 trees were planted in collaboration with the Kenya Forest Service and the local community. Additional tree planting activities were also conducted at Sopa Lodges in Naivasha and at Ruthimitu Primary & Junior Secondary School in Dagoretti during the FY2024/2025.

In pursuit of its core mandate to certify supply chain professionals, KISEB actively engaged students and practitioners across universities, national polytechnics, TVET colleges, and other training institutions. These engagements took place through mentorship programs and participation in career days, fostering professional growth and awareness among future supply chain leaders.



In conjunction with the Kenya Forest Service and Community, KISEB Board Member Mr. Ibrahim Mohamed and CEO Dr. Fred Ongisa led staff members in planting 10,000 trees at Sorget Forest in Kericho County, on 14th June 2025.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the *KISEB* affairs.

i) Principal activities

The principal activities of the *KISEB* are stipulated in the Supplies Practitioners Management Act 2007. The objective and the purpose for which Board was established is “to prescribe and regulate syllabuses of instruction for professional supplies certification for persons seeking registration as supplies practitioners”

ii) Results

The results of *KISEB* for the year ended June 30, 2025, are set out on page 1 to 8.

iii) Directors

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

iv) Surplus remission

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

v) Auditors

The Auditor General is responsible for the statutory audit of the *KISEB* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of *KISEB* for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Fred Ongisa, PhD, CP3P

Secretary & Chief Executive Officer

12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the KISEB's financial statements, which give a true and fair view of the state of affairs of KISEB for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the KISEB; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the KISEB; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the KISEB's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) the Supplies Practitioners Management Act 2007. The Directors are of the opinion that the KISEB's financial statements give a true and fair view of the state of KISEB's transactions during the financial year ended June 30, 2025, and of the KISEB's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the KISEB, which have been relied upon in the preparation of the KISEB's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

KISEB's financial statements were approved by the Board on 6th November, 2025 and signed on its behalf by:



Amos Ochieng
Chairperson of the Board



Fred Ongisa, PhD, CP3P
Chief Executive Officer

REPUBLIC OF KENYA

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Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF SUPPLIES EXAMINATION BOARD FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Institute of Supplies Examination Board set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting

Report of the Auditor-General on Kenya Institute of Supplies Examination Board for the year ended 30 June, 2025

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 effects of matter 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 Examination Board as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Balance due from Kenya Institute of Supplies Management (KISM)

The statement of financial position and as disclosed in Note 17 to the financial statements reflects funds due from KISM of Kshs.9,361,071. However, the nature of the receivable was not explained and it was not clear why the amount remained outstanding from the previous year. Further, the balance was not reflected as a payable in the books of KISM.

In the circumstances, the accuracy and existence of balance due from KISM of Kshs.9,361,071 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Institute of Supplies Examination Board Management in accordance with ISSAI 130 on 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

1. Long outstanding Trade and other Payable Balance

The statement of financial position reflects Kshs.31,560,884 in respect of trade and other payables as disclosed in Note 20 to the financial statements. However, the balance includes Kshs.24,017,725 relating to trade payables, out of which, Kshs.23,496,827 was brought forward from 2023/2024. Although Management has explained that the balance was in respect to professional development levy payable to KISM and that both parties had agreed to have the balance waived, no signed agreement was provided to support the intended waiver.

Failure to settle bills in the year to which they relate adversely affects implementation of the subsequent year's budgeted programs as the pending bills form the first charge.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue budget of Kshs.98,914,898 against actual revenue of Kshs.129,193,580 resulting in over collection of Kshs.30,278,682 or 31% of the budget. Similarly, the statement reflects actual expenditure of Kshs.93,390,621 against budgeted expenditure of Kshs.97,774,898 resulting in an under-expenditure of Kshs.4,384,277.

The significant over-collection could be an indication of weaknesses in the budget making process while the under-expenditure affected the planned activities and may have adversely impacted service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matter

In the audit report of the previous year, one issue on Unsupported Prior Year Adjustment was raised under the Report on the Financial Statements. However, Management had not resolved the issue as at 30 June, 2025.

