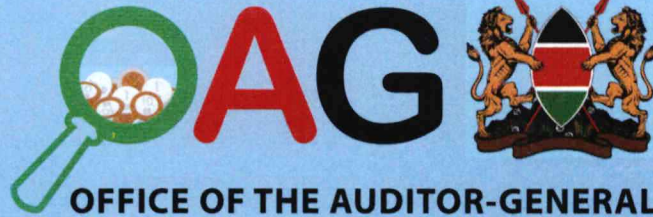


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THE AUDITOR-GENERAL

ON

**KENYA EDUCATION MANAGEMENT
INSTITUTE**

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





KEMI
KENYA EDUCATION
MANAGEMENT INSTITUTE

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
RECORDS OFFICE

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KENYA EDUCATION MANAGEMENT INSTITUTE

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)**

31 SEP 5 1952

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025.

Table of Contents	Page
1. Acronyms and Definitions of Key Terms.....	iv
2. Key Entity Information and Management.....	vi
3. The Council	xi
4. Key Management Team	xix
5. Chairperson's Statement.....	xxii
6. Report of the Chief Executive Officer	xxiv
7. Statement of Performance against Predetermined Objectives for FY 2024/2025	xxvii
8. Corporate Governance Statement.....	xxx
9. Management Discussion and Analysis	xxxv
10. Environmental and Sustainability Reporting	xxxix
11. Report of the Council	xliii
12. Statement of the Council Responsibilities	xliv
13. Report of the Independent Auditor for the Financial Statements of KEMI.....	xlvi
14. Statement of Financial Performance for the year ended 30 June 2025	1
15. Statement of Financial Position as at 30 June 2025.....	2
16. Statement of changes in Net Assets for the year ended 30 June 2025.....	3
17. Statement of Cash Flows for the year ended 30 June 2025	4
18. Statement of Comparison of Budget and Actual amount for the year ended 30 June 2025	5
19. Notes to the Financial Statements.....	7
20. Appendices	23

1. Acronyms and Definitions of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DELM	Diploma in Education Leadership and Management
EACC	Ethics and Anti-Corruption Commission
ESD	Education for Sustainable Development
ICT	Information Communication and Technology
IPSAS	International Public Sector Accounting Standards
IGUs	Income Generating Units
KEMI	Kenya Education Management Institute
KESI	Kenya Education Staff Institute
KSHs	Kenya Shillings
NT	National Treasury
NESSP	National Education Strategic Sector Plan
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
KICD	Kenya Institute of Curriculum Development
BETA	Bottom -up Economic Transformation Agenda
CBC	Competency Based Curriculum
ERP	Enterprise resource planning
GoK	Government of Kenya
KEPSHA	Kenya Primary Schools Headteachers Association
APHRC	African Population and Health Research Centre
NACADA	National Authority for the Campaign Against Drugs and Alcohol
KLB	Kenya Literature Bureau

NACONEK	National Council for Nomadic Education in Kenya
KUCCPS	Kenya Universities and College Central Placement Services
MOE	Ministry of Education
FY	Financial Year

B: Definitions of Key Terms

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

Comparative Year- Means the prior period.

- g) conduct examinations and award diplomas, certificates, and other awards to successful candidates;
- h) undertake resource generative services in a cost-effective manner to build self-sufficiency; and generally, promote and carry on the work of a management development institute.

Vision:

Effectively managed institutions of learning

Mission:

To provide quality training, conduct research, and undertake consultancy services that promote capacity development of education managers and stakeholders nationally and globally.

Core Values:

Integrity, Professionalism, Teamwork, Quality Customer Service, Inclusivity



2. Key Entity Information and Management

(a) Background information

The Kenya Education Management Institute (KEMI) is a Semi-Autonomous Government Agency (SAGA) operating under the Ministry of Education. It plays a pivotal role in enhancing the capacities of education managers nationwide through training, research, and consultancy services. KEMI, formerly the Kenya Education Staff Institute (KESI), was established under Legal Notice No. 19 of 2010, of the Education Act. The name of the Institute was changed from Education Staff Institute (KESI) to Kenya Education Management Institute (KEMI) through Legal Notice No. 163 of 2011.

(b) Principal Activities

The Kenya Education Management Institute as currently established, derives its mandate from the Legal Notice No.19 of 2010 which spell the following functions of the institute;

- a) provide, directly or in collaboration with other institutions of learning, management training, research and consultancy services in the education sector on a commercial basis to the public and private sector and to any other persons, local or foreign, who may request for such services from it;
- b) provide training programmes, seminars and workshops and produce publications aimed at promoting managerial competence and integrity in the education sector, while utilizing diverse learning methods including open and distance learning approaches;
- c) produce, maintain and disseminate documentation and information services and equipment relating to administrative management, technical and educational reform issues;
- d) serve as a management advisory, consultancy and resource center for personnel involved in educational work;
- e) undertake research in relation to training needs assessments, quality assurance processes, training impact assessments, policy, management and emerging issues for the purpose of designing appropriate management training programs and ensuring the integrity of these programs;
- f) provide a forum for effective collaboration between the public and private sectors and other interested parties for capacity building in the education sector;

(c) Key Management

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

No.	Designation	Name
1.	The Council	KEMI Council
2.	CEO	Dr. Maurice Odondo

(d) Fiduciary Management

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

No.	Designation	Name
1.	CEO	Dr. Maurice O. Odondo, PhD
2.	Director, Business Development	CPA. Richard Thomi
3.	Director, Education Management	Mr. Wycliffe Wasike
4.	Director, Research and Consultancy	Dr. Joyce Kiruma
5.	Head of Finance	CPA. Grace Wahura
6.	Head of Procurement	Ms. Jacklyne Lumwachi
7.	Head of Human Resource	Mr. Laban Orangi
8.	Head of Internal Audit	CPA. Samuel Mawega

(e) Fiduciary Oversight Arrangements

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee plays the following roles: -

- (i). Reviews the impact of significant accounting and reporting issues such as professional and regulatory pronouncements.
- (ii). Assess if generally accepted accounting principles have been consistently applied within the 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.

Finance and General-Purpose Committee

The role of the Committee is to review and make recommendations to the Council on: -

- (i) Establishing policies, procedures, and controls to facilitate financial governance, which includes financial planning, budget approvals, expenditure approvals, and financial reporting.
- (ii) Reviewing the financial plans and policies of the institution and monitoring the financial performance of the institution.

Human Resource Committee

The role of the Committee is to review and make recommendations to the Council on: -

- (i) Human Resources Strategy and Policies
- (ii) The appropriateness of any new or amended human resources policy
- (iii) The Employment Terms and Conditions as they relate to matters of policy or an issue of significance.
- (iv) Compliance with relevant legislation relating to human resources.
- (v) The framework for the remuneration and performance reviews.

Training Committee

The role of the Committee is to review and make recommendations to the Council on: -

- (i) Appropriate management training programmes for approval.
- (ii) Quality assurance processes to be observed in the development of capacity-building programmes.
- (iii) The award of diplomas to qualified trainees.
- (iv) Policies related to leadership and management training.
- (v) The production, maintenance, and dissemination of best practices in school leadership for approval

(f) KEMI Headquarters

P.O. Box 62592 00200,
Mtama Road,
Nairobi, Kenya

(g) KEMI Contacts

Telephone: 0718 518422

E-mail: info@kemi.ac.ke

Website: www.kemi.ac.ke

(h) KEMI Bankers

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

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. The Council

Ref	Council	Details
1.	 <p data-bbox="472 1106 815 1171">Dr. Mercy Karogo, MBS Chairperson-KEMI Council</p>	<p data-bbox="1077 352 2040 560">Dr. Mercy Karogo, MBS was born on 05th July 1956. She holds a Doctor of Philosophy in Business Administration and Management- Entrepreneurship, from Kimathi University College of Technology, Kenya (2018), a Master of Science (Entrepreneurship) from Jomo Kenyatta University of Agriculture and Technology, Kenya (2000) and a Bachelor of Education from the University of Nairobi (1994).</p> <p data-bbox="1077 564 2040 948">She has a wide experience in education leadership and management having served as the Chief Executive Officer, of Kenya National Examinations Council from 2016 to 2021. She served as Acting Director/CEO Kenya Institute of Curriculum Development from July 2015 to November 2015. She also served as Senior Deputy Director, Curriculum and Research Services, Kenya Institute of Education from 2012-2015 and as Deputy Director TIVET (Technical, Industrial, Vocational & Entrepreneurship Training) from 2008-2011. She previously served in the Ministry of State for Youth Affairs as a Deputy Director- Curriculum and Instruction from 2007 to 2008 and as an Acting Deputy Director, Youth Training. She also served as a Curriculum Specialist, at the Kenya Institute of Education from 1990 - 2007.</p> <p data-bbox="1077 952 2040 1123">She is the Vice President and Member of the Association of Examinations Assessment in Africa (AEAA). She is also a member of the Association of East Africa Examinations Assessment (AEAEA) and a Board Member of the College of Insurance and Africa Association of Public Administration and Membership of professional Institutions among others.</p> <p data-bbox="1077 1128 1630 1160">She is the Chairperson of the KEMI Council.</p>
2.		<p data-bbox="1077 1198 2040 1332">Mr. Stephen Omogo Barongo was born on 11th November 1967. He is the Head of the Directorate of Primary Education at the State Department for Basic Education under the Ministry of Education in Kenya. He holds a Master of Philosophy (in Kiswahili) and a Bachelor of Education from Moi University.</p>



Mr. Stephen Omogo Barongo
Council Member



His vast experience in education spans several decades, during which he has served in various leadership roles.

