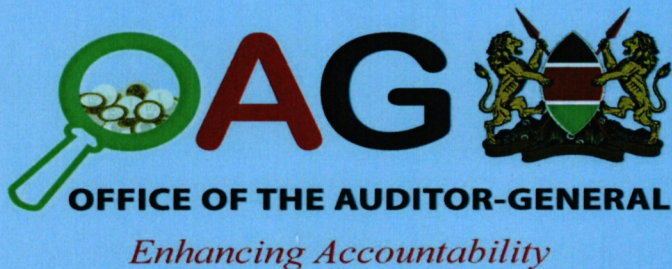
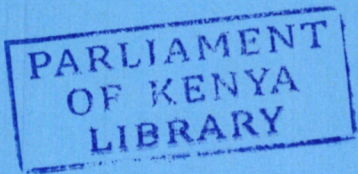


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

**KENYA EDUCATION MANAGEMENT
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2020**

THE NATIONAL ASSEMBLY PAPERS LAID	
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KENYA EDUCATION MANAGEMENT

INSTITUTE

ANNUAL REPORT AND FINANCIAL

STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE, 2020

Prepared in accordance with the Accrual Basis of accounting method under the international public sector

Accounting standards (IPSAS)

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KEY ENTITY INFORMATION AND MANAGEMENT**(a) Background information**

The Institute is established as the capacity building agency of the Ministry of Education. The address of its registered office is L.R. No 209/3464, Mtama Road Parklands, P.O. Box 62592 00200, Nairobi.

The Institute was given mandate under Legal Notice no. 19 of 2010 to provide regular and systematized educational management and administration training for all categories of educational management and administration personnel in the education service.

Under the legal notice no. 163 of 2011 the Institute changed its name from Kenya Education Staff Institute (KESI) to Kenya Education Management Institute (KEMI)

(b) Principal Activities

The Institute is a body corporate under the Ministry of Education mandated to strengthen the capacity and capabilities of all serving and future educational managers and administrators.

(c) Key Management

Mrs. Grace Ngaca (Director) up to 16 th October, 2019)	Mr. Kepher O. Ogwang
Dr. Maurice O. Odondo (Ag. Director from from 16 th October, 2019)	Ms. Grace Wahura
Mr. Richard Thomi (DD/CSD)	Ms. Jackline Lumwachi
Mr. Samuel O. Mawega	Mr. Wycliffe W. Wasike
Mr. Stephen Barkwang	Mr. Newton W. Wangusi
Ms. Purity Kibui	Mr. Stephen Choge
Mr. Vincent Koech	Ms. Nancy Musembi

(d) Fiduciary Management

Prof. Eunice Mutitu (UoN) (Chairperson)	Mr. Saul Barasa (Kibabii TTC)
Dr. Kipsang R. Belio P.S. M.O.E	Mrs. Nancy Macharia (TSC)
Mr. Kahi Indimuli (KSSHA)	Mr. Nicholas Gathemia (KEPSHA)
Dr. Julius Jwan (KICD)	Mr. Samuel Gitonga (Private Sector)
Mrs Mutheu Kasanga (Private Schools)	
Mr. Timothy Atuti (Aberdare TTC)	
Mrs. Grace Ngaca (Ag. Director KEMI)	

(e) Entity Headquarters

L.R. No. 209/3464
Mtama Road,
P.O Box 62592 00200,
NAIROBI.

(f) Entity Contacts

Telephone: 0718 518422
E-mail: info@kemi.ac.ke
Website: www.kemi.ac.ke

(g) Bankers

National Bank of Kenya
Harambee Avenue Branch
P.O Box 41862
Nairobi

Equity Bank Ltd,
Tom Mboya Branch,
P.O Box 10369
Nairobi

(h) Independent Auditors

Auditor - General
Anniversary Towers, University Way
P.O Box 30084 00100
Nairobi.

(i) Principal Legal Advisers

The Attorney General
State Law Office
Harambee Avenue
P.O Box 40112
City Square 00200
Nairobi Kenya

THE BOARD OF DIRECTORS

**Prof. Eunice Mutitu**

Prof. Eunice Mutitu born in 1951 is the Chairperson of the Kenya Education Management Institute Council. She holds a PhD in Plant Pathology, M.Sc. in Plant Pathology, and B.Sc. in Agriculture all from the University of Nairobi. She is a Fulbright Scholar of the Pennsylvania State University in USA and Visiting Scientist of DSMZ, Germany. She is currently a Lecturer at the faculty for Agriculture, the University of Nairobi. She has wide experience in administration having served as Director of the Board of Post Graduate Studies, Coordinator of various University projects and Chairperson, Department of Crop Protection at the University of Nairobi.

**Director of the Kenya Education Management Institute, Grace Ngaca. (Joined March 2017 up to 16th October, 2019)**

Grace W. Ngaca, is the Director of the Kenya Education Management Institute. She holds a Master's Degree in Counselling from the University of Nairobi. Post graduate Diploma in Education from Kenyatta University. Bachelor of Arts degree from university of Nairobi. She has wide experience in education management and training having worked for the Ministry of Education head office from 2007 and taught in various schools unto the level of Deputy Principal at Alliance Girls High School.

**Ag. Director from 16th October, 2019 Dr. Maurice O. Odondo, PhD Business Administration, Master of Business Administration, B.Ed (Arts).**

He is the Acting Director, Kenya Education Management Institute (KEMI). Prior to his appointment, Dr. Odondo was the Deputy Director Training, Research and Consultancy Department. He previously acted as Deputy Director Corporate Services Department and Head of School of Management Division at the Institute. He was a Member Representative (MR) of Quality Management Systems for the Institute and coordinator of ISO 9001:2015. He has 24 years' experience in the education sector having contributed in various capacities. He holds a Bachelor Degree in Education (Arts) from Moi University, Master of Business Administration from Kenyatta University and Doctor of Philosophy in Business Administration from JKUAT. Dr. Odondo is a member of Kenya Association for Public Administration and Management (KAPAM). He is a renowned trainer in leadership and management, an author of education management books; he has published in various Journals and presented papers in national and international educational conferences. He champions provision of quality, relevant and inclusive education to humanity



Dr. Belio R. Kipsang

Dr. Belio R. Kipsang is the Principal Secretary Ministry of Education Science & Technology/State Department of Education. He holds a PhD degree in Education (Education Administration and Planning) from Catholic University of Eastern Africa, Masters of Arts degree in Economics and Bachelor's degree in Education (Business and Economics) both from University of Nairobi. He previously served as Managing Trustee/Chief Executive Officer Coffee Development Fund, Deputy CEO and Head of Operations Higher Education Loans Board. He is a Council Member at Mt. Kenya University and Cooperative University College. He is also a board member Finance Alliance for Sustainable Trade, Council Member Advisory Council for Coffee Initiative, Government Delegate International Coffee Organization and chair Operations Committee, Association of African Higher Education Financing Agencies.



Mrs Nancy Njeri Macharia

Mrs. Macharia was employed by the Teachers Service Commission in May 1987 as a teacher of English and literature and taught in various schools before joining the TSC secretariat in 1995 as a staffing officer. She rose through the various ranks in the secretariat until her current appointment as the Commission Secretary in July 2015. She has worked in the education sector for more than 28 years. She holds a Master of Education (Policy and Management) degree from Bristol University, UK and a Bachelor of Education degree in English/Literature from Kenyatta University. Mrs Macharia has undergone training both locally and internationally in Corporate Governance, Public Procurement, Policy Formation, Information Communication Technology (ICT), Proactive Management and Business Excellence Models, among others. In addition, she is a member of the Kenya Association of Public Administration Management (KAPAM) and Institute of Directors.