Other Information

Management is responsible for the Other Information set out on pages iv to xlv, which comprise of Key Entity Information and Management, Board of Directors, Key management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my auditor's report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-compliance with Guidelines on Board Expenses

The statement of financial performance reflects board expenses of Kshs.10,253,922 as disclosed at Note 11 to the financial statements. The expenditure represents 11% of total operational and maintenance budget of Kshs.94,494,898 which exceeded the 5% budget ceiling, contrary to the provisions of Treasury Circular No. OP/CAB.9/1A dated 11 March, 2020 on the Management of State Corporations which capped board expenses for a financial year at Kshs.30 million or 5% of the operations and maintenance budget of the State Corporation, whichever is less.

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions

and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 November, 2025

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14. Statement of Financial Performance for the year ended 30 June 2025

Description	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Government grants	6	40,000,000	48,125,000
Interest Income	7	-	1,268,686
Revenue from exchange transactions			
Fees	8	55,215,257	43,358,605
Total revenue		95,215,257	92,752,291
Expenses			
Use of goods and services	9	44,558,129	43,819,164
Employee costs	10	26,549,710	26,234,918
Board expenses	11	10,253,922	13,736,904
Depreciation	12	8,553,428	6,924,070
Repairs And Maintenance	13	345,816	149,073
Total expenses		90,261,005	90,864,129
Operating Surplus		4,954,252	1,888,162

The notes set out on pages 9 to 40 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:



Fred Ongisa, PhD, CP3P
Chief Executive Officer
Date: 6th November, 2025



Abigail Chesir
ICPAK M/No:31040
Date: 6th November, 2025



Amos Ochieng
Chairman of the Board
Date: 6th November, 2025

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15. Statement of Financial Position as at 30 June 2025

Description	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	47,725,215	33,978,323
Accounts receivable	15	0.00	9,223,024
Inventories	16	3,524,194	2,390,275
Funds Due from KISM	17	9,361,071	9,361,071
Total Current Assets		60,610,480	54,952,693
Non-current assets			
Property, plant and equipment	18	31,994,900	34,273,712
Intangible assets	19	4,102,222	5,702,222
Total Non-Current Assets		36,097,122	39,975,934
Total assets		96,707,602	94,928,627
Liabilities			
Current liabilities			
Trade and other payables	20	31,560,884	36,135,083
Provisions	21	3,464,405	1,690,430
Non-current liabilities			
Total liabilities		35,025,289	37,825,513
Net assets			
Reserves	22	13,513,774	11,968,774
Accumulated surplus		48,168,539	45,134,340
Total net assets		61,682,313	57,103,114
Total net assets and liabilities		96,707,602	94,928,627



Fred Ongisa, PhD, CP3P

Chief Executive Officer

Date: 6th November, 2025



Abigael Chesir

ICPAK M/No:31040

Date: 6th November, 2025



Amos Ochieng

Chairman of the Board

Date: 6th November, 2025

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16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Retained earnings	Reserves	Total
	Kshs	Kshs	Kshs
As at July 1, 2021	9,361,071	-	9,361,071
Surplus for the year	26,421,798	-	26,421,798
As at June 30, 2022	35,782,869	7,354,374	43,137,243
As at July 1, 2022	35,782,869	7,354,374	43,137,243
Additions	-	4,614,400	4,614,400
Surplus for the year	8,397,401	-	8,397,401
As at June 30, 2023	44,180,270	11,968,774	56,149,044
As at July 1, 2023	44,180,270		
Prior year adjustments	-934,092		
Surplus for the Period	1,888,162	-	1,888,162
As at June 30, 2024	45,134,340	11,968,774	57,103,114
As at July 1, 2024	45,134,340	11,968,774	57,103,114
Prior year adjustment	-1,920,053		
As at July 1, 2024 (Restated)	43,214,287		
Revaluation gain	-	1,545,000	1,545,000
Surplus for the year	4,954,252	-	4,954,252
As at June 30, 2025	48,168,539	13,513,774	61,682,313

Note on the prior year adjustment

The prior year adjustment was made to correct bookings that were recognised as receipts in the previous year.