Throughout his career, Mr. Barongo has held positions such as Deputy District Education Officer (DDEO), District Education Officer (DEO), Deputy Provincial Director of Education (DPDE), County Director of Education, and Regional Director of Education. His leadership has positively impacted the education ecosystem in nearly every region of the country.



Currently, as the Head of the Directorate of Primary Education, Mr. Barongo plays a critical role in managing key national education programs. These include overseeing the management of school instructional materials under the Free Primary Education (FPE), capitation support, leading initiatives on School Health and Hygiene (SHH), and guiding the Primary School Infrastructure Improvement Management program. He also manages the Low-cost Boarding Support Program, promotes the Digital Literacy Program (DLP), and supports the implementation of the Kenya Primary Literacy Program (KPLP) is a five-year initiative funded by USAID that supports the Kenyan Ministry of Education to deliver interventions at scale as well as pilot and expand innovations that address the language and literacy needs of primary grade learners while building more inclusive, accountable initiatives.



He is an alternate member representing Ps. Ministry of Education.

<p>3.</p>	 <p>Dr. Nancy Njeri Macharia, CBS Council Member</p>	<p>Dr. Nancy Macharia, CBS is the CEO/Secretary Teachers Service Commission (TSC). She holds Doctor of Philosophy in Education, Master of Education (Policy and Management) degree from Bristol University, UK and a Bachelor of Education Degree in English/Literature from Kenyatta University. She was employed by TSC 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 appointment as the Commission Secretary in July 2015. She has worked in the education sector for more than 28 years. Dr. 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. Dr. Macharia is an executive member of the council from TSC.</p>
<p>4.</p>	 <p>Dr. Solomon M. Kathuo Council Member</p>	<p>Dr. Solomon M. Kathuo was born in 1968. He is an accomplished professional with extensive experience in the field of education and public service. He currently holds the position of Acting Senior Deputy Director Corporate Services at the Kenya Institute of Curriculum Development (KICD). Dr. Kathuo holds a bachelor's degree in education from Kenyatta University, and a master's degree in education from the University of Mysore in Karnataka, India. He also pursued a Master of Business Administration and a Doctor of Philosophy in Business Administration from Jomo Kenyatta University of Agriculture and Technology. Dr. Kathuo has actively pursued various professional courses including strategic leadership and development, strategic negotiations, results-based performance, and public-private partnerships. Before joining the KICD, Dr. Kathuo gained invaluable experience while working at both the Teachers Service Commission and the Public Service Commission at the Ministry of Education. These roles allowed him to develop a deep understanding of the educational system and the challenges it faces, while also equipping him with the necessary skills to drive positive change.</p>

		Dr. Kathuo is the chairperson of the Human Resource and Management Committee, and he is an alternate member representing the Chief Executive Officer KICD.
5.	 <p>Mr. Calleb O. Ogot Council Member</p>	<p>Mr. Calleb O. Ogot was born on 18th September 1965. He holds a Master of Business Administration with a concentration in Finance from Kenyatta University; a professional Diploma in Procurement and Supplies from the Chartered Institute of Procurement and Supplies (UK); a bachelor's degree in education (Economics/Business) from Kenyatta University. He is a member of the CIPS/Chartered Institute of Procurement and Supplies (UK) and Kenya Institute of Supplies Management (KISM).</p> <p>Currently, serves at the National Treasury and Planning as Senior Deputy Director - Public Procurement Department; He previously worked at the Teacher Service Commission in various capacities including serving as Acting Head of Supply Chain Function, Deputy Director Finance among others.</p> <p>Before joining the TSC Secretariat, he served the Commission in the following capacities: District Staffing Officer; Lecturer, Kitale Technical Training Institute and Moi Institute of Technology. He had a brief stint as Senior Education Officer, Ministry of Education.</p> <p>Mr. Ogot is the chairperson of the Finance and General-Purpose Committee, and he is an alternate member representing the Ps. National Treasury and Economic Planning.</p>
6.	 <p>Mr. Kennedy Kii Kyeve Council Member</p>	<p>Mr. Kennedy Kii Kyeve was born in 1967. He is an esteemed educator with a remarkable career spanning over three decades. He holds a Bachelor of Education degree from Mt. Kenya University, equipping him with the knowledge and skills necessary to make a lasting difference in the lives of young learners.</p> <p>He also holds a Diploma in Education Leadership and Management from KEMI.</p> <p>Currently, he is the Headteacher of Kangemi Primary School. He has been serving in the position of Headship for the last 28 years.</p> <p>In addition to his role as a Headteacher, he has also made significant contributions to the education sector on a broader scale. His commitment to advocating for the rights and welfare of teachers led him to assume the</p>



		<p>esteemed position of National Treasurer of Kenya Primary School Heads Association (KEPSHA), a position he currently holds. His remarkable career is a testament to his passion for shaping the minds of future generations and his unwavering dedication to the betterment of the educational landscape in Kenya. Mr. Kyeva is the chairperson of the Training and Research Committee, and he is an alternate member representing the Chairperson KEPSHA.</p>
7.	 <p>Mr. Saul Barasa Council Member</p>	<p>Mr. Saul Barasa was born on 13th July 1965. He is the chairman of The Kenya Teachers Colleges Principals association (KTCPA). He holds Bachelor of Education (Arts) from Kenyatta University with an ongoing Master of Philosophy in Educational Administration at Moi University. He has a wide experience in education leadership and management having served as Ag. Head of Department (Education) and Deputy Principal at St. Paul's Kibabii Diploma Teachers Training College from 2009 – 2016. He also served as a Principal Simotwo High School and Principal Metkei Secondary School. He previously also served as Assistant Teacher, Pemwai Secondary School. He is currently the Chief Principal, St.Paul's Kibabii Diploma Teachers Training College Mr. Barasa has also pursued other various courses including Diploma in Educational Management offered by the Kenya Education Management Institute (KEMI), Quality Management System ISO 9001 – 2008, Performance Contracting course, Financial and stores Management in school accounting, In- Service course for Principals and Heads of Departments, KESI course on Re-engineering the Management of Schools, Training of Trainers courses and Educational Management Stage1. Mr. Barasa is an executive member from KTCPA.</p>




<p>8.</p>	 <p>Dr. Stellah Jepngetich Keter Council Member</p>	<p>Dr. Stellah Jepngetich Keter was born on 15th November 1976. She is a lecturer in the Department of Educational Management and Policy Studies in the School of Education, Moi University. She has experience in teaching Principles and Practices of Teaching and Learning, Educational Planning, Educational Research, Economics of Education and Research Project Writing. Currently she serves as Teaching Practice Coordinator among other responsibilities. Besides teaching she participates in some County Government committees, Board of School Management and mentoring young people.</p> <p>She holds a PhD in Educational Management and Policy Studies (Moi University), MPhil in Educational Planning (Moi University), B.Ed Arts (University of Nairobi) and PI Certificate (Kigari Teachers College).</p> <p>Dr. Stellah is an independent council member.</p>
<p>9.</p>	 <p>Mr. Timothy Atuti Council Member</p>	<p>Mr. Timothy Atuti was born on December 6, 1969. He holds Master of Arts in Public Policy and Management (MA PPM) from the University of Nairobi and Bachelor of Education in Arts from Egerton University.</p> <p>He has over 29 years of experience in education leadership and management. In addition to his extensive work experience in the education sector, he has taken up significant responsibilities outside of his professional roles. From 2011 to 2016, he served as the Chairman of KESSHA Kisii Central, demonstrating his commitment to promoting education. Currently, he is the Chair of Nyanza Kenya Teachers Training Colleges Association (KTTCA).</p> <p>Mr. Atuti is an executive member from KTTCA, and he chairs the Audit and Risk Assurance Committee.</p>