Ms. Mutheu Kasanga

Ms. Mutheu Kasanga is the Chairperson of Kenya Private Schools Association, Board Member at East Africa Science and Technology Commission, and a Member Board of Trustee, Lukenya University. She holds a M.Ed Management from Oxford Brookes University and a B.Ed from the University of Nairobi. She also Chairs the Education Sector Board at the Kenya Private Sector Alliance and has been a Director at Lukenya Schools for over 17 years.



Mr. Saul Barasa

Mr. Saul Barasa is the Chairperson of Kenya Teachers Colleges Principals Association (KTCPA). He holds a B.Ed (Arts) from Kenyatta University. He is currently the Chief Principal of Kibabii Diploma Teachers Training College.



Mr. Nicholas Gathemia

Mr. Nicholas Gathemia is the current National Chairman of the Kenya Primary Schools Headteachers Association (KEPSHA) and one of the founders of KEPSHA. He is currently the Headteacher of Lavington Primary School and a Board Member of Peer Counsellors' Association (PCA.)

He holds a Higher Diploma in Education and has over 30 years' experience as a Headteacher.



Mr. Samuel G. Mutungi

Mr. Samuel G. Mutungi, born in 1955, holds a M.Sc. (Business Systems Analysis and Design) from the City University (London) and a B.Ed (Mathematics and Business Studies) from University of Nairobi. He is currently a Consultant in ICT and Banking. He has wide experience in banking having worked as a Director at Co-operative Bank of Kenya for over 16 years. He has 8 years' experience as a Computer Services Manager at Glaxo East Africa. In addition he has been a lecturer for over 6 years at Kenya Polytechnic. He is a Fellow of the Kenya Institute of Bankers and Fellow Kenya Computer Society and a member of Paul Harris Fellow (Rotary International).



Dr. Julius Jwan up to February, 2020

Dr Julius Jwan is the Director/CEO at the Kenya Institute of Curriculum Development (KICD). He holds a PhD Degree in Educational Leadership & Management and a Master of Science (MSc) Degree in Educational Research Methods – both from the UK. He also holds a Master of Philosophy (MPhil) Degree in Education Communication & Management from Norway and another Master Degree in Linguistics from Moi University where he also graduated with a Bachelor of Education Degree.

Prior to joining KICD, he was the Director – Programmes and Technical Services at the National Cohesion and Integration Commission (NCIC). He was also lecturer at Moi University and a teacher at a secondary school and Teachers' Training College.



Mr. Indimuli Kahi

Mr. Indimuli Kahi OGW is the current president African Confederation of Principals National Chairman of Kenya Secondary Schools' Heads Association (KESSHA). He is also a council member of the International Confederation of Principals.

He holds a Masters of Business Administration (MBA) in Strategic Management from University of Nairobi and a Bachelor's Degree in Education (B.Ed.) from Kenyatta University.



Mr. Timothy Atuti

Mr. Timothy Atuti is the Vice Chairperson of Kenya Teachers Colleges Principals Association (KTCPA).

He holds a Masters in Project Planning and Management from the University of Nairobi and B.Ed (Arts) from Egerton University. He is currently the Principal of Borabu Teachers Training College.

MANAGEMENT TEAM



Director of the Kenya Education Management Institute, Grace Ngaca. Up to 16th October, 2019)

Grace W. Ngaca is the Director of the Kenya Education Management Institute. She holds a Master's Degree in Counselling from the University of Nairobi. Post graduate Diploma in Education from Kenyatta University. Bachelor of Arts degree from university of Nairobi. She has wide experience in education management and training having worked for the Ministry of Education head office from 2007 and taught in various schools unto the level of Deputy Principal at Alliance Girls High School.



Ag. Director from 16th October, 2019 Dr. Maurice O. Odondo, PhD (Business Administration), MBA (Entrepreneurship) B.Ed (Arts).

He is currently the Acting Director, Kenya Education Management Institute (KEMI). Prior to his appointment, Dr. Odondo was the Deputy Director Training, Research and Consultancy Department. He previously acted as Deputy Director Corporate Services Department and Head of School of Management Division at the Institute. He was a Member Representative (MR) of Quality Management Systems for the Institute and coordinator of ISO 9001:2015. He has 24 years' experience in the education sector having contributed in various capacities.

He holds a Bachelor Degree in Education (Arts) from Moi University, Master of Business Administration from Kenyatta University and Doctor of Philosophy in Business Administration at JKUAT. Dr. Odondo is a member of Kenya Association for Public Administration and Management (KAPAM). He is a renowned trainer in leadership and management, an author of education management books; he has published in various Journals and presented papers in national and international educational conferences. He champions provision of quality, relevant and inclusive education to humanity



Deputy Director - Corporate Services, Mr. Richard Thomi, MBA, B.Com (Accounting option), CPA (K).

Reporting to the Director, the Deputy Director is responsible for finance Strategy & Planning in the Institute. He is responsible for all financial aspects of the Institute, both operational and strategic including ensuring effective financial management and financial control and for the performance of operational finance at KEMI.

Head of Human Resource Training, Mrs Peris Toroitich.

A trainer at Kenya Education Management Institute (KEMI). She is currently the Head of department of Human Resource and Entrepreneurship in the Institute. She holds a degree in Education (BED) majoring in Economics. She holds a master's degree in Business Administration majoring in Human Resource Management from Da Vinci University and higher Diploma in Human Resource Management from Institute of Human Resource Management (IHRM).



Head of Media, Research and Marketing, Mr. Wycliffe W. Wasike, M.A (Communication), B.Ed.

Responsible for planning and implementation of the media, research and Consultancy, and marketing programs of the Institute. In charge of ensuring effective communication, publicity and M&E towards achieving corporate objectives. In addition he is in charge of the Corporate Social Responsibility (CSR) program. Departments: Media, Research and Consultancy, Marketing.



Head of ICT Training, Ms. Purity Gathigia Kibui, M.A (Education Philosophy), M.ED (Education Administration), B.Ed

Responsible for managing the ICT programs of the Institute. In charge of planning, sourcing and implementing the ICT programs. In addition she is the ISO 9001:2008 QMS Management Representative and a member of the ICT integration team of the Ministry of Education, Science and Technology. Departments: ICT and ISO.



Head of Finance & Accounts, Ms. Grace Wahura, B.Com (Finance), CPA (K).

Responsible for the Institute's finances. In charge of planning, sourcing and managing financial resources to achieve corporate objectives. Responsible for the prudent use of institutional resources including credit management. Departments: Accounts and Credit management.



Head of ICT Maintenance, Mr. Vincent Koech, MSc (Computer Science), BSc (Information Technology), Diploma (Information Technology), MCITP, CCNA, ISMS & QMS.

Responsible for ICT Systems Administration and Maintenance. With over 10 years' experience in the field of ICT. His main ICT Research areas of interest include but not limited to: - Artificial Intelligence, Design & Analysis of Algorithms and Information Security Management Systems.





Head of Procurement Training, Mr. Stephen Choge.

Stephen Choge is currently a trainer at Kenya Education management Institute (KEMI) and the HOD Finance & Supply Chain Management. He holds a master of education in Educational Planning Management and Administration, B.ED and Certificate in Primary Teacher Education and currently he is pursuing PhD in Educational Planning.



Head of Admissions, Mr. Stephen Barkwang.

The HOD Admissions and currently pursuing PhD in Education Administration at Kenyatta University. He holds Master of Education Management from the Egerton University and Bachelors of Education (Arts) from University of Nairobi. He specializes in Education Management, Curriculum Management, Education for Sustainable Development, Contemporary issues in Education Management, Best management Practices in Education Management and Innovations.



Head of Administration, Mr. Newton Wekesa Wangusi, Executive MBA (Human Resource Management and General Administration), Certified Public Secretaries of Kenya (CPS K).