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17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	40,000,000	48,125,000
Other income	7	-	1,268,686
Examination fees	8	55,215,257	43,358,605
Total receipts		95,215,257	92,752,291
Payments			
Use of goods and services	9(a)	41,189,301	37,324,568
Employee costs	10	26,549,710	26,226,918
Board expenses	11	10,253,922	13,744,904
Repairs and maintenance	13	345,816	149,073
Total payments		78,338,749	77,445,463
Net cash flows from operating activities		16,876,508	15,306,828
Cash flows from investing activities			
Purchase of PPE and intangible asset	18	-3,129,616	-27,881,169

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Net cash flows used in investing activities		-3,129,616	-27,881,169
Cash flows from financing activities			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		13,746,892	-12,574,341
Cash and cash equivalents at period start	14	33,978,323	46,552,664
Cash and cash equivalents at Period end	14	47,725,215	33,978,323

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

Description	Original budget Kshs.	Adjustments Kshs.	Final budget Kshs.	Actual on comparable basis Kshs.	Performance difference Kshs	% of utilization Kshs
	a	b	C=(a+b)	d	e=c-d	F=d/c*100
Opening balance				33,978,323	-33,978,323	
Revenue					0	
Government grant	40,000,000	-	40,000,000	40,000,000	0	100
Examination fees	58,914,898	-	58,914,898	55,215,257	3,699,641	94
Total revenue	98,914,898		98,914,898	129,193,580	-30,278,682	131
Expenses						
Employee cost	25,153,969	-	25,153,969	26,549,710	-1,395,741	106
Use of goods and services	51,489,729	-	51,489,729	44,558,129	6,931,600	87
Board expenses	10,550,000	-	10,550,000	10,253,922	296,078	97
Repairs and maintenance	400,000	-	400,000	345,816	54,184	86
Depreciation	6,901,200	-	6,901,200	8,553,428	-1,652,228	124
Total expenditure	94,494,898		94,494,898	90,261,005	4,233,893	96
Capital expenditure	3,280,000		3,280,000	3,129,616	150,384	95
Surplus for the period	1,140,000		1,140,000	35,802,959	-34,662,959	

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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	35,802,959
1	Depreciation	8,553,428
2	Changes in working capital	3,368,828
	Closing Cash and Cash Equivalent as per the statement of Cash flows	47,725,215

Budget notes

a) Use of goods and services

There was less spending than the budget on a few budget lines. i.e., examination expenses. This is due to budget cuts from the National Treasury.

b) Repairs and maintenance

There was less spending than the budget on a few budget lines. i.e., office equipment's repairs & maintenance. This is due to budget cuts from the National Treasury.

19. Notes to the Financial Statements

1. General Information

KISEB is established by and derives its authority and accountability from Supplies Practitioners Management Act. KISEB is wholly owned by the Government of Kenya and is domiciled in Kenya. KISEB's principal activity is to prescribe and regulate syllabuses of instruction for professional supplies certification for persons seeking registration as supplies practitioners.

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 Examination Board 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 Examination Board.

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

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3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

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	ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

ii. Early adoption of standards

KISEB did not early – adopt any new or amended standards in the financial year 2024-2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

KISEB recognizes revenues from fees 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 *KISEB* 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 *KISEB* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded 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.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

b) Budget information

The original budget for the Current FY was approved by the Board. 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 KISEB upon receiving the respective approvals in order to conclude the final budget. Accordingly, KISEB recorded additional appropriations on the 2025 budget following the governing body's approval.