10.	 <p>Mr. Stephen Chacha Council Member</p>	<p>Mr. Stephen Chacha was born on the 29th of September 1964. He has a Bachelor's Degree in Arts (BEd) from Kampala University. He further holds various courses over the years. Notable milestones include the Strengthening Primary Education (SPRED II) course in 1995-1996, followed by the Kenya Alliance for the Advancement of Children's Rights course in 1999-2000. Stephen's dedication to improving education continued with the Primary School Management Certificate obtained from 2000 to 2002.</p> <p>In his career, Stephen has continually contributed significantly to the education sector. He earned his professional qualifications, starting with Approved Teacher II (ATS II) awarded by the Teachers Service Commission (TSC) in 1990. His dedication and expertise led to him achieving Approved Teacher I (ATS I) status in 2002, and subsequently, SI status from TSC in 1995.</p> <p>Throughout his professional journey, Stephen has held various roles, showcasing his dedication and leadership. He served as an Assistant Teacher from 1989 and steadily progressed to more significant responsibilities. He assumed the positions of Deputy Headteacher from 1993 to 1994, and later, as Headteacher from 1994 to 1995. His dedication to the education sector extended to roles such as District Staffing Officer from 2009 to 2014 and, more recently, as a Curriculum Support Officer at TSC from 2015 to 2022.</p> <p>Mr. Chacha is an independent council member.</p>
11.	 <p>Mr. George Emoru Emojong Council Member</p>	<p>Mr. George Emoru Emojong was born on 01/01/1975. He holds a master's degree in education and planning. Management and administration from Mount Kenya University (2014) and a Bachelor of Education arts degree from the University of Nairobi (2010). He worked with the County government of Turkana as the County executive committee member from 2020-2022. He also worked with the County Assembly of Turkana as a Senior Hansard Editor from 2014- 2020. He has a wide range of experience in matters of education management having worked with the Teachers Service Commission in different capacities as a teacher, deputy headteacher, and headteacher from 1996-2014.</p> <p>Mr. Emojong is an independent council member.</p>

12.	 <p>Ms. Joyce Wanjiru Kanja Council Member</p>	<p>Ms. Joyce was born on 11th April 1949. She is a Counselling Psychologist in private practice. She holds a master's in counselling psychology from Daystar University, a bachelor's in education and counselling from Kenya Methodist University, and a Diploma in Education from Kenyatta University. Joyce holds certificates in the teaching of French as a Foreign Language from the University of Tananarive in Madagascar, the University of Grenoble in France, and the University de Sud in Reunion. She is certified by Cambridge International Examinations (CIE) as an assessor in IGCSE Foreign Language French coursework. She is a certified Counsellor (KCPA) and a certified trainer and investigator in Prevention of Sexual Exploitation and Abuse in the humanitarian sector. Joyce started her career as a teacher and taught English and French in various secondary schools. She took early retirement from the government and joined Braeburn Ltd, where she taught French at Braeside High School.</p> <p>Ms. Joyce is an independent council member.</p>
13.	 <p>Dr. Maurice O. Odondo CEO/Secretary</p>	<p>Dr. Maurice Odondo was born on 4th February 1974. He is the Director/CEO, Kenya Education Management Institute (KEMI). He holds a bachelor's degree in education (Arts) from Moi University, Master of Business Administration from Kenyatta University and Doctor of Philosophy in Business Administration from JKUAT. Prior to his appointment, he 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 25 years' experience in the education sector having contributed to various capacities. 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 at national and international educational conferences. He champions the provision of quality, relevant and inclusive education to humanity.</p> <p>Dr. Odondo is the secretary to the council.</p>

4. Key Management Team

No.	Management	Details
1.	 <p>Dr. Maurice O. Odondo PhD Business Administration, Master of Business Administration, B.Ed (Arts).</p>	<p>Dr. Odondo is the CEO and Secretary to the Council.</p>
2.	 <p>CPA Richard Thomi MBA, B. Com (Accounting option), CPA (K).</p>	<p>In charge of Business Development Directorate</p>

3.	 <p>Mr. Wycliffe Wasike M.A (Communication), B.Ed.</p>	In charge of Education Management Directorate
4.	 <p>Dr. Joyce Kiruma PhD Education, Master of Education Administration, B.Ed (Arts).</p>	In charge of Research and Consultancy Directorate
5.	 <p>CPA Grace Wahura B. Com (Finance), CPA (K).</p>	In charge of Finance and Accounts

6.	 <p>Ms. Jackline Lumwachi. Bachelor of Business Management (Purchasing and Supplies) Diploma in Procurement and Logistics</p>	In charge of Supply chain management
7.	 <p>CHRP Nyabayo Laban Orangi MSC Human Resource Management BBM HRM CHRP-K</p>	In charge of Human Resource Management and Development
8.	 <p>CPA Samuel Ochieng Mawega, Bachelor of Commerce, CPA(K)</p>	In charge of Internal Audit

5. Chairperson's Statement

Chairperson Statement

KEMI continues to play a pivotal role in strengthening education leadership across Kenya. This year's achievements reflect our unwavering commitment to practical training, digital transformation, and strategic collaboration all aimed at enhancing the management of schools and institutions.

Aligned with the Fourth Medium Term Plan (2023–2027), KEMI evolving role in the education ecosystem is evident. We are actively supporting key reforms such as Competency-Based Education, expanding access to inclusive leadership training, and promoting digital integration through ICT capacity building and mobile-based learning platforms.

Digital transformation remains a cornerstone of our strategy. Through our e-Learning platform and mobile application, the Institute has made training programs more inclusive, accessible and flexible, particularly benefiting those in remote areas. This reflects the Institute alignment with the Digital Economy Blueprint and MTP IV, which emphasize expanded ICT access in education.

The Institute has significantly broadened capacity-building programs, reaching more education managers. These programs have focused on leadership, financial management, instructional improvement, and governance. A notable milestone was the launch of the Diploma in Guidance and Counselling a timely initiative addressing the growing need for psycho-social support in learning institutions. This program equips school leaders to better support learner well-being and respond to psycho-social challenges.

Financial management remains central to effective school leadership. During the year under review, KEMI scaled up training for heads of institutions, on financial management. These efforts have strengthened compliance, enhanced transparency, and aligned school operations with public finance regulations.

Strategic partnerships have been instrumental to the Institute progress. Its collaboration with VVOB has focused on strengthening instructional leadership in junior schools through co-designed training and mentorship models, integrating global best practices into KEMI programs. Additionally, our partnership with the Nursing Council of Kenya has supported resource mobilization, enabling us to expand our reach and sustain program delivery.

Environmental sustainability has become a defining feature of the Institute identity. Preparing education leaders for the future requires equipping them to address today's environmental realities. KEMI has embedded Education for Sustainable Development (ESD) across training programs, mentored model schools in climate-smart practices, and promoted leadership that is both responsive and responsible. These initiatives reflect belief that effective education leadership must champion environmental stewardship, contributing to a more sustainable and resilient Kenya.

KEMI operates within a dynamic education landscape shaped by policy shifts, market demands, and rapid digital transformation. These changes present ongoing challenges, but also opportunities for innovation. By embracing strategic partnerships, diversifying funding streams, and leveraging our research mandate, KEMI is positioning itself as a national hub for education management innovation. Its commitment to blended learning, data-driven training, and forward-looking capacity building ensures alignment with the future of education.

The Institute continues to strengthen institutional capacity, foster a culture of innovation, and enhance monitoring systems to deliver measurable impact. Through robust advocacy and targeted stakeholder engagement, KEMI is not only safeguarding its relevance but also actively shaping Kenya's education leadership landscape with resilience, foresight, and strategic clarity.



Dr. Mercy Karogo, MBS
Chairperson of the Council

6. Report of the Chief Executive Officer

Report of the Chief Executive Officer

The Financial Year 2024/25 has been a transformative period for the Kenya Education Management Institute (KEMI). During this time, the Institute successfully implemented a broad range of capacity development initiatives that have had far-reaching impact in strengthening educational leadership and management across the country.

Central to this effort were our flagship diploma programs in Education Leadership and Management, and Guidance and Counselling. These programs were specifically designed to equip school leaders at various levels with the competencies required to effectively steer institutions in a rapidly changing educational landscape. Complementing these were targeted training programs in financial management for heads of institutions, ICT integration for education managers, instructional and institutional leadership, as well as career guidance and counselling. In recognition of the crucial role Boards of Management play in school governance, the Institute also invested significantly in their capacity building.

The Institute also expanded its training portfolio to include cross-cutting themes such as Science, Technology and Innovation (ST&I), Education for Sustainable Development (ESD), and Effective School Leadership (ESL). These programs reflect the Institute commitment to aligning capacity development with the demands of the 21st century and Kenya's national development priorities. To complement training efforts, the Institute convened public sensitization forums that addressed educational reforms and policy frameworks, thereby supporting informed stakeholder engagement and policy uptake.

In pursuit of its strategic commitment to advancing education leadership and strengthening institutional capacity, KEMI is actively investing in the ongoing professional development of its staff across all departments. Through targeted capacity-building initiatives that integrate emerging technologies and innovative pedagogical strategies, the Institute is equipping its training personnel with the skills and tools needed to deliver high-impact, future-oriented programs. This strategic investment empowers the trainers to lead in instructional innovation, equipping them to adapt to shifting sector demands while reinforcing the Institute's position as an authority in education management.

As part of our modernization agenda, the Institute embarked on business process re-engineering initiatives. These included the upgrading of knowledge management systems, introduction of

dashboard analytics and tracking tools, and the digitization of training materials to enhance learning flexibility and accessibility. Moreover, KEMI advanced the digitalization of core services such as registration and evaluation of training programs, while at the same time developing new and responsive training modules.

The mentorship of ESD model schools, alongside sensitization on contemporary issues such as climate change, food production in schools, and peace and security, reflects the Institute commitment to addressing the pressing realities that shape education systems today. Furthermore, the Institute has strengthened its role in championing environmental sustainability by donating seedlings and supporting tree-planting initiatives in schools, thereby fostering ecological stewardship and embedding climate-conscious practices within educational institutions.