Responsible for administrative operations of the Institute. In charge of optimum administration and maintenance of programs to achieve corporate objectives. Ensuring efficient and synchronized administration and maintenance operations. Departments: Transport, Grounds and Customer Care.



Head of Hospitality Training, Ms. Nancy Kaseki Musembi

Nancy Kaseki Musembi is the Hospitality Manager for the Kenya Education Management Institute. She holds a Higher National Diploma in Catering and Accommodation Management, BSc Hospitality Management and currently pursuing Master's Degree in Hospitality Management. Nancy is in charge directing and coordinating all activities at the centre by directly supervising all section heads and ensuring proper completion of all tasks in the various sections. Supervising and advising all human resource matters pertaining to the, supervision, discipline, training and development of staff.



Head of Human Resource, Mr. Kepher Owino Ogwang, Higher Diploma in Human Resource Management.

Responsible for human capital planning, recruitment, performance management, reward, wellness and employee relations. In charge of legal affairs and safeguarding the Institutes interests. In addition, he is responsible for compensation administration, staff housing and registry.



Head of Internal Audit, Mr. Samuel Ochieng Mawega, CPA Part III

Responsible for the provision of Internal Auditing and advisory services to internal Management, assisting in controlling risk and monitoring compliance. In addition, he is the secretary to the Audit Committee of the Board. Member of ICPAK.



Head of Procurement, Ms. Jackline Lumwachi.

She holds a Diploma in Procurement and Logistics and currently pursuing Bachelor of Management in Procurement and Logistics. Responsible for the procurement and inventory management in the institute. In charge of purchasing, supply chain and logistics to achieve corporate objectives.

CHAIRPERSON'S STATEMENT

We are pleased to showcase our successes for 2019/2020 in this annual report. The institute increased its focus on capacity development in education management by improving access to training programs while improving quality. These programs we know drive education quality and have the greatest impact on education service delivery.

KEMI's proven strategy - well executed by a strong management team and 88 employees contributed to the success of the institute's capacity development program.

Effective corporate governance was and continues to be an important foundation for KEMI's strong performance and is fundamental to our success. Corporate governance provides proper oversight and accountability, strengthens internal and external relationships, and builds trust with our clientele.

I would like to thank the KEMI council and management team for the achievements made in 2019/2020. I am truly privileged to work with this team, which brings commitment and enthusiasm to work and carries it forward to enrich our clientele.

Thank you, our education managers, for your confidence in us, which helps fuel the momentum towards an ever brighter future for KEMI.

Looking forward, we recognize not only the accomplishments of this institution, but also recognize the immense opportunities that lie ahead. As a Council we reemphasize our commitment towards transforming the education sector through innovative capacity development programs.

As we now direct our attention to 2021/2022, we look forward to the future because we are confident that KEMI will remain focused on delivering strong results.



Prof. Eunice Mutitu
Chairperson
KEMI COUNCIL

DIRECTOR STATEMENT

Much of our work in Kenya Education Management Institute (KEMI) focuses on developing the capacity of education managers to meet the 21st century challenges. As we present our 2019/2020 annual report, it is worth pausing to consider a question fundamental to KEMI'S mission: Why capacity development? At KEMI our capacity development program is about understanding the issues that inhibit education managers from realizing educational goals while enhancing their knowledge and skills that will enable them to achieve measurable and sustainable results.

We have always focused on capacity development which takes place both at individual and constitutional level. At individual level we develop and enhance the managerial knowledge and skills of education managers; while at the institutional level, we concentrate on facilitating educational managers towards developing managerial tools such as policies, strategic plans aimed at modernizing their educational institutions.

It is worth noting that in the previous years, 84% of School heads and Deputies have been taken through the Diploma in Education Management. In regard FY 2019/2020, the Institute has made great achievements in inducting the newly appointed heads of schools and deputies. Groups that were taken through the Diploma in Education Management include among others; Quality Assurance and Standards Officers, Adult Education Officers and Technical and Vocational Managers.

We are confident that operational and financial performance will improve further during 2021/2022 enabling us to achieve our set targets for the year.

In conclusion, I am grateful to our staff and participants of our programs for their dedicated efforts and for the way they have embraced our new culture of innovation and excellence. Special gratitude goes to the Ministry of Education (MOE), Teachers Service Commission and Development partners for their continued support.



Dr. Maurice Odondo
Ag. Director/CEO

CORPORATE GOVERNANCE STATEMENT

The Council is committed to excellence in corporate governance, transparency and accountability. This is essential for the long term performance and sustainability of our institution, and to protect and enhance the interests of our clients and other stakeholders. The Council regularly reviews the governance arrangements as well as developments in the education sector, expectations and regulations. The council recognizes its mandate to direct and be held accountable for building the capacity of managers in the education sector.

Compliance

The Council is compliant with the provisions of but not limited to the following Acts and regulations: KEMI Legal Notice 19/2010, Education Act No. 14 of 2013, Occupational Safety Health Act and Public Procurement & Disposal Act 2005.

Council composition

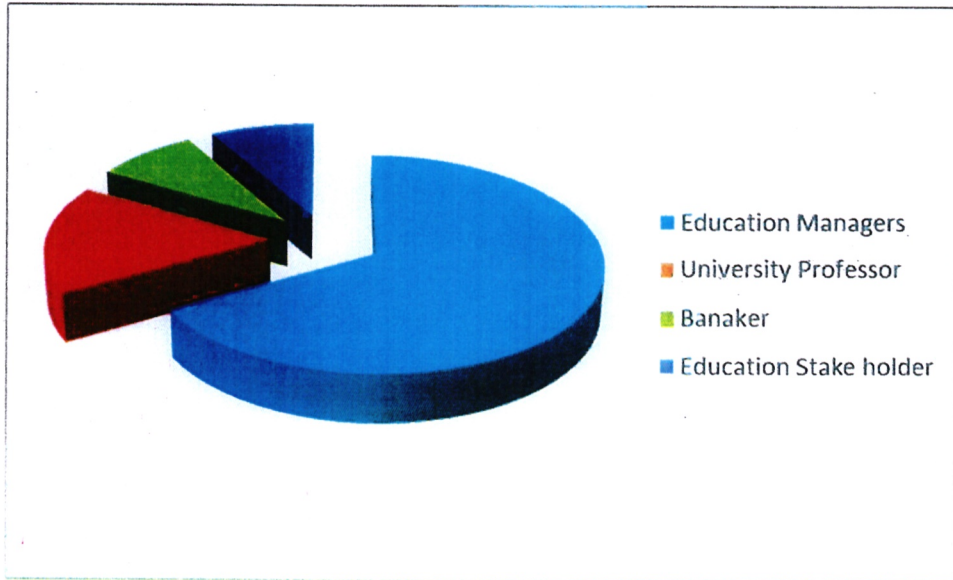
The Council consists of 11 members led by a non-executive and independent Chairperson as follows:

No	Name	Position
1.	Prof. Eunice Mutitu	Chairperson
2.	Dr. Belio Kipsang	PS/MOEST
3.	Mrs. Grace W. Ngaca	Director/KEMI up to 16 th October 2019
4.	Mr. Julius Jwan	Director/KICD
5.	Mrs. Nancy Macharia	Secretary/CEO/TSC
6.	Mr. Kahi Indimuli	Representative Kenya Secondary School Heads Association
7.	Mr. Nicholas Gathemia	Representative Kenya Primary School Heads Association
8.	Mr. Timothy Atuti	Representative Kenya Association for Primary Teachers Training Colleges
9.	Mr. Saul Barasa	Representative Kenya Diploma Colleges Principals Association
10.	Mrs. Mutheu Kasanga	Representative Kenya Private schools association.
11.	Mr. Samuel G. Mutungi	Two persons, not being civil servants, appointed by the Cabinet Secretary by virtue of their knowledge in matters related to education
12.	Prof. Eunice Mutitu	