KISEB's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under page 8 of these financial statements.

c) 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, KISEB 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

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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. Depreciation charge is calculated on a straight-line basis for the various categories of assets as follows; Motor vehicle 25%, Computer accessories and devices 33.33%, Office equipment 12.5%, Furniture & fittings 12.5% & Office partitions 12.5%.

d) 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 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date. Amortization is calculated on a straight-line basis at the rate of 20%.

e) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *KISEB does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one KISEB and a financial liability or equity instrument of another KISEB. At initial recognition, the KISEB measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. KISEB did not recognize any impairment in this financial year.

a) Financial assets

Classification of financial assets

KISEB classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the KISEB's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial

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assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an KISEB has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, KISEB classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a

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continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where KISEB manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

KISEB assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. KISEB recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

KISEB classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

f) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated 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 KISEB.

g) Provisions

Provisions are recognized when *KISEB* 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 *KISEB* 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.

h) Contingent liabilities

KISEB does not recognize a contingent liability but discloses details of any contingencies in the Notes to the Financial Statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

i) Contingent assets

KISEB 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 *KISEB* 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.

j) Nature and purpose of reserves

KISEB creates and maintains reserves in terms of specific requirements.

Notes to the Financial Statements (continued)

Summary of Significant Accounting Policies (Continued)

Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plans

KISEB provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an KISEB pays fixed contributions into a separate KISEB (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. 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.

l) Related parties

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

m) Service concession arrangements

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

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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, *KISEB* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

n) 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.

o) Comparative figures

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

p) 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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. *KISEB* 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 *KISEB*. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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Notes to the Financial Statements (Continued)

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 KISEB.
- 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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6. Transfers from Other Government entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional grants		
Government grants	40,000,000	48,125,000
Total government grants	40,000,000	48,125,000

7. Interest Income

Description	2024/2025	2023/2024
		KShs
Interest Income	-	1,268,686
Total	-	1,268,686

8. Examination Fees

Description	2024/2025	2023/2024
	KShs	KShs
APS-K Examination Fees	2,566,758	560,200
CPSP-K Examination Fees	32,778,254	28,294,305
APS-K Registration Fees	815,000	350,000
CPSP-K Registration Fees	5,968,000	4,493,500
Annual Renewal Fees	2,360,150	1,519,300
Re-Instatement Fees	11,000	-
Exemption Fees	10,087,500	7,828,500
Deferral Fees	132,095	132,800
Credit Transfer fees	496,500	180,000
Total	55,215,257	43,358,605

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9. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	KShs
Staff Local Travel	654,907	1,152,914
Staff Welfare Expenses	641,037	2,630,617
Staff Medical and Group Life	3,670,581	2,059,896
Internet	888,135	887,364
Staff Training	998,080	1,047,780
Telephone Expenses	125,100	114,200
Postages Expenses	21,415	11,410
Fuel Expenses	600,000	592,079
Motor Vehicle Insurance	155,079	155,080
General Insurance	153,377	228,578
Professional Subscription	119,703	102,476
Conference and Workshops	285,600	502,400
Audit Fees	232,000	464,000
Bank Charges	378,535	342,319
Printing and Stationeries Expenses	419,034	441,090
Publicity and Advertisement Expenses	814,840	2,149,486
Office Expenses	526,127	477,685
Rent Service Charge	2,858,825	1,429,413
Marketing & PR Expenses	852,728	2,665,339
Standards and Accreditation	128,900	495,000
Examination Setters Expenses	1,774,000	2,744,094
Examination Markers Expenses	5,494,331	4,495,910
Examination Moderators Expenses	2,646,336	3,752,010

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Printing Examination Expenses	561,252	551,164
Printing Certificate Expenses	284,879	196,934
Printing of Syllabus Expenses	-	349,000
Exam Administration Expense	7,866,047	7,834,595
Strategic Stakeholders Engagement	-	1,737,880
Curriculum Development Expenses	4,045,711	178,100
Chief examiner expenses	383,630	-
Research and Content Development	2,084,710	-
Website and Licenses	2,295,580	1,484,075
Service Contracts	2,597,650	2,546,276
Total	44,558,129	43,819,164