The Institute took deliberate steps to strengthen institutional frameworks by reviewing human resource management documents and developing policies on debt management, finance, and corporate social responsibility (CSR). These policy reforms have not only streamlined our operations but also reinforced accountability and sustainability within the Institute.

Stakeholder engagement remained a cornerstone of our success during the year. We sustained and strengthened partnerships with key collaborators such as VVOB, and the Nursing Council of Kenya. The partnership with VVOB has been instrumental in enhancing instructional leadership in junior schools, through collaboratively developed training and mentorship frameworks that embed global best practices into our capacity-building programs. These partnerships enriched our programs, expanded our reach, and deepened the Institute's relevance within the education sector. As part of its commitment to continued improvement in training and working environment, the Institute invested in infrastructure improvement. The refurbishment of the main hall was initiated, encompassing demolition, substructure works, walling, concrete framing, roofing, and construction of external steps. This project reflects our commitment to providing modern facilities that enhance both the quality of training and the overall experience of our stakeholders.

In the financial year ended 30th June 2025, KEMI continued to uphold prudent financial management practices aligned with the public financial management and in compliance with Public Sector Accounting Standards. The Institute maintained operational efficiency while expanding its service delivery across the education sector and beyond.

In the past four years, the Institute has maintained a steady growth in revenue generation mainly due to expanded operations. The revenue grew from Kshs.475 million in the FY2023/24 to

Kshs.481 million in the financial year under review. The Institute generated kshs.244 million from exchange transactions and received kshs.237 million from non-exchange transactions. To match the growth in revenue the Institute expenditure rose from Kshs.392 million in the last FY to Kshs.427 million in the year under review. The key spending areas include Kshs.122 million in personnel emoluments and Kshs.148 million in training and capacity building programs. However, the Institute grew its asset base by Kshs.40 million through infrastructural development and ICT upgrades.

The Institute achieved a budget absorption rate of 88%, reflecting effectiveness and efficiency in execution and alignment with planned activities. Variance analysis indicated minor deviations due to delayed grant disbursements. The financial position reflects a vibrant organization with a Cash and Bank Balances of Kshs140 million, Fixed Assets of Kshs2.6 billion and Liabilities of Kshs 43 million. The Institute remains solvent and financially stable, with adequate liquidity to meet short-term obligations.

The Institute's activities are exposed to various financial risks, including credit and operational risks. In response to the unpredictability of the business environment, efforts remain focused on minimizing potential adverse impacts by establishing and maintaining acceptable levels of risk. KEMI will continue to diversify its revenue streams through expanded digital training programs and strategic partnerships. Emphasis will be placed on cost optimization, value for money procurement, and sustainable investment in infrastructure and human capital.



Dr. Maurice Odondo
Chief Executive Officer

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

KEMI has three (3) strategic issues and objectives within the current Strategic Plan for the FY 2023-2028. These strategic issues are as follows:

- a) Education Leadership and Management Competencies.
- b) Resource Mobilization
- c) Institutional Capacity Development.

KEMI develops its annual work plans based on the above 3 issues. Assessment of the Council's performance against its annual work plan is done a quarterly basis. The Institute achieved its performance targets set for the FY 2024/25 period for its three (3) strategic issues, as indicated in the diagram below:

Strategic Issues	Objective	Key Performance Indicators	Activities	Achievements
Education Leadership and Management Competencies.	<p>-To strengthen research and consultancy.</p> <p>-To enhance leadership and management competencies of education managers.</p>	<p>i) Number of research papers published in the KEMI journal of education leadership and management.</p> <p>ii) Number of public forums held on education policy areas.</p> <p>i) Number of education managers trained in Diploma in Education Leadership and Management.</p> <p>ii) Number of education managers trained in Science, Technology and Innovation.</p> <p>iii) Number of Education managers trained on climate change.</p> <p>iv) Number of Education managers trained on</p>	<p>Reviewed training manuals</p> <p>Conducted tutorials, administered examination and held graduation.</p>	<p>-Ten (10) research papers were published.</p> <p>-KEMI held two (2) public forums on education policy areas.</p> <p>-601 participants were trained and graduated with a Diploma in Educational Leadership and Management.</p> <p>-KEMI, in partnership with VVOB, also trained 389 participants on effective school leadership for junior schools.</p>

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025.

	To strengthen Governance and Accountability in education institutions.	<p>food production in schools.</p> <p>v) Number of model centres mentored and coached on Education for Sustainable Development (ESD) program.</p> <p>vi) Number of Boards management trained.</p> <p>vii) Number of Education managers trained in Financial Management.</p> <p>viii) Number of Education managers trained in Public Procurement.</p>		<p>-KEMI trained 14,179 Board of Management (BOM) members.</p> <p>-29,393 heads of institutions and principals on financial management.</p>
Resource Mobilization	<p>-To enhance resource mobilization.</p> <p>-To strengthen stakeholders' engagement.</p>	<p>i) Amount raised through resource mobilization.</p> <p>ii) Number of partnerships developed.</p>	<p>-Collected training fees and hired out facilities.</p> <p>-Identified potential partners and developed partnership proposals.</p>	<p>-KEMI raised Kes. 243,487,757.00</p> <p>KEMI identified and developed two (2) partnership proposals (VVOB and UNESCO)</p>
Institutional Capacity Development	-To strengthen Internal Capacity.	<p>a) Number of policies developed.</p> <p>b) Number of risk registers developed and maintained.</p>	<p>-Held workshops</p> <p>-Trained Risk Champions.</p>	KEMI developed four policies.

	<p>-To improve the effectiveness of internal processes.</p>	<p>c) Number of ISO Champions and Auditors trained. d) Number of internal ISO 9001:2015 Audit</p>	<p>-Developed functional risk registers. Training of ISO Champions. -Development of QMS documents -Trained ISO Internal auditors Conducted Internal Audit.</p>	<p>-Approved functional risk registers. -Trained 20 ISO Champions -Approved QMS documents. -Certified 20 ISO Internal Auditors. -Conducted internal ISO audit in all functional areas. -Stage one (1) audit conducted by KEBS. Communication Unit operationalized</p>
	<p>-To enhance KEMI brand awareness.</p>	<p>-Number of social media campaigns and posts. -Number of promotional materials developed. -Established Communication Unit.</p>	<p>-Content Development -Brochures/Fliers developed. -Recruitment of communication staff.</p>	

8. 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.

i. Appointment of the Council

The appointment of the KEMI Council was made in line with Article 27 of the Constitution of Kenya. The Chairperson of the Council was appointed by the President of the Republic of Kenya through a gazette notice, while the other Council members were appointed by the Cabinet Secretary in charge of the Ministry of Education as per the KEMI legal Notice No. 19/2010 through a gazette notice. The Council appointment took into consideration the mix of skills and competencies required for the achievement of KEMI's long-term goals. Consequently, the removal of the Chairperson and Council members shall be done by the appointing authorities.

The membership of the KEMI Council is guided by the Legal Notice No. 19/2020, taking into consideration the diversity and demographics as per the attached summary.

NO	NAME	GENDER	ORGANIZATION REPRESENTED	CHAIRPERSON/MEMBER	COUNTY
1	Dr. Mercy Karogo	Female	Independent	Chairperson	Muranga
2	Mr. Stephen Barongo	Male	MOE	Alt. Member	Nandi
3	Dr. Solomon Kathuo	Male	KICD	Alt. Member	Kitui
4	Mr. Kennedy Kyeva	Male	KEPSHA	Alt. Member	Machakos
5	Mr. Saul Barasa	Male	KTCFA	Member	Bungoma
6	Mr. Timothy Atuti	Male	KTTC	Member	Nyamira
7	Dr. Nancy Njeri Macharia	Female	TSC	Member	Nyeri
8	Mr. Caleb Ogot	Male	National Treasury	Alt. Member	Migori
9	Ms. Joyce Kanji	Female	Independent	Member	Nyeri
10	Dr. Stellah Keter	Female	Independent	Member	Uasin Gichu
11	Mr. Stephen G. Chacha	Male	Independent	Member	Migori

12	Mr. George E. Emojong	Male	Independent	Member	Turkana
13	Dr. Maurice Odondo	Male	CEO-KEMI	CEO/Secretary KEMI Council	Migori

The KEMI Council has in existence an approved KEMI Council Board Charter.

ii. Roles and Functions 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 about 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 those 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 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 CEO 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 CEO 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 purposes of the Institute.

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

Every quarter, the Council considers reports from the board committees, operational reports from the CEO of the institute, including specific proposals on strategic issues.

iii. Induction, Training, and Development

KEMI Council was inducted by the State Corporations Advisory Committee and the Institute of Certified Secretaries in April 2023.

iv. Board and Members' Performance

The KEMI Council is evaluated at the end of each financial year by the State Corporations Advisory Committee. The evaluation covers the Council as a whole, its committees, individual members, the Chairperson, the Chief Executive Officer, and the Head of Internal Audit.

v. Number of Council Meetings held and the attendance to those meetings my members

Board Committees

The Council is made up of 4 committees:

1. Audit and Risk Assurance
2. Training
3. Finance and General-Purpose Committee
4. Human Resource Development

The Council held four (4) regular meetings and One (1) special meeting in the F/Y 2024/25.