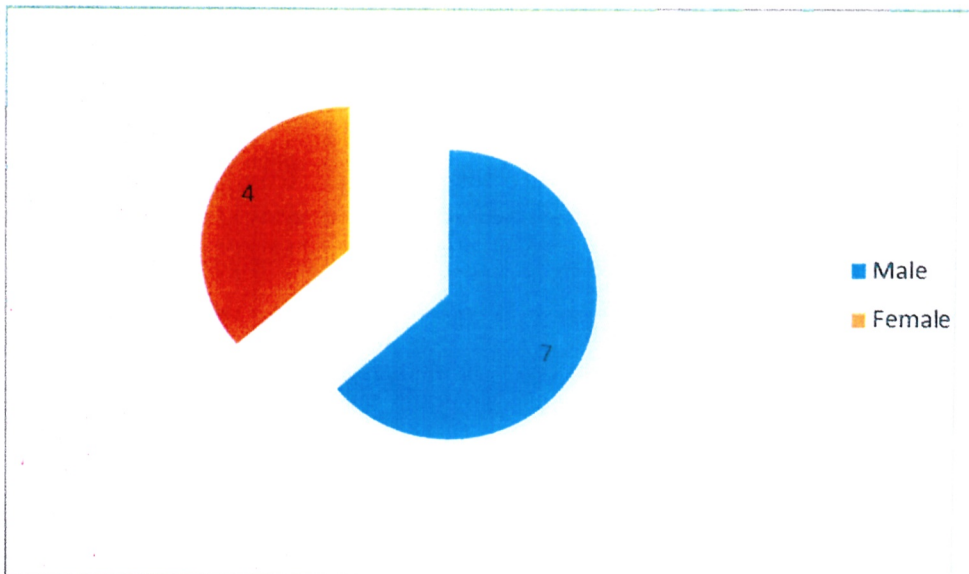
Council Diversity

The Council diversity is as follows:

The professional diversity of the board is presented below:



The gender diversity of the Council is illustrated below:



The biographies of the Council members are published in subsequent pages.

Separation of powers

The independence of the Council from the institutions corporate management is ensured by the separation of the functions of the Chairperson and the Director/CEO and a clear definition of their responsibilities. This helps the institution in achieving an appropriate balance of power, increased accountability and improved decision-making.

Responsibilities of the Council

The responsibilities of the Council are spelt out in the KEMI Legal Notice 19/2010. The functions and powers of the Council shall be to-

1. Formulate, with the approval of the Cabinet Secretary, policies pertaining to the management and implementation of the objects of the Institute;
2. Administer the property and funds of the Institute in such manner and for such purposes as shall best promote that interests of the Institute; Provided that the Council shall not dispose of the immovable property of the Institute without the approval of the Cabinet Secretary;
3. Receive, on behalf of the Institute, donations, endorsements, gifts, grants or other monies, and other monies, and to make legitimate disbursements therefrom;
4. Borrow, generate and raise funds for the purposes of the Institute;
5. Appoint suitable staff of the Institute upon such terms and conditions as it may determine;
6. Receive reports from the Director or any officer of the Institute in respect of financial and other circumstances of the Institute, and to direct any action to be taken by the Director or such officer;
7. Establish facilities in any place (whether in or outside Kenya) for the better discharge of its functions and responsibilities under this Act; and purpose of the Institute.

Each council member is aware of the Institutions vision, mission, and core values and participates in deciding on the structure and procedures to achieve the strategic objectives of the institute.

On quarterly basis, the Council considers reports from the board committees, operational reports from the Director/CEO of the institute including specific proposals on strategic issues.

Council Remuneration

Council Allowances are paid in line with the State Corporations Regulations Circular No.OP/CAB.9/21/2A/III/43 dated 23rd November 2004 as follows:

Position	Current Allowance (Kshs.)
Chairperson	80,000.00 per month
Chairperson/Committee	20,000.00 per sitting
Members	15,000.00 per sitting

Conflict of interest and Declaration of interest

Council members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the institution.

Each member of the board is obligated to fully disclose to the Council any real or potential conflict of interest, which comes to his/her attention, whether directly or indirectly.

Council members must declare any conflict of interest they may have, and in certain circumstances, they must abstain from participating in any discussion or voting on matters in which they have a material personal interest.

Council members from Institutions that were undertaking training programs that were in conflict with those of KEMI were requested not to do so.

Board Committees

The Council is made up of 5 committees:

1. Audit
2. Business/Strategy/Development
3. Training
4. Finance and General Purpose Committee
5. Human Resource Development

Report of the Chairperson of the Audit Committee



Mrs. Nancy Macharia - Chairperson

Membership:

The Audit Committee is made up of the following members:

1. Mrs. Nancy Macharia - Chairperson
2. Ms. Mutheu Kasanga
3. Mr. Samuel Gitonga Mutungi
4. Mr. Kahi Indimuli
5. Mr. Samuel Mawega

Mandate:

The Audit Committee:-

- (i). Reviews the impact of significant accounting and reporting issues such as professional and regulatory pronouncements;
- (ii). Assesses if generally accepted accounting principles have been consistently applied within preparation of preliminary announcements and interim financial statements;
- (iii). Is responsible for the internal audit and risk management function by ensuring management acts on audit and risk management reports;
- (iv). Confirms that all regulatory compliance is considered in the preparation of financial statements; and
- (v). Reviews the process for monitoring compliance with the Institute's ethical guidelines.

Report of the Chairperson of the Business/Strategy/Development Committee



Mr. Samuel G. Mutungi - Chairperson

Membership

The Business/Strategy/Development Committee is made up of the following members:

1. Mr. Samuel G. Mutungi - Chairperson
2. Dr. Belio R. Kipsang
3. Ms. Mutheu Kasanga
4. Mr. Saul Baraka
5. Mrs. Grace W. Ngaca

Mandate

The Strategy Committee:

- (i). Assists the Board in discharging its oversight duties with respect to the overall strategic direction of the Institution, operational performance and organizational health;
- (ii). Reviews the Institution's Strategy and investment policies and makes recommendations to the Board on strategy adjustment. It also assesses the progress of the Institution's Strategy execution through identification of priority areas. The Committee monitors, evaluates and oversees the Institution's health including the review of financial and business plans and the overall Institution Performance Management System.

Report of the Chairperson of the Training Committee



Ms. Mutheu Kasanga - Chairperson

Membership

The Training Committee is made up of the following members:

1. Ms. Mutheu Kasanga - Chairperson
2. Mrs. Nancy Macharia
3. Mr. Kahi Indimuli
4. Mr. Nicholas Gathemia
5. Mrs. Grace W. Ngaca

Mandate:

The training committee:

- (i). Assists the Board in discharging its oversight duties with respect to the overall strategic direction of the capacity development program of the institute;
- (ii). Review the progress of the institutions capacity development programs and give advice and recommendations in relation to these programs..

Report of the Chairperson of the Finance and General Purposes Committee



Dr. Julius O. Jwan - Chairperson

Membership

The Finance and General Purpose Committee is made up of the following members

1. Dr. Julius O. Jwan - Chairperson
2. Dr. Belio Kipsang
3. Mr. Saul Barasa
4. Mr. Timothy Atuti
5. Mrs. Grace W. Ngaca

Mandate:

The committee:-

- (i). Assists the council in discharging its oversight duties with respect to the overall financial health and integrity of the organization.
- (ii). Reviewing the financial plans and policies of the institution and monitoring the financial performance of the institution.