9 (a) Cash flows on use of goods and services

Description	2024/2025	2023/2024
	Kshs	Kshs
Use of goods and services	(44,558,129)	(43,819,164)
Inventories	(1,133,918)	(1,091,512)
Receivables	9,223,024	(3,021,143)
Deferred income	605,200	5,160,600
Trade and other payables	(3,405,425)	6,380,743
Prior year adjustments	(1,920,053)	(934,092)
Total	(41,189,301)	(37,324,568)

10. Employee Costs

Description	2024/2025	2023/2024
	Kshs	KShs
Basic Salary	15,236,000	13,267,934
House Allowance	4,730,250	3,533,911
Commuter Allowance	1,160,000	794,677
Leave Allowance	197,530	296,153

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Extraneous Allowance	49,500	49,500
NSSF Employer Contribution	558,840	273,170
Pension Employer Contribution	682,800	517,502
Other Allowances	1,702,621	2,182,216
Housing Levy	442,694	345,875
NITA Expense	15,500	12,750
Gratuity Expense	1,773,975	1,690,430
Staff Subsistence Allowance	-	3,270,800
Total	26,549,710	26,234,918

11. Board Expenses

Description	2024/2025	2023/2024
	Kshs	KShs
Board Members Training	1,782,360	3,711,684
Board Members Local Travel	237,332	51,489
Board Members Conferences	152,000	626,100
Board Members Welfare Expenses	12,500	64,000
Sitting Allowance	6,119,742	7,680,000
Honoraria	960,000	960,000
Mileage	444,788	583,631
Telephone Allowance	60,000	60,000
Board members accommodation	485,200	-
Total	10,253,922	13,736,904

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12. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	KShs
Furniture & Fittings Cost	493,129	330,712
Office Equipment Cost	180,174	147,734
Office Printers	5,833	167,885
Computer and Hardware Cos	1,952,911	2,059,763
Enterprise Resource Planning	1,600,000	1,600,000
Motor Vehicles	1,286,200	1,286,200
Office Partitions	3,035,181	1,331,776
Total	8,553,428	6,924,070

13. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	KShs
Office Equipment	90,066	-
Motor Vehicles	255,750	149,073
Total	345,816	149,073

14. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	KShs
National Bank Current Account	8,431,010	24,724,279
National Bank Collection Account	37,586,766	7,762,610
e-Citizen	1,707,439	1,491,434
Total cash and cash equivalents	47,725,215	33,978,323

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Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Current Account			
National Bank Current Account		8,431,010	24,724,279
National Bank Collection Account		37,586,766	7,762,610
e-Citizen		1,707,439	1,491,434
Sub- Total		47,725,215	33,978,323

15. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions

Description	2024/2025	2023/2024
	Kshs	KShs
Accounts receivable	0.00	9,223,024
Total	0.00	9,223,024

b) Ageing analysis for Receivables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Less than 1 year	0.00	-	3,021,742	33%
Between 1- 2 years	0.00	-	6,201,282	67%
Total (a+b)	0.00	-	9,223,024	100%

16. Inventories

Description	2024/2025	2023/2024
		KShs
Consumables stores	3,524,194	2,390,275
Total	3,524,194	2,390,275

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Detailed disclosure on inventories

	2024/2025
Opening balance	2,390,275
Additional Inventory in the year	1,133,919
Closing balance	3,524,194

17. Funds Due from KISM

Description	2024/2025	2023/2024
	Kshs	KShs
Funds due from KISM	9,361,071	9,361,071
Total Funds due from KISM	9,361,071	9,361,071

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18. Property, Plant and Equipment

Description	2024/2025		2023/2024	
	KShs		KShs	
Furniture & Fittings Cost	2,750,373		3,243,502	
Office Equipment Cost	1,153,950		835,124	
Computer and Hardware Cost	5,384,053		3,167,181	
Motor Vehicles	1,500,567		2,786,767	
Office Partitioning	21,205,958		24,241,138	
Total	31,994,900		34,273,712	

Valuation

Computers and Hardware were valued by professional valuers. The assets were revalued by Geosky Services professional valuers on 24/03/2025. These amounts were adopted by the Board on 01/04/2025 with concurrence from the National Treasury.