	Name	No. of Meetings Attended					Total
		Q1	Q2	Q3	Q4	Special Meeting	
1.	Dr. Mercy Karogo, MBS	1	1	1	1	1	5
2.	Mr. Caleb O. Ogot	1	1	1	1	1	5
3.	Mr. Kenedy Kyevea	1	1	1	1	1	5
4.	Mr. Saul Barasa	1	1	1	1	1	5
5.	Mr. Timothy A. Oboso	1	1	1	1	1	5
6.	Mr. Stephen G. Chacha	1	1	1	1	1	5
7.	Ms. Joyce Kanja	1	1	1	1	1	5
8.	Dr. Stellah Keter	1	1	1	1	1	5
9.	Dr. Solomon M. Kathuo	1	1	1	1	1	5
10.	Mr. George E. Emojong	1	1	1	1	1	5
11.	Mr. Stephen O. Barongo	1	1	1	1	1	5
12.	Dr. Nancy Njeri Macharia	-	-	-	-	-	-
13.	Dr. Maurice O. Odondo	1	1	1	1	1	5

vi. Succession Plan

The tenures of the Council members are staggered to ensure phased transition.

vii. Policy to manage Conflicts of Interest

KEMI has in place an approved conflict of interest policy and a conflict-of-interest register. 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 that 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 conflicted with those of KEMI were requested not to do so.

viii. Board Remuneration

Council Allowances are paid in line with the State Corporations Regulations Circular as follows:

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

ix. Ethics and Conduct

In the year under review, the KEMI Council demonstrated unwavering commitment to ethical leadership and integrity in line with Mwongozo, the Code of Governance for State Corporations. Members conducted themselves with transparency, accountability, respect, and impartiality, ensuring that all decisions aligned with the principles of Chapter Six of the Constitution on leadership and integrity.

To safeguard credibility and public trust, the Council strengthened the enforcement of its Code of Conduct and Ethics, actively managed conflicts of interest, and consistently promoted professionalism, fairness, and responsible stewardship of public resources. The Council also worked to safeguard the corporate reputation of the Institute, while championing corporate social responsibility and promoting environmental sustainability as part of its commitment to good corporate . In addition, annual governance audits and Board evaluations provided opportunities to assess performance, reinforce accountability, and strengthen ethical practices.

Consistent with Mwongozo, the Council also prioritized capacity building as a driver of ethical conduct and governance effectiveness. Structured induction, and periodic training sessions enabled members to deepen their understanding of governance and ethics. Through these deliberate measures, the KEMI Council consolidated its ethical foundation, enhanced governance capacity, and bolstered stakeholder confidence in the Institute's leadership and corporate citizenship.

x. Governance Audit

Governance audit is carried out at the end of every financial year to cover the following areas:

- Leadership and strategic management
- Transparency and disclosure
- Compliance with laws and regulations.
- Communication with stakeholders.
- Board independence and governance.
- Board systems and procedures.
- Consistent shareholder and shareholders' value enhancement.
- Corporate social responsibility and investment.

xi. Communication Policy

The management is in the process of developing the communication policy for the Council.

xii. Terms of Reference of Committees

The KEMI Council provides ethical leadership guided by the Council Charter and the Management of State Corporations Circular Ref: OP/CAB.9/1A dated March 11, 2020.

xiii. Policy on related party transactions

KEMI is a fully owned government entity.

9. Management Discussion and Analysis

In this section, management presents a detailed analysis of KEMI's performance, strategic direction and future outlook covering financial trends, sector dynamics, statutory compliance, and risk exposure. This management discussion and analysis is designed to enhance transparency and accountability. KEMI has incorporated descriptive tools to ensure that the information is both accessible and meaningful to users of the financial statement.

Operations and financial performance:

Items	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
	Kshs	Kshs	Kshs	Kshs
Revenue from non-exchange transactions	237,582,685	333,175,000	131,816,100	88,900,000
Revenue from exchange transactions	243,494,624	142,440,996	149,491,252	147,941,175
Total Revenue	481,077,309	475,615,996	281,307,352	236,841,175
Expenses				
Staff Costs	121,888,163	102,836,100	91,010,648	80,000,238
Use of Goods and Services	255,026,303	240,922,973	125,992,399	101,476,182
Repair and Maintenance	19,128,977	18,110,194	10,505,743	7,071,172
Contracted Professionals	5,254,987	5,181,850	3,816,796	3,688,224
Depreciation and Amortization Expenses	15,861,760	15,156,452	14,556,894	14,956,346
Council Expenses	9,436,561	9,909,134	15,953,313	0
Finance Cost	508,335	440,377	354,287	200,397
Total Expenses	427,105,086	392,557,080	269,166,199	214,560,531
Surplus for the year	53,972,223	83,058,916	12,141,153	22,280,644

Key Projects:

The Institute has had no major project but has continued to carry out minor alterations of its infrastructure.

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
	Kshs	Kshs	Kshs	Kshs
Plant & Machinery	0.00	0.00	28,000	102,080
Minor alterations	34,580,577	10,607,930	4,498,768	5,603,953
Construction Works	0.00	0.00	8,634,515	0
Motor vehicle	0.00	0.00	0.00	10,894,800
Furniture & Fittings	0.00	313,200	93,000	176,110
Computer & Other Equipment	5,617,680	6,869,161	2,765,418	1,114,200
Total	40,198,257	17,790,291	16,019,701	17,891,143

Compliance with statutory requirements:

KEMI has fully complied with statutory requirements. As a result, the Institute has no arrears in statutory and other financial obligations.

Major risks facing KEMI:

Type of Risk	Mitigation Strategy
Inadequate GoK grant	<ul style="list-style-type: none"> a) Lobby for budgetary allocation b) Enhance resource mobilization
Credit Risk	It is the risk that the counterparty will default on the contractual obligation, resulting in financial loss. KEMI's credit risk is managed by the Business Development Directorate by ensuring that relevant documentation is obtained before any engagement, to allow follow-up on such payments.
Operational Risk	<ul style="list-style-type: none"> a) This Risk is being managed by the Education Management Directorate through ensuring quality control policy and implementation of the Quality Management Systems. b) Diversification of revenue sources.
Loss of key data due to fire, sabotage, power fluctuations, obsolesce and hackings.	<ul style="list-style-type: none"> a) Continuously update and upgrade systems and applications b) Develop a comprehensive data recovery plan. c) External storage and continuous backup d) Secure appropriate insurance cover

	<ul style="list-style-type: none"> e) Installation of intrusion prevention system f) Regular systems and antivirus updates
Inadequate staffing	<ul style="list-style-type: none"> a) Implement staff establishment and scheme of service. b) Administer succession planning. c) Staff to embrace the culture of multi-tasking. d) Continuous training e) Outsource non-core services
Staff turnover	<ul style="list-style-type: none"> a) Undertake a comprehensive job evaluation. b) Review of terms of service c) Classification of the Institute as a state corporation d) Implement the scheme of service. e) Develop a staff retention and development plan.
Squatter invasion of land at KEMI/ Kayole	<ul style="list-style-type: none"> a) Comply with laws governing eviction. b) Construction of a perimeter wall.
Public education agencies undertaking the legal mandate of KEMI	Lobby for the development of a capacity-building policy to harmonize capacity-building activities undertaken by the players.

Review of the sector and future development

The Fourth Medium Term Plan (2023–2027) prioritizes strengthening access, quality, equity, and relevance in education through the rollout of the Competency-Based Education, expansion of universal secondary education, inclusion of learners with disabilities, elimination of barriers like early marriages and FGM, and support measures such as school feeding programmes to enhance retention and performance. The education sector emphasizes strengthening TVET through modernized infrastructure, updated equipment, and stronger industry linkages to boost youth employability and skills development, alongside advancing digital transformation by expanding ICT infrastructure and enhancing NEMIS for improved planning, accountability, and access to online learning. MTP IV highlights the importance of school infrastructure and support systems by prioritizing the construction, rehabilitation, and equipping of learning facilities, while integrating resilience measures to ensure continuity of education during crises such as droughts, pandemics, and insecurity, thereby keeping education accessible, inclusive, and adaptive. Under MTP IV, KEMI is expected to strengthen education leadership and governance by equipping managers with skills to effectively oversee the rollout of Competency-Based Education, improve governance in TVET institutions, enhance the use of NEMIS for data-driven decision-making, and ensure efficient management

of school infrastructure projects. This positions KEMI as a key driver in aligning education reforms with quality, equity, and accountability goals.