Report of the Chairperson of the Human Resource Development Committee



Mr. Kahi Indimuli

Membership

The Human Resource Committee is made up of the following members:

1. Mr. Kahi Indimuli - Chairperson
2. Dr. Julius O. Jwan
3. Mrs. Nancy Macharia
4. Mr. Nicholas Gathemia
5. Mrs. Grace W. Ngaca

Mandate

The Committee monitors the policies and practices of KEMI in relation to the Human Resources, offers advice and recommendations on the Institute's human resource strategies, initiatives and policies; and the recruitment and remuneration of staff.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Management is committed to excellence in corporate governance, transparency and accountability. This is essential for the long term performance and sustainability of our institution, and to protect and enhance the interests of our clients and other stakeholders. The management regularly reviews the management arrangements as well as developments in the education sector, expectations and regulations. The management recognizes its functions to plan, organize coordinate and direct capacity building of managers in the education sector.

REPORT OF THE DIRECTORS/COUNCIL

FOR THE YEAR ENDED 30 JUNE, 2020

The Council submit their report together with the audited financial statements for the year ended 30 June, 2020 which shows the state of the entity affairs.

Principal activities

The Principal activity of the institute is that of training education managers in the Education sector.

RESULTS FOR THE YEAR

	<u>2020</u>	<u>2019</u>
	Kshs	Kshs
Deficit/Surplus for the year	(18,140,923)	(15,813,636)
Deficit/Surplus for the year carried to retained earnings	(18,140,923)	(15,813,636)

BY ORDER OF THE COUNCIL



Ag. DIRECTOR



COUNCIL CHAIR

STATEMENT OF COUNCIL'S RESPONSIBILITIES

FOR THE YEAR ENDED 30 JUNE, 2020

The State Corporation's Act requires the Council to prepare financial statements for each year, which give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of its operating results for that year. It also requires the council to ensure the Institute keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institute. They are also responsible for safeguarding the assets of the Institute.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the State Corporation's Act. The council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the institute and of its operating results.

The council further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Approved by the council on 08/08/2021 and signed on its behalf by:



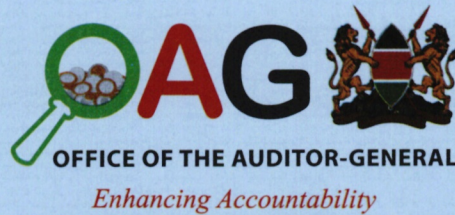
Ag. Director



Council Chair

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA EDUCATION MANAGEMENT INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Education Management Institute set out on pages 1 to 14, which comprise the statement of financial position as at 30 June, 2020 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amount for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the 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 the Kenya Education Management Institute as at 30 June, 2020, 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 the Education Act, Cap 211 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property, Plant and Equipment

1.1 Unverified Electronics Data Processing (EDP) Equipment

As previously reported, the property, plant and equipment balance of Kshs.2,351,146,788 includes Electronics Data Processing (EDP) equipment valued at Kshs.2,419,237 issued to the Ministry of Education staff who had been seconded to the Institute. Available information indicates that although the total amount of Kshs.2,419,237 was recovered from the employees, the Ministry had only remitted Kshs.1,399,800 to the Institute. Management did not provide an explanation for failure to recover the outstanding balance of Kshs.1,019,437 as at 30 June, 2019. Review of the matter in 2019/2020 indicated that the Ministry had not remitted the balance of Kshs.1,019,437 by the end of the financial year.

1.2 Encroached Land

Further, and as reported in the previous years, property, plant and equipment balance of Kshs.2,351,146,788 as at 30 June, 2020 includes a parcel of land measuring 15.45 hectares at Kayole in Nairobi valued at Kshs.2,050,000,000 which been partially encroached by informal settlers. The Management contracted a law firm on 18 October, 2010 to seek court orders for the eviction of the informal settlers, and notice of eviction put on nationwide newspapers on 28 November, 2017. The Management further wrote to the parent ministry on 20 August, 2018 seeking for intervention to evict the informal settlers. However, the matter had not been resolved by the end of the financial year.

In the circumstances, the accuracy and validity of the property, plant and equipment valued at Kshs.2,050,419,237 as at 30 June, 2020 cannot not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.202,727,000 and Kshs.166,163,861 respectively resulting to an under-funding of Kshs.36,563,139 or 18% of the budget. Similarly, the Institute expended Kshs.184,304,784 against an approved budget of Kshs.196,510,000 resulting to an under-expenditure of Kshs.12,418,758 or 6% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter under Basis for Conclusion on Lawfulness and

Effectiveness in Use of Public Resources section of my report, 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-Appointment of Director

A review of the Human Resource records revealed that the Institute was headed by an Acting Director since 07 October, 2019 more than 9 months after the acting appointment. However, an advertisement for the post was placed in the dailies in August, 2020 and after shortlisting of the candidates no interviews were conducted. The Acting Director has been drawing a twenty percent allowance of the basic salary at job group R for more than six months contrary to Section C.14(1) of Human Resource Policies and Procedures Manual for the Public Service of May, 2016 which states that acting allowance will not be payable to an officer for more than six (6) months. Lack of a substantive Director has affected the duties and responsibilities of a Director in offering direction, organization and administration of programs of the Institute.

The Institute is therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Long Outstanding Receivables

As reported in previous years, and as disclosed in Note 9 to the financial statements, the receivables from exchange transactions balance of Kshs.47,098,840 as at 30 June, 2020 includes debts totalling Kshs.29,395,696 or 51% which have been outstanding for over six (6) years and whose recoverability is doubtful. The provision for bad and doubtful debts amounting to Kshs.1,456,665 appears inadequate.

In the circumstances, the existence of an effective and efficient debt recovery policy and mechanism cannot be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 The Institute Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause to cease to continue to sustain its services.

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

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

09 November, 2021

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020**

	<u>Notes</u>	<u>2020</u> Kshs	<u>2019</u> Kshs
Revenue from non - exchange transactions	2	88,900,000	88,994,138
Revenue from exchange transactions	3	77,263,861	52,852,962
Total Revenue		<u><u>166,163,861</u></u>	<u><u>141,847,100</u></u>
Expenses			
Staff Costs	4	82,154,250	77,017,174
Administrative expenses	5	99,162,017	76,999,895
Council Expenses	6	2,940,728	3,615,140
Finance Cost	7	47,790	28,528
Total Expenses		<u><u>184,304,784</u></u>	<u><u>157,660,736</u></u>
Deficit / Surplus for the year		<u><u>(18,140,923)</u></u>	<u><u>(15,813,636)</u></u>

The notes set out on pages 7 to 13 form an integral part of these Financial Statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	<u>Notes</u>	<u>2020</u> Kshs	<u>2019</u> Kshs
Assets			
Current assets			
Cash and cash equivalent	8	47,219,911	48,803,934
Receivables from exchange transactions	9	47,098,840	45,529,308
Total Current Assets		94,318,751	94,333,242
Non - current assets			
Property, plant and equipment	10	2,351,146,788	2,363,038,735
Intangible Asset	11	7,581,000	-
Total Non-Current Assets		2,358,727,788	2,363,776,914
Total assets		2,453,046,538	2,457,371,977
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	12	17,924,404	4,108,921
Total Current Liabilities		17,924,404	4,108,921
Non-Current liabilities		-	-
Total Liabilities		17,924,404	4,108,921
Reserves and Surplus			
Revaluation Reserve	13(i)	2,284,463,085	2,284,463,085
Capital Reserve	13(ii)	44,164,375	44,164,375
Retained earnings	13(iii)	106,494,672	124,635,596
Total Net Reserves & Surplus		2,435,122,132	2,453,263,056
Total Net Assets and Liabilities		2,453,046,537	2,457,371,977

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Ag. Director KEMI
Name: Dr. Maurice O. Odondo