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18 (b) Property, Plant and Equipment at Cost

Cost	Motor Vehicles	Furniture and fittings	Computers and hardware	Office Equipment	Office Printers	Office Partitions	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation Rate							
As At 1July 2023	5,144,800	1,720,213	7,203,956	1,136,568	485,000		15,690,537
Additions		1,983,405	324,850			25,572,914	27,881,169
As at 30th June 2024	5,144,800	3,703,618	7,528,806	1,136,568	485,000	25,572,914	43,571,706
Additions			2,630,616	499,000			3,129,616
Cost Eliminated on Revaluation			-1,754,374		-415,000		-2,169,374
As at 30th June 2025	5,144,800	3,703,618	8,405,048	1,635,568	70,000	25,572,914	44,531,948
Depreciation And Impairment							
At 1July 2024	2,358,033	460,116	4,389,606	301,444	457,020	1,331,776	9,297,995
Depreciation	1,286,200	493,129	1,952,911	180,174	5,833	3,035,181	6,953,428
Depreciation eliminated on revaluation			-3,257,355		-457,020		-3,714,375
As at 30th June 2025	3,644,233	953,245	3,085,162	481,618	5,833	4,366,957	12,537,048
Net Book Values							
As at 30th June 2024	2,786,767	3,243,502	3,139,200	835,124	27,980	24,241,138	34,273,711
As at 30th June 2025	1,500,567	2,750,373	5,319,886	1,153,950	64,167	21,205,957	31,994,900

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Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Furniture & Fittings Cost	3,703,618	953,245	2,750,373
Office Equipment Cost	1,635,567	481,618	1,153,949
Computer and Hardware Cost	8,405,048	3,085,162	5,319,886
Office Printer	70,000	5,833	64,167
Motor Vehicles	5,144,800	3,644,233	1,500,567
Office Partitioning	25,572,914	4,366,957	21,205,957
Total	44,531,948	12,537,048	31,994,900

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19. Intangible Assets

Description	2024/2025 Kshs.	2023/2024 Kshs.
Cost		
At beginning of the period	8,000,000	8,000,000
At end of the period	8,000,000	8,000,000
Amortization and impairment		
At beginning of the period	2,297,778	697,778
Amortization	1,600,000	1,600,000
At end of the year	3,897,778	2,297,778
Impairment loss		
At end of the period	3,897,778	2,297,778
Net book value	4,102,222	5,702,222

20. Trade and Other Payables

Description	2024/2025 Kshs.	2023/2024 Kshs.
Trade payables	24,017,725	23,496,827
Accrued Audit Fees	-	232,000
Other Accruals	1,777,359	3,865,302
Deferred income	5,765,800	5,160,600
Payment made in advance	-	3,380,354
Total	31,560,884	36,135,083
Ageing analysis: (Trade and other payables)	Period ended 30th June 2025	Period ended 30th June 2024
	% of the Total	% of the Total

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Under one year	8,238,184	26%	12,812,383	35%
1-2 years	23,322,700	74%	23,322,700	65%
Total	31,560,884	100%	36,135,083	100%

21. Current Provisions

Description	Gratuity Provision Kshs
Balance b/f	1,690,430
Additional provisions	1,773,975
Provision utilised	-
Change due to discount and time value for money	-
Transfers from non -current provisions	-
Total provisions year end	3,464,405

KISEB also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. KISEB's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% per employee per month. Other than NSSF KISEB also has a defined contribution scheme operated by Co-optrust Investment Services Pension Fund. Employees contribute 7.5% while employers contribute 7.5% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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22. Reserves

Description	2024/2025	2023/2024
	Kshs	Kshs
Asset grants	11,968,774	11,968,774
Revaluation gain	1,545,000	-
Total	13,513,774	11,968,774

Note:

The asset grants amount of 11,968,774 includes 8,000,000 for Enterprise Resource Planning, 2,284,400 for Computers, 485,000 for Office printer and 1,199,374 for Servers and Peripherals.