10. Environmental and Sustainability Reporting

KEMI exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

KEMI's sustainability strategy is shaped by global forces that continue to influence its operational landscape. In response to the growing impact of climate change on education service delivery particularly in vulnerable regions the Institute has embedded climate adaptation into its planning and leadership development initiatives. Economic instability and geopolitical tensions have strained donor support and driven up procurement costs, prompting KEMI to adopt financial prudence and explore diversified funding models to sustain its digital transformation efforts. The global pivot toward digital education has revealed significant disparities in infrastructure and access, especially among marginalized institutions and officers. To address this, the Institute has prioritized inclusive digital capacity building to ensure equitable participation across its programs. KEMI's Service Delivery Charter commits to providing timely, transparent, and inclusive education management services that uphold quality standards and foster stakeholder accountability. The Institute allocates at least 30% of its procurement contracts to Youth, Women, and Persons with Disabilities (PWDs) in compliance with Section 157(10) of the Public Procurement and Asset Disposal Act, 2015, promoting inclusive economic empowerment and equitable access to public opportunities.

ii) Environmental performance

KEMI's environmental policy, rooted in Kenya's national climate change framework and the Institute's plans, emphasizes sustainability, resource efficiency, and institutional accountability. The Institute has adopted green practices such as paperless workflows, solar lighting, waste segregation, and vehicle maintenance to reduce emissions. It promotes climate-smart infrastructure through energy-efficient building designs and natural lighting. Biodiversity efforts include landscaping with indigenous trees and integrating tree planting into training programs. Key achievements include better waste management, reduced paper use, and heightened environmental awareness, though challenges remain in scaling biodiversity efforts and consistently applying green technologies.

iii) Employee welfare

The Institute's hiring process is anchored in institutional HR policies aligned with Kenya's Constitution, the Employment Act, and Public Service Commission guidelines, emphasizing merit, inclusivity, and diversity. Affirmative action is applied in line with national frameworks to promote gender balance, youth inclusion, and representation of Persons with Disabilities (PWDs). Stakeholder consultations ensure transparency and alignment with institutional needs. Policies are reviewed every three years or upon legislative changes to remain responsive. The Institute supports continuous professional development through training, mentorship, and career growth, with annual staff appraisals guiding promotions and capacity building. Occupational safety is upheld through annual maintenance of fire extinguishers, regular motor vehicles maintenance, systems and antivirus updates and staff training, with no major incidents reported during the year.

iv) Market place practices-

KEMI's marketplace practices reflect a strong commitment to ethical governance, fair competition, and inclusive economic empowerment. The institute's procurement and contracting processes are guided by the Public Procurement and Asset Disposal Act, ensuring transparency, competitiveness, and accountability.

a) Responsible competition practice.

The Institute promotes responsible competition and service excellence through transparent procurement, anti-corruption safeguards, and inclusive hiring practices. Competitive-open tendering ensures fair access for all suppliers, while anti-corruption reporting mechanisms and internal audits uphold integrity. The organization maintains political neutrality and respects sector peers through collaborative engagement. Service delivery is enhanced via a clear displayed charter, automated self-service platforms (Help-Desk System), cashless payments through E-Citizen platform, and public outreach. These measures collectively strengthen institutional accountability, brand protection, and stakeholder trust.

b) Responsible Supply chain and supplier relations

The Institute promotes ethical and inclusive business practices by training prequalified suppliers on procurement procedures and ensuring compliance with the Public Procurement and Asset Disposal Act, 2015. In line with Section 157 of the Act, the Institute reserves at least 30% of its total procurement for youth, women, and persons with disabilities (PWDs), fostering equitable access to public contracts. As outlined in its Service Delivery Charter, KEMI honors payment

obligations by settling supplier invoices within seven days of receiving complete and verified documentation, reinforcing trust and accountability in supplier relations.

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

The Institute maintains ethical marketing and outreach practices by prioritizing transparency, inclusivity, and respect for its diverse stakeholders. The Institute ensures that all public communications whether through media briefs, website updates, or promotional materials are fact-based, policy-aligned, and reflective of actual service offerings. Outreach and sensitization efforts are conducted through regular consultative forums, stakeholder workshops, and digital platforms, where accurate information is shared on training programs, compliance expectations, and institutional reforms.

d) Product stewardship or Awareness Creation

The Institute maintains ethical marketing and outreach practices by prioritizing transparency, inclusivity, and respect for its diverse stakeholders. The Institute ensures that all public communications whether through media briefs, website updates, or promotional materials are fact-based, policy-aligned, and reflective of actual service offerings. Outreach and sensitization efforts are conducted through regular consultative forums, stakeholder workshops, and digital platforms, where accurate information is shared on training programs, compliance expectations, and institutional reforms.

v) Corporate Social Responsibility / Community Engagements

During the reporting period, KEMI undertook Corporate Social Responsibility activities centered on environmental stewardship and reforms in education, in line with its educational mandate. The Institute donated and planted trees at various institutions of learning including Kavete Primary School, Kivandini Primary School, Kaplong Boys Primary School, Cheplelachbei Primary School, and Ole Lenku Isinya Township School, fostering climate awareness and sustainability. Learners participated in environmental sensitization through mini-forest creation and climate-smart practices. The Institute also extended charitable support by providing seedlings and training materials and facilitated community outreach on environmental rights and responsibilities through

school-based forums. An online forum on competency Based Education was held to sensitize education managers and other stakeholders on its implementation. These efforts underscore KEMI's dedication to socially responsible investment in education and community empowerment.

11. Report of the Council

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

i) Principal activities

The principal activities of KEMI are capacity building of education managers through training, research, and consultancy services.

ii) Results

The results of KEMI for the year ended June 30, 2025, are set out on pages 1 to 29.

iii) Council

The members of the Council who served during the year are shown on page xxx. During the year, no new member of the Council was appointed, and none retired or resigned.

iv) Auditors

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

By Order of the Council



Dr. Maurice Odondo
Secretary to the Council

12. Statement of the Council Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the Legal Notice No.9/2010, requires the Council to prepare financial statements in respect of KEMI, which give a true and fair view of the state of affairs of the Institute at the end of the financial year and the operating results of the Institute for that period. The Council is also required to ensure that KEMI keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Council is also responsible for safeguarding the assets of KEMI.

The Council is responsible for the preparation and presentation of KEMI's financial statements, which give a true and fair view of the state of affairs of the Institute 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 Institute; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of KEMI; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for KEMI's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, inconformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Legal Notice No.9/2010. The Council is of the opinion that the Institute's financial statements give a true and fair view of the state of KEMI's transactions during the financial year ended June 30, 2025, and of the KEMI financial position as at that date.

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

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

Approval of the financial statements

The KEMI financial statements were approved by the Council on 15 September 2025 and signed on its behalf by:



Dr. Mercy Karogo, MBS
Chairperson of the Council



Dr. Maurice Odondo
Accounting Officer

REPUBLIC OF KENYA

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Education Management Institute set out on pages 1 to 28, which comprise the statement of financial position as

Report of the Auditor-General on Kenya Education Management Institute for the year ended 30 June, 2025

at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Education Management Institute 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) comply with the Public Finance Management Act, 2012 and the Legal Notice No. 19 of 2010.

Basis for Qualified Opinion

1. Inaccuracy in Training Fees Amount

The statement of financial performance reflects revenue from exchange transactions of Kshs.243,494,624 as disclosed in Note 6 to the financial statements. Included in the amount is training fees income of Kshs.213,121,417. However, invoices for training obtained from the Institution's Abno system totalled Kshs.222,759,850, resulting to unreconciled variance of Kshs.9,638,433.

In the circumstances, the accuracy and completeness of the training fees income of Kshs.213,121,417 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.42,560,125 as disclosed in Note 15 to the financial statements. The balance is net of provision for impairment allowance of Kshs.1,191,063 which is 3% of other Exchange Debtors of Kshs.39,702,110 which had been outstanding for more than three (3) years. However, the basis of impairment of long outstanding receivables was not provided for audit, casting doubt on the fair statement of the accounts receivables. Further, Management did not provide for audit acknowledgement of the debts by the respective debtors.

In addition, included in the accounts receivable balance of Kshs.42,560,125 is an amount of Kshs.1,712,964 relating to rent owed by two staff members who were transferred from the Institute in November, 2013 but still occupy the Institute premises.

In the circumstances, the accuracy and full recovery of the receivables balance of Kshs.42,560,125 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Education Management Institute 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

Budget and Budgetary Control

The statement of comparison of budget and actual amounts reflects revenue budget and actual on a comparable basis of Kshs.509,689,994 and Kshs.481,077,309 respectively, resulting to an under funding of Kshs.28,612,685 or 6% of the budget. Further, the Institution spent Kshs.450,933,248 against actual receipts of Kshs.481,077,309, resulting to an under-absorption of Kshs.30,144,061 or 6% of the expenditure budget.

The under-absorption and under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My Opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management had not resolved the issues as at 30 June, 2025 or given any explanation for failure to implement the recommendations.

Other Information

Conclusion

The Council is responsible for the Other Information set out on pages vi to xlv which comprise of Key Entity Information and Management, Council, Management Team, Chairperson's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement,

Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council, Statement of Councils' Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

Basis of Conclusion

In connection with my audit on the 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Long Outstanding Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables balance of Kshs.43,214,752 as disclosed in Note 19 to the financial statements. Included in the balance are trade payables of Kshs.2,027,061 which had been outstanding for more than one (1) year. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates'.