Head of Finance
Name: Richard Thomi
ICPAK M/NO: 6785

Chairman of the Board
Name: Prof. Eunice Mutitu

Sign 

Date 03/08/2021

Sign 

Sign

Sign 

Date 03/08/2021

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020**

	REVALUATION RESERVE	CAPITAL RESERVE	RETAINED EARNINGS	TOTAL
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
As At July 1, 2018	2,284,463,085	44,164,375	140,449,233	2,469,076,693
Development Grant	-	-	-	-
Surplus for the year	-	-	(15,813,636)	(15,813,636)
As At June 30, 2019	<u>2,284,463,085</u>	<u>44,164,375</u>	<u>124,635,597</u>	<u>2,453,263,057</u>
As At July 1, 2019	2,284,463,085	44,164,375	124,635,597	2,453,263,057
Development Grant	-	-	-	-
Deficit for the year	-	-	(18,140,923)	(18,140,923)
As At June 30, 2020	<u>2,284,463,085</u>	<u>44,164,375</u>	<u>106,494,674</u>	<u>2,435,122,134</u>

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	<u>Notes</u>	<u>2020</u> Kshs	<u>2019</u> Kshs
Cash flows from Operating Activities			
Net Deficit/Surplus before tax		(18,140,923)	(15,813,636)
<i>Adjustment for:</i>			
Depreciation	10	12,531,517	14,179,216
<i>Operating (Deficit)/Surplus before working capital changes</i>		(5,609,406)	(1,634,420)
Increase/Decrease in debtors	9	(1,569,532)	(8,620,184)
Decrease in payables	12	13,815,484	600,669
<i>Cash generated from operations</i>		6,636,546	(9,653,936)
Net cash from operating activities		6,636,546	(9,653,936)
Cash flows from Investing Activities			
Purchase of Fixed Assets	10	(639,570)	(11,198,093)
Purchase of Intangible Assets	11	(7,581,000)	-
Development Grant received		-	-
<i>Net cash used in investing activities</i>		(8,220,570)	(11,198,093)
Cash flows from Financing Activities			
		-	-
Net Increase in cash and cash equivalents		(1,584,024)	(20,852,029)
Cash and cash equivalents			
At the beginning of the year		48,803,934	69,655,964
At the end of year		47,219,910	48,803,934

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

	Original Budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on Comparable Basis Kshs	Performance Difference Kshs	Variance %	Reason
Revenue							
Government of Kenya (GOK) - (Revenue from Non Exchange Transactions)	92,000,000	(3,100,000)	88,900,000	88,900,000	-	0	
Government of Kenya - Development Grant	-	-	-	-	-		
Income Generating Activities - (Revenue from Exchange Transactions)	160,956,000	(47,129,000)	113,827,000	77,263,861	36,563,139	32	The Institute did not train as anticipated due to delay in constitution of BOM's and launching of EMC by MOE, Restriction of training to holidays only, Lack of funding by MOE for the diploma and court cases that have affected launching of the TPD as well as emerging issues of COVID - 19.
Total Income	252,956,000	(50,229,000)	202,727,000	166,163,861	36,563,139		
Recurrent Expenditures							
Staff cost							
Basic Salaries	48,501,500.00	-	48,501,500.00	48,572,968	(71,468)	0	
House allowance	16,395,000.00	-	16,395,000.00	16,714,125	(319,125)	-2	
Leave allowance	400,000.00	-	400,000.00	378,000	22,000	6	
Entertainment,Extreaneous,Risk & Other Allowances	1,300,000.00	-	1,300,000.00	1,535,588	(235,588)	-18	
Commuter allowance	5,000,000.00	-	5,000,000.00	5,338,333	(338,333)	-7	
Employers NSSF	300,000.00	-	300,000.00	189,800	110,200	37	
Employers Pension	8,500,000.00	-	8,500,000.00	8,465,388	34,612	0	
Casual Wages	1,000,000.00	-	1,000,000.00	960,047	39,953	4	
Total Staff Cost	81,396,500.00	0.00	81,396,500.00	82,154,249.70	-757,749.70		
Operating & maintainance of motor vehicles	2,500,000.00	-	2,500,000.00	1,845,890	654,110	26	Reduced movements due to restrictions by Govt' hence less wear and tear of the motor vehicles
Refined fuel & lubricants for transport	2,000,000.00	1,500,000	3,500,000.00	3,210,000	290,000	8	
Foreign Travel	2,500,000.00	(500,000)	2,000,000.00	1,272,026	727,974	36	Reduced foreign travel due to a ban imposed by the Govt' due to Covid - 19
Domestic Travel	2,500,000.00	-	2,500,000.00	2,503,740	(3,740)	0	
Postal & Telegram	30,000.00	-	30,000.00	14,025	15,975	53	Use of technology in communication services
Insurance cover	6,500,000.00	7,800,000	14,300,000.00	13,381,476	918,524	6	
Workmans compensation	500,000.00	(185,000)	315,000.00	300,101	14,899	5	
Telephone & Airtime	500,000.00	(200,000)	300,000.00	290,000	10,000	3	
Electricity	5,000,000.00	1,000,000	6,000,000.00	4,990,779	1,009,221	17	Reduced use of hostels due emerging issues of COVID - 19
Water & Sewerage	1,500,000.00	-	1,500,000.00	1,246,250	253,750	17	Reduced use of the hostels
Internet Services	1,500,000.00	(100,000)	1,400,000.00	1,279,896	120,104	9	
Sub Totals	25,530,000.00	8,815,000.00	34,345,000.00	30,334,182.99	4,010,817.01		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

	Original Budget	Adjustments	Final budget	Actual on	Performance	Variance	Reason
	Kshs	Kshs	Kshs	Comparable	Difference	%	
				Basis	Kshs		
				Kshs			
Recurrent Expenditures							
Gas & Other fuel	750,000.00	750,000	1,500,000.00	1,045,900	454,100	30	Reduced Number of clients using KEMI facilities due Corona virus pandemic.
Printing & Publishing	500,000.00	-	500,000.00	50,821	449,179	90	Reduced training due Corona virus pandemic
Purchase of uniforms/ curtrains	1,800,000.00	(900,000)	900,000.00	831,410	68,590	8	
Human Resource Development	2,500,000.00	-	2,500,000.00	1,995,938	504,062	20	Reduced training of staff's due emerging issues of Covid - 19
Advertisement,CSR, Publicity & Inst Clinic	1,500,000.00	-	1,500,000.00	1,042,098	457,902	31	Reduced funding from GOK
Plant & Machinery maintenance	1,500,000.00	(500,000)	1,000,000.00	783,273	216,727	22	Reduced funding from GOK
Building & Stations maintenance & Garbage disposal	3,500,000.00	200,000	3,700,000.00	4,534,586	(834,586)	-23	
Other operating expenses	10,000.00	-	10,000.00	2,000	8,000	80	
Contracted Professional services & Security Allowance	4,000,000.00	200,000	4,200,000.00	4,147,800	52,200	1	
Library Services	1,385,000.00	(585,000)	800,000.00	516,370	283,630	35	Reduced funding from GOK
Office stationery	948,500.00	-	948,500.00	828,585	119,915	13	Less participation of trainee
Food & Ration	10,000,000.00	1,000,000	11,000,000.00	10,266,351	733,649	7	
Audit fee	660,000.00	-	660,000.00	660,000	-	0	
Training Programmes	12,000,000.00	17,000,000	29,000,000.00	25,907,604	3,092,396	11	Reduced training due emerging issues of COVID - 19
Depreciation	13,000,000.00	-	13,000,000.00	12,531,517	468,483	2	
Consultancy Services	2,000,000.00	-500,000.00	1,500,000.00	738,218	761,782	50.785467	
EDP Expenses	2,000,000.00	1,000,000.00	3,000,000.00	2,731,820	268,180	8.93933333	
Increase in provision for receivables	0.00	0.00	0.00	48,542	-	0	
Club membership	0.00	0.00	0.00	165,000	-		
Research & Development	1,000,000.00	-500,000.00	500,000.00	-	500,000	100	Reduced funding from GOK
Sub Totals	59,053,500	17,165,000	76,218,500	68,827,833	7,604,209		
Total Administrative Expenses	84,583,500	25,980,000	110,563,500	99,162,016	11,615,026		
Council Expenses	3,500,000.00	1,000,000	4,500,000.00	2,940,728	1,559,272	35	Reduced physical meetings due emerging issues of COVID - 19
Finance cost	50,000.00	-	50,000.00	47,790	2,210	4	
Total Recurrent Expenditure	169,530,000	26,980,000	196,510,000	184,304,784	12,418,758		
Surplus for the period	83,436,000	(77,209,000)	6,217,000	(18,140,923)	24,144,381		
Development Expenditures							
Purchase of Plant & Machinery	1,800,000.00	-984,000.00	816,000.00	-	816,000	100	The Institute was not funded for development
Purchase of Furniture & Fittings	2,700,000.00	-2,575,000.00	125,000.00	-	125,000	100	The Institute was not funded for development
ICT & Media Equipment	6,486,000.00	2,850,000.00	9,336,000.00	7,706,900	1,629,100	17.449657	The Institute was not funded for development
Minor Alterations	19,000,000.00	-11,000,000.00	8,000,000.00	513,670	7,486,330	93.579125	The Institute was not funded for development
Construction Works	63,000,000.00	-63,000,000.00	0.00	-	-	0	The Institute was not funded for development
Motor Vehicles	0.00	0.00	0.00	-	-	0	The Institute was not funded for development
Total Development Expenditure	92,986,000	(74,709,000)	18,277,000	8,220,570	10,056,430		
Total Budget	262,516,000	(47,729,000)	214,787,000	192,525,354	22,475,188		