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Notes to the Financial Statements (Continued)

23. Cash Generated from Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus for the year before tax	4,954,252	1,888,162
Adjusted for:		
Depreciation and amortization	8,553,428	6,924,070
Working capital adjustments		
Increase in inventory	(1,133,918)	(1,091,512)
Decrease in receivables	9,223,024	359,211
Increase in deferred income	605,200	5,160,600
Decrease in payables	(3,405,425)	3,000,389
Less: Prior year adjustment	(1,920,053)	(934,092)
Net cash flow from operating activities	16,876,508	15,306,828

24. Financial Risk Management

KISEB's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. KISEB'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. KISEB does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. KISEB's financial risk management objectives and policies are detailed below:

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i) Credit risk

KISEB 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 KISEB's management based on prior experience and their assessment of the current economic environment

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the KISEB's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from exchange transactions	-	-	-	-
Bank balances	47,725,215	47,725,215	-	-
Total	47,725,215	47,725,215	-	-
As at 30 June 2024				
Receivables from exchange transactions	9,223,024	9,223,024	-	-
Bank balances	33,978,323	33,978,323	-	-
Total	43,201,347	43,201,347	-	-

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Notes to the Financial Statements (Continued)

Financial Risk Management

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 KISEB has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the KISEB'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 KISEB's directors, who have built an appropriate liquidity risk management framework for the management of the KISEB's short, medium and long-term funding and liquidity management requirements. KISEB manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by KISEB 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	8,238,184	-	23,322,700	31,560,884
Total	8,238,184	-	23,322,700	31,560,884

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Trade payables	9,257,902	-	23,496,827	32,754,729
Total	9,257,902	-	23,496,827	32,754,729

Financial Risk Management

iii) **Market risk**

KISEB has put in place an internal audit function to assist it in assessing the risk faced by KISEB on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the KISEB'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 KISEB'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 KISEB's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

KISEB 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. KISEB manages

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foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Financial Risk Management

b) Interest rate risk

Interest rate risk is the risk that KISEB's financial condition may be adversely affected as a result of changes in interest rate levels. KISEB's interest rate risk arises from bank deposits. This exposes KISEB to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the KISEB's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

KISEB analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable

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inputs reflect the KISEB's market assumptions. KISEB had no financial and non- financial instruments recorded at fair value in the period under review.

Notes to the Financial Statements (Continued)
Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

iv) Capital Risk Management

The objective of the KISEB's capital risk management is to safeguard the KISEB's ability to continue as a going concern. The KISEB capital structure comprises of the following funds:

Description	2024/2025	2023/2024
	Kshs	Kshs
Retained earnings	4,954,252	1,888,162
Capital reserve	11,968,774	11,968,774
Total Funds	16,923,026	13,856,936
Total borrowings	Nil	Nil
Gearing	Nil	Nil

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Notes to the Financial Statements (Continued)

25. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to *KISEB* 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the *KISEB*, holding 100% of *KISEB*'s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *KISEB*, both domestic and external.

Other related parties include:

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

26. Events after the Reporting Period

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

27. Ultimate And Holding *KISEB*

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KISEB is a Semi- Autonomous Government Agency under the Ministry of National Treasury and Planning. Its ultimate parent is the Government of Kenya.

28. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported prior year adjustment	The supporting documents for the prior year adjustment of Kshs. 934,092 have been provided	Resolved	30 th June 2025
2.	Accounts Receivable	The workflow in the ERP has been reconfigured to avoid invoice generation for incomplete registration.	Resolved	30 th June 2025
3.	Trade and Other Payable Balance	Not resolved	Not resolved	

Nfred Ngũgĩ

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Fred Ongisa, PhD, CP3P

C.E.O

Date: 6th November, 2025

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Appendix II: Projects implemented by KISEB

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting as required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Nil	Nil	Nil	Nil	Nil	Nil	Nil

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