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

2. Failure to Deduct Procurement Capacity Building Levy

During the year under review, the Institute made payments for goods, works and services amounting to Kshs.116,482,982 from 1 September, 2024 to 30 June, 2025. However, the Institute did not deduct the public procurement capacity building levy amounting to Kshs.34,945 (0.03% of Kshs.116,482,982). This was contrary to Section 5(1)(a) of the

Levy Order, 2023 which provides that a procuring entity shall deduct the levy from the contract value at the time of making payments for such contracts.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Understaffing in the Institute

Review of the staff establishment as at 30 June, 2025 revealed that, Kenya Education Management Institute had an approved establishment of one hundred and twenty-one (121) staff against seventy-seven (77) staff in position, leading to understaffing by forty-four (44) staff.

In the circumstances, the understaffing may hinder effective delivery of services by the Institution.

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 Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP 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

13 October, 2025

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

	<u>Notes</u>	<u>2024-2025</u> <u>Kshs</u>	<u>2023-2024</u> <u>Kshs</u>
Revenue from non-exchange transactions	5	237,582,685	333,175,000
Revenue from exchange transactions	6	243,494,624	142,440,996
Total Revenue		481,077,309	475,615,996
Expenses			
Staff Costs	7	121,888,163	102,836,100
Use of Goods and Services	8	255,026,303	240,922,973
Repair and Maintenance	9	19,128,977	18,110,194
Contracted Professionals	10	5,254,987	5,181,850
Depreciation and Amortization	11	15,861,760	15,156,452
Council Expenses	12	9,436,561	9,909,134
Finance Cost	13	508,335	440,377
Total Expenses		427,105,086	392,557,080
Surplus/Deficit for the period		53,972,223	83,058,916

The notes set out on pages 7 to 29 form an integral part of these Financial Statements

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



Sign
Dr. Maurice O. Odondo
Accounting Officer

Date 15/09/2025



Sign
Mr. Richard Thomi
Head of Finance
ICPAK M/NO: 6785
Date 15/09/2025



Sign
Dr. Mercy G. Karogo, MBS
Chairperson of the Council

Date 15/09/2025

15. Statement of Financial Position as at 30 June 2025

	<u>Notes</u>	<u>2024-2025</u> <u>Kshs</u>	<u>2023-2024</u> <u>Kshs</u>
Assets			
Current assets			
Cash and cash equivalents	14	140,630,898	119,243,289
Receivables from exchange transactions	15	42,560,125	56,631,155
Receivables from non-exchange transactions	16	49,798,558	
Total Current Assets		<u>232,989,581</u>	<u>175,874,444</u>
Non-current assets			
Property, plant and equipment	17	2,377,738,554	2,351,885,857
Intangible Asset	18	-	1,516,200
Total Non-Current Assets		<u>2,377,738,554</u>	<u>2,353,402,057</u>
Total assets		<u>2,610,728,135</u>	<u>2,529,276,501</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	43,214,752	16,288,890
Total Current Liabilities		<u>43,214,752</u>	<u>16,288,890</u>
Non-Current liabilities		-	-
Total Liabilities		<u>43,214,752</u>	<u>16,288,890</u>
Reserves and Surplus			
Revaluation Reserve	20(i)	2,284,463,085	2,284,463,085
Capital Reserve	20(ii)	44,164,375	44,164,375
Retained earnings	20(iii)	238,885,923	184,360,152
Total Net Reserves & Surplus		<u>2,567,513,383</u>	<u>2,512,987,612</u>
Total Net Assets and Liabilities		<u>2,610,728,135</u>	<u>2,529,276,502</u>

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



Sign
Dr. Maurice O. Odondo
Accounting Officer

Date 15/09/2025



Sign
Mr. Richard Thomi
Head of Finance
ICPAK M/NO: 6785

Date 15/09/2025



Sign
Dr. Mercy G. Karogo, MBS
Chairperson of the Council

Date 15/09/2025

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

	REVALUATION RESERVE	CAPITAL RESERVE	RETAINED EARNINGS	TOTAL
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
As At July 1, 2023	2,284,463,085	44,164,375	101,301,238	2,429,928,698
Development Grant	-	-	-	-
Surplus for the year	-	-	83,058,916	83,058,916
As At June 30, 2024	<u>2,284,463,085</u>	<u>44,164,375</u>	<u>184,360,154</u>	<u>2,512,987,614</u>
As At July 1, 2024	2,284,463,085	44,164,375	184,360,154	2,512,987,614
Development Grant	-	-	-	-
Surplus for the year	-	-	53,972,223	53,972,223
As At 30 June 2025	<u><u>2,284,463,085</u></u>	<u><u>44,164,375</u></u>	<u><u>238,332,377</u></u>	<u><u>2,566,959,837</u></u>

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

	Notes	<u>2024-2025</u> <u>Kshs</u>	<u>2023-2024</u> <u>Kshs</u>
Operating Activities			
Receipts			
Revenue from Non-Exchange Transactions	5	237,582,685	333,175,000
Revenue from Exchange Transactions	6	242,897,427	142,007,978
Total Receipts		<u>480,480,112</u>	<u>475,182,978</u>
Payments			
Employees Costs	7	121,888,163	102,836,100
Use of Goods and Services	8	255,026,303	240,922,973
Repair and Maintenance	9	19,128,977	18,110,194
Contracted Services	10	5,254,987	5,181,850
Council Expenses	12	9,436,561	9,909,134
Finance cost	13	508,335	440,377
Total Payments		<u>411,243,326</u>	<u>377,400,626</u>
Net Cashflows from Operating Activities	21	<u>60,995,536</u>	<u>81,371,877</u>
Cash flows from Investing Activities			
Purchase of PPE	17	(40,198,257)	- 17,790,291
Proceeds from disposal of PPE		590,330	415,448
Net cash flow from investing activities		<u>(39,607,927)</u>	<u>- 17,374,843</u>
Cashflow from Financing Activities			
Net Cashflow from Financing Activities		<u>-</u>	<u>-</u>
Net Increase (decrease) in cash and Cash Equivalent		21,387,609	63,997,034
Cash and cash equivalents at 1 July	9	119,243,289	55,246,255
Cash and cash equivalents at 30 June	9	<u>140,630,898</u>	<u>119,243,289</u>

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



Sign

Dr. Maurice O. Odondo
Accounting Officer

Date 15/09/2025



Sign

Mr. Richard Thomi
Head of Finance
ICPAK M/NO: 6785

Date 15/09/2025



Sign

Dr. Mercy G. Karogo, MBS
Chairperson of the Council

Date 15/09/2025

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

	Original Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance difference	% of Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c = a+b	d	e=(c-d)	e = (d/c)*100
REVENUE						
Government of Kenya (GOK) - (Revenue from Non-Exchange Transactions)	117,582,688	120,000,000	237,582,688	237,582,685	3	100
Government of Kenya - Development Grant	-	-	-	-	-	
Income Generating Activities - (Revenue from Exchange Transactions)	272,107,306	-	272,107,306	243,494,624	28,612,682	89
Total Income	389,689,994	120,000,000	509,689,994	481,077,309	28,612,685	94
PAYMENTS						
Employee costs	127,860,794	3,154,200	131,014,994	121,888,163	9,126,831	93
Use of Goods and Services	139,487,200	124,532,800	264,020,000	255,026,303	8,993,697	97
Repairs and maintenance	20,400,000	455,000	20,855,000	19,128,977	1,726,023	92
Contracted Services	5,700,000	(200,000)	5,500,000	5,254,987	245,013	96
Council Expenses	12,000,000	-	12,000,000	9,436,561	2,563,439	79
Total Payments	305,447,994	127,942,000	433,389,994	410,734,991	22,655,003	95
Development Expenditures						
Purchase of Plant & Machinery	4,942,000	(4,942,000)	-	-	-	0
Purchase of Furniture & Fittings	-	-	-	-	-	0
ICT & Media Equipment	9,300,000	(3,000,000)	6,300,000	5,617,680	682,320	89
Minor Alterations	70,000,000	-	70,000,000	34,580,577	35,419,423	49
Total Development Expenditure	84,242,000	(7,942,000)	76,300,000	40,198,257	36,101,743	53
TOTAL BUDGET	389,689,994	120,000,000	509,689,994	450,933,248	58,756,746	88

Budget notes

Commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)	
Budget Item	Reason
Income-generating activities- (Revenue from exchange transactions)	The Institute did not generate from the hire of facilities as anticipated due to the reduced number of clients using KEMI facilities
Council Expenses	The under expenditure was as a result of the under collection of revenue from A.I.A
Purchase of Plant & Machinery	The Institute did not receive a Development Grant from GoK and did not raise the anticipated revenue from A.I.A to meet its development expenditures
Purchase of Furniture & Fittings	
ICT & Media Equipment	
Minor Alterations	

Explanation of Changes between the original and final budget			
Original Budget	Final Budget	Difference	Reason
Kshs	Kshs	Kshs	
389,689,994	509,689,994	120,000,000	The difference is due to an increase in grants of Kshs.120,000,000

19. Notes to the Financial Statements

1. General Information

KEMI is established by and derives its authority and accountability from the Legal Notice No.19/2010. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. KEMI principal activities are capacity building of education managers through training, research, and consultancy services.

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, 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 Institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of KEMI. The financial statements have been prepared in accordance with the PFM Act, the Legal Notice No.19/2010, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Summary of Significant Accounting Policies

a) Revenue Recognition

i. Revenue from non-exchange transactions.