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 JUNE, 2020****1.1 Statement of compliance and basis of preparation – IPSAS 1**

The financial statements are prepared in compliance with International Public sector accounting standards (IPSAS). The financial statements are presented in functional currency, Kenya Shillings (Kshs), which is the functional and reporting currency of the Institute.

The accounting policies have been consistently applied in all years presented.

The financial statements have been prepared on the basis of historical cost unless stated otherwise.

The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

1.2 Summary of Significant Accounting Policies

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

1.2.1 Depreciation

All property, plant and equipment are initially recorded at cost. Depreciation is calculated to write off the cost of asset in equal annual instalments over their estimated useful lives. Annual rates generally in use applied on a reducing balance basis are:

Furniture & Fittings & equipment	12.5%
Motor Vehicles	25.0%
EDP Equipment	33.0%
Plant & Machinery	10.0%
Building	2.5%

1.2.2 Payables

Payables are stated at nominal value.

1.2.3 Receivables

Receivables are stated at the expected realisable value. Provision for Bad and Doubtful Debts has been provided at the rate of 3% of the Annual Receivables.

1.2.4 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and bank balance.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>2020</u> Kshs	<u>2019</u> Kshs
2 REVENUE FROM NON-EXCHANGE TRANSACTIONS		
Ministry of Education	88,900,000	88,994,138
	<u>88,900,000</u>	<u>88,994,138</u>
3 REVENUE FROM EXCHANGE TRANSACTIONS		
Training Fees Income	48,165,554	26,508,491
Hire of Facility	21,346,414	15,784,702
Rent Income	7,604,670	9,181,580
Sale of Tenders	5,000	-
Bookshop	-	20,400
Printing Press	-	738,840
Sundry Income	110,223	348,709
Staff Lunch	-	214,500
Farm Produce	30,000	43,740
Graduation Exhibition	2,000	12,000
	<u>77,263,861</u>	<u>52,852,962</u>
4 STAFF COSTS		
Salaries	48,572,968	45,751,525
House Allowance	16,714,125	15,673,500
Leave Allowanc	378,000	344,000
Comuter Allowance	5,338,333	4,932,000
Entertainment,Extreneous,Risk &Other Allowances	1,535,588	1,224,047
Employer NSSF	189,800	196,200
Employer Pension	8,465,388	7,980,938
Casual Wages	960,047	914,965
	<u>82,154,250</u>	<u>77,017,174</u>
5 ADMINISTRATIVE EXPENSES		
Contracted Professional Services	3,965,800	3,965,020
Security Allowance	182,000	224,000
Provision for audit fees	660,000	660,000
Motor Vehicle Repairs	1,845,890	1,531,537
Refined Fuel and Lubricants	3,210,000	1,980,600
Maintenance & Repairs of Buildings	4,534,586	4,003,734
Maintenance of Plant, Machinery & Equipment	783,273	1,297,279
Gas	36,500	36,950
Other Fuels	1,009,400	905,180
Domestic Travel	2,503,740	2,140,689
Foreign Travel	1,272,026	1,750,491
Insurance Cover	13,681,577	6,149,653
Telephone,Postage & Internet	1,583,921	1,472,096
Electricity and water	6,237,029	5,701,801
Library, Newspapers & Magazines	516,370	641,080
Gabage Disposal	-	18,900
Stationery	828,585	706,950
Food & Rations	10,266,351	8,922,080
Staff Uniform	831,410	1,199,086
Printing	50,821	365,300
Advertisement, CSR & Publicity	904,642	1,164,340
Training Programmes Expenditure	25,907,604	9,875,002
Consultancy	738,218	4,810,300
Human Resource Development	1,995,938	2,154,370
Other Operating expenses	2,000	10,423
EDP Expenses	2,731,820	760,660
Increase in provision for receivables	48,542	266,604
Depreciation : Property plant and equipment (Note 10)	12,531,517	14,179,216
Amortization	-	-
Institute Clinic	137,456	106,554
Club Membership	165,000	-
	<u>99,162,017</u>	<u>76,999,895</u>

* Training Fees Income is accounted for on cash basis and not when earned

KENYA EDUCATION MANAGEMENT INSTITUTE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>2020</u> Kshs	<u>2019</u> Kshs
6 COUNCIL EXPENSES		
Sitting Allowance	1,970,000	2,655,140
Transport	10,728	-
Honoraria	960,000	960,000
Total (Appendix I)	<u>2,940,728</u>	<u>3,615,140</u>
7 FINANCE COSTS		
Bank charges	<u>47,790</u>	<u>28,528</u>
8 CASH AND CASH EQUIVALENTS		
Bank balances		
National Bank - AC 600	20,245,655	4,224,072
National Bank - AC 601	7,199,235	17,352,327
National Bank - AC 6-00	22,952	31,952
Equity Bank AC	19,742,129	9,903,587
Cash in hand	9,939	16,021
Mpesa AC	-	17,275,975
	<u>47,219,911</u>	<u>48,803,934</u>
9 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
FAWE Kenya	136,600	15,000
Aga Khan University	127,780	127,780
Kepsha	1,077,388	1,077,388
K.I.C.D	8,240,557	776,407
Nairobi Bottlers	171,000	171,000
KNATCOM	5,137,760	4,949,260
Ministry of Education (MOE)	9,769,862	13,130,144
Maasai Mara (Narok University)	449,326	449,326
Rent	1,732,964	1,617,930
Telkom Kenya	1,215,000	1,215,000
APHRC	2,304,835	2,964,475
Technical University (Kenya Polytechnic)	9,122,400	9,122,400
Kenya Hockey Union	525,000	525,000
Kenya School of Government	418,035	418,035
Ministry of Sports, Culture & Arts	2,380,000	2,380,000
Zinga Technologies	313,520	313,250
Garissa County Government	1,790,000	1,790,000
Laxman	119,000	85,000
NACADA	537,802	537,802
KLB	336,000	340,500
Azim Sameja	119,200	119,200
Lutheran World Federation	400,000	400,000
County Education Board - Vihiga	-	916,000
Teachers Service Commission (TSC)	-	324,800
Chrisco Church	197,000	511,000
Ministry of Interior & Cordination of Persons	-	680,108
Vocational Training Centre	-	951,200
Education Development Trust	1,032,300	973,050
NAKONEK	56,376	56,376
Nyeri County Assembly	775,000	-
The D-Orbital Limited	70,800	-
TOTAL	48,555,505	46,937,431
Provision for Bad and Doubtful debts @ 3%	<u>1,456,665</u>	<u>1,408,123</u>
	<u><u>47,098,840</u></u>	<u><u>45,529,308</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 PROPERTY, PLANT AND EQUIPMENT

Cost	COMPUTER & OTHER						TOTAL Kshs
	LAND Kshs	BUILDING Kshs	PLANT & MACHINERY Kshs	MOTOR VEHICLE Kshs	FURNITURE & FITTINGS Kshs	EQUIPMENT Kshs	
As At 1 July 2018	2,050,000,000	317,475,200	19,964,330	12,730,000	29,288,897	39,107,833	2,468,566,260
Additions for the year	-	2,928,721	-	7,909,492	39,900	319,980	11,198,093
As At 30 June 2019	2,050,000,000	320,403,921	19,964,330	20,639,492	29,328,797	39,427,813	2,479,764,353
Additions for the year	-	513,670	-	-	-	125,900	639,570
As At 30 June 2020	2,050,000,000	320,917,591	19,964,330	20,639,492	29,328,797	39,553,713	2,480,403,923
Depreciation							
As At 1 July 2018	-	30,423,561	10,788,423	5,751,719	19,293,591	36,289,109	102,546,403
Depreciation 2018/19	-	7,249,509	917,591	3,721,943	1,254,401	1,035,772	14,179,216
As At 30 June 2019	-	37,673,070	11,706,014	9,473,662	20,547,992	37,324,881	116,725,619
Depreciation 2019/2020	-	7,081,113	825,832	2,791,457	1,097,601	735,514	12,531,517
As At 30 June 2020	-	44,754,183	12,531,845	12,265,120	21,645,592	38,060,396	129,257,136
Net book values							
As At 30 June 2020	2,050,000,000	276,163,408	7,432,485	8,374,372	7,683,205	1,493,317	2,351,146,788
As At 30 June 2019	2,050,000,000	282,730,851	8,258,316	11,165,830	8,780,805	2,102,932	2,363,038,734

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 INTANGIBLE ASSETS - SOFTWARE

Description	2020 Kshs	2019 Kshs
Cost		
At beginning of the year	-	-
Additions	7,581,000	-
At end of the year	7,581,000	-
Additions - Internal development	-	-
At end of the year	7,581,000	-
Amortization and impairment		
At beginning of the year	-	-
Amortization and impairment	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	7,581,000	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>2020</u>	<u>2019</u>
	Kshs	Kshs
12 TRADE AND PAYABLES FROM EXCHANGE TRANSACTIONS		
GARISSA HIGH SCHOOL	738,000	738,000
AUDIT FEE	1,320,000	660,000
KENYA SCHOOL OF GOVERNMENT	90,000	90,000
KISTAR ENTERPRISES	108,657	2,173,138
TIFFCOM TECHNOLOGY LIMITED	-	447,783
VISA OSHWAL PRIMARY SCHOOL	30,000	-
FIRMSTAR LIMITED	626,960	-
ECHPICK ENTERPRISES	241,877	-
MAHIL ENTERPRISES	235,864	-
MEG MERCHANTS	502,956	-
ARTFIELD HOLDINGS LIMITED	106,292	-
LANMARK ENTERPRISES	75,220	-
JANE WANG INVESTMENT	466,006	-
DIAMOND DROPS LIMITED	414,153	-
MIRIWA INVESTMENTS LIMITED	620,728	-
ZERO PARK SERVICES	101,680	-
LACERICK GENERAL SUPPLY	289,355	-
ROSERINE ENTERPRISES	718,952	-
LENSFARM MEAT PACKERS	483,371	-
ACTOVIS ENTERPRISE	414,743	-
COMPUTERWAYS LTD	125,900	-
ARIESCAP LIMITED	133,660	-
KENYA MEDICAL RESERCH INSTITUTE	41,900	-
NEW KENYA CO-OPERATIVE CREAMERIES LIMITED	116,640	-
SILIBWET SERVICES	25,600	-
ANWASOM ENTERPRISES	160,200	-
COMMODITY HANDLERS LTD	390,600	-
ERMEN ENTERPRISES	275,000	-
NATIONAL BANK OF KENYA LTD.	30,000	-
WATS & DAVE ENTERPRISES	482,500	-
STATE DEPARTMENT FOR LIVESTOCK DAIRY TRAINING INSTITUTE	66,100	-
LUMBER SOLUTIONS	139,000	-
BLAZETECH SOLUTIONS	153,816	-
LANMARK ENTERPRISES	25,850	-
INTERNET SOLUTIONS KENYA LIMITED	37,584	-
ABNO SOFTWARES	7,581,000	-
NAIVAS LIMITED	159,184	-
GELIAN INVESTMENT LTD	13,800	-
REGEN GENERAL SUPPLIES	61,550	-
BIBLE TRANSLATION & LITERACY	223,250	-
THE COPY CAT	96,456	-
	<u>17,924,404</u>	<u>4,108,921</u>
13 NET ASSETS		
i Revaluation Reserve		
Balance b/f	2,284,463,085	2,284,463,085
Gain/Loss on Revaluation	-	-
Total	<u>2,284,463,085</u>	<u>2,284,463,085</u>
ii Capital Reserve		
Balance b/f	44,164,375	44,164,375
Development Grant	-	-
Total	<u>44,164,375</u>	<u>44,164,375</u>
iii Retained Earnings		
Balance b/f	124,635,596	140,449,232
Surplus/Deficit for the year	<u>(18,140,923)</u>	<u>(15,813,636)</u>
Total	<u>106,494,672</u>	<u>124,635,596</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)**14 CONTINGENT LIABILITY**

Litigation is in process against KEMI relating to unfair dismissal of former staff and several other cases. The outcome of these cases has not been determined. In the year 2019/2020, the Institute paid an amount of Ksh.505, 000 to Gathumbi & Company Advocates as legal fees against the said cases.

15 MEMBER OF STAFF

- i. Permanent - 67
- ii. Contract - 15
- iii. Casuals - 6

16 FINANCIAL RISK MANAGEMENT

i. **Market Risk** - KEMI does not own Financial Instruments in Foreign Currency hence it is not exposed to Market Risk

ii. **Price Risk** - KEMI Does not hold any Financial Instruments subject to Price Risk

iii. **Credit Risk** - This arises from outstanding receivables. It is the risk that counterparty will default on the contractual obligation, resulting in financial loss. KEMI's credit risk is managed by the Head of Income Generating Projects by ensuring that relevant documentation is obtained before any engagement, to allow follow up on such payments.

iv. **Operational Risk** - This is Risk that can arise from ordinary business activities, in KEMI's case from Trainings. The number of participants in the main Training Programme (ODFL) has been decreasing, with fewer participants enrolling for the same. This Risk is being managed by the Deputy Director Training through introduction of new programs hence diversification.

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor in their letter and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.9	Land & Ownership	Management obtained an eviction order and wrote to the MoE seeking for the support to implement the order.	Jacqueline Lumwach Procurement officer	Not resolved	September 2021
2.0	Receivables from Exchange Transactions	Demand letters sent to the debtors requiring the settlement of outstanding debts	Samuel Mawega Internal Audit	Not resolved	September 2021
Emphasis of Matter	Ineligible Administrative Expenses	Amount of money in question was received by KESI in 2009 by virtue of being a department of MOEST. The expenses of the Department were accounted for by the Ministry.	Samuel Mawega Internal Audit	Resolved	Closed