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 KEMI 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

KEMI 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.

b) Budget information

The original budget for the FY 2024/25 was approved by the Council on July 5, 2024. 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 institute upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Institute recorded additional appropriations of Kshs.120,000,000 on the 2025 budget following the Council's approval.

KEMI'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 section 18 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Institute operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, KEMI recognizes such parts as

individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation

All property, plant and equipment are initially recorded at cost. Depreciation is calculated to write off the cost of asset reducing balance. 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%

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date. Intangible assets are amortized at 20% per annum.

f) 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. KEMI does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Institute's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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.

a) Financial assets

Classification of financial assets

KEMI 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 entity'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 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 entity 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, the entity 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 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 the entity 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.

b) Financial liabilities

Classification

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

g) Provisions

Provisions are recognized when KEMI 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 KEMI 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

KEMI 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

KEMI 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 KEMI 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) Changes in accounting policies and estimates

KEMI 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

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

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

m) 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.

n) Comparative figures

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

o) 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.

4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the KEMI'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. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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 Entity.
- 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 16. 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. Provisions for bad and doubtful debts have been provided at the rate of 3% of the annual receivables.

Notes to the Financial Statements (Continued)

	<u>2024-2025</u>	<u>2023-2024</u>
	<u>Kshs</u>	<u>Kshs</u>
5 Revenue from Non-Exchange Transactions		
Ministry of Education	237,582,685	243,175,000
Donor Fund	-	90,000,000
	<u>237,582,685</u>	<u>333,175,000</u>
6 Revenue from Exchange Transactions		
Training Fees Income	213,121,417	128,753,385
Hire of Facility	29,615,402	9,029,486
Rent Income	-	4,073,728
Printing	148,750	142,675
Sundry	11,858	8,704
Decrease in Provision for Receivables	6,867	17,570
Disposal of Assets Income	590,330	415,448
	<u>243,494,624</u>	<u>142,440,996</u>
7 Employee Costs		
Salaries	75,085,692	66,846,876
House Allowance	18,112,994	14,460,417
Leave Allowance	404,000	322,000
Commuter Allowance	5,478,193	5,085,867
Entertainment, Extraneous, Risk & Other Allowances	4,603,680	1,453,000
Employer NSSF	2,803,965	1,589,720
Employer Pension	10,781,795	10,314,010
Employer Affordable Housing Levy	1,526,806	1,319,695
Gratuity	2,594,700	1,225,740
NITA	58,450	47,600
Casual Wages	437,888	171,175
Total staff cost	<u>121,888,163</u>	<u>102,836,100</u>
8 Use of Goods and Services		
Provision for Audit Fees	660,000	660,000
Refined Fuel and Lubricants	9,200,000	9,100,000
Gas & Other Fuels	2,997,300	1,742,130
Domestic Travel	16,918,312	8,768,360
Foreign Travel	-	493,431
Telephone, Postage & Internet	3,202,866	3,155,323
Electricity and water	5,879,646	6,987,406
Library, Newspapers & Magazines	618,670	620,490
Stationery	5,321,529	3,995,392
Staff Uniform	-	90,196
Printing	81,300	93,000
Advertisement, CSR & Publicity	2,902,200	2,286,180
Training Programs Expenditure	147,607,979	88,322,096

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025.

KPEEL Training Expenses	-	88,384,500
Consultancy	1,595,230	8,917,840
Human Resource Development	2,544,780	3,388,152
ISO 9001:2015	14,545,914	-
Research, Development & ESD Expenses	1,706,000	2,223,115
Food & Rations	21,301,628	10,738,853
Institute Clinic	-	65,004
Insurance Cover	17,481,699	430,215
WIBA	461,250	461,290
Total Use of Goods and Services	<u>255,026,303</u>	<u>240,922,973</u>
9 Repairs and Maintenance		
Maintenance & Repairs of Buildings	8,980,295	7,622,621
Maintenance of Plant, Machinery & Equipment	3,194,534	2,327,501
Motor Vehicle Repairs	4,150,684	4,739,872
EDP Expenses	2,803,464	3,420,200
Total Repair and Maintenance	<u>19,128,977</u>	<u>18,110,194</u>
10 Contracted Services		
Contracted Professional Services	3,919,872	3,681,840
Security Allowance	288,000	279,000
Legal Fees	1,047,115	1,221,010
Total Contracted Services	<u>5,254,987</u>	<u>5,181,850</u>
11 Depreciation and Amortization Expenses		
Property, Plant and Equipment	14,345,560	13,640,252
Intangible Assets	1,516,200	1,516,200
Total	<u>15,861,760</u>	<u>15,156,452</u>
12 Council Expenses		
Sitting Allowance	4,980,000	8,949,134
Honoraria	960,000	960,000
Travel Costs	793,845	
Other Allowances	2,702,716	
Total	<u>9,436,561</u>	<u>9,909,134</u>
13 Finance Cost		
Bank charges	508,335	440,377
14 Cash and Cash Equivalents		
Bank balances		
National Bank - AC 600	2,689,950	19,674,101
National Bank - AC 601	3,310,309	55,550,666
Equity Bank AC	134,630,599	42,241,735
Cash in hand	40	7,523
KCB Bank-KPEEL	-	1,769,264
Total	<u>140,630,898</u>	<u>119,243,289.00</u>

15 Receivables from Exchange Transactions

**a) Receivables from Exchange Transactions
(Current)**

Other Exchange Debtors	4,049,078	18,451,624
Total Current Receivables	4,049,078	18,451,624

**b) Receivables from Exchange Transactions
(Long Term)**

Other Exchange Debtors	39,702,110	39,931,010
Less: Impairment allowance @3%	1,191,063	1,197,930
Total Receivables	38,511,047	38,733,080
Current Portion transferred to current receivables	-	-
Total non-current receivables	38,511,047	38,733,080
Total Receivables (a+b)	42,560,125	57,184,704

16 Receivables from Non-Exchange Transactions

Ministry of Education - Recurrent Grant	49,798,558	-

c) Aging Analysis for Receivables from Exchange Transactions

	<u>2024-2025</u>		<u>2023-2024</u>	
	<u>Ksh</u>		<u>Ksh</u>	
	2024/25	% of the total	2023/24	% of the total
Less than 1 year	4,049,078	9.3	17,976,524	31
Between 1-2 years	144,000	0.3	475,100	1
Between 2-3 years	-	0.0	2,276,054	4
Over 3 years	39,558,110	90.4	37,654,956	64
Total (a+b)	43,751,188	100	58,382,634	100

Aging Analysis for Receivables from Non-Exchange Transactions

	<u>2024-2025</u>		<u>2023-2024</u>	
	<u>Kshs</u>		<u>Kshs</u>	
	2024/25	% of the total	2023/24	% of the total
Less than 1 year	49,798,558	100	-	-
Between 1-2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total receivable from non-exchange transactions	49,798,558	100	-	-

17 Property, Plant, and Equipment

Cost	LAND Kshs	BUILDING Kshs	PLANT & MACHINERY Kshs	MOTOR VEHICLE Kshs	FURNITURE & FITTINGS Kshs	COMPUTER & OTHER EQUIPMENT Kshs	TOTAL Kshs
As At 1 July 2023	2,050,000,000	339,654,827	20,486,802	31,534,292	29,597,907	43,433,331	2,514,707,159
Additions for the year	-	10,607,930	-	-	313,200	6,869,161	17,790,291
Disposals	-	-	-	(1,500,000)	-	-	(1,500,000)
As At 30 June 2024	2,050,000,000	350,262,757	20,486,802	30,034,292	29,911,107	50,302,492	2,530,997,450
Additions for the year	-	34,580,577	-	-	-	5,617,680	40,198,257
Disposals	-	-	-	(2,000,000)	-	-	(2,000,000)
As At 30 June 2025	2,050,000,000	384,843,334	20,486,802	28,034,292	29,911,107	55,920,172	2,569,195,707
Depreciation							
As At 1 July 2023	-	65,557,974	14,674,583	21,873,029	24,234,552	40,631,202	166,971,340
Depreciation 2023/24	-	7,117,620	581,222	2,040,316	709,569	3,191,526	13,640,252
Disposals	-	-	-	(1,500,000)	-	-	(1,500,000)
As At 30 June 2024	-	72,675,594	15,255,805	22,413,345	24,944,121	43,822,728	179,111,592
Depreciation 2024/2025	-	7,804,194	523,100	1,405,237	620,873	3,992,157	14,345,560
Disposals	-	-	-	(2,000,000)	-	-	(2,000,000)
As At 30 June 2025	-	80,479,787	15,778,905	21,818,582	25,564,995	47,814,884	191,457,152
Net book values							
As At 30 June 2025	2,050,000,000	304,363,547	4,707,897	6,215,710	4,346,112	8,105,288	2,377,738,554
As At 30 June 2024	2,050,000,000	277,587,163	5,230,997	7,620,947	4,966,986	6,479,764	2,351,885,858

18 Intangible Assets - Software

Description	<u>2024-2025</u> Kshs	<u>2023 - 2024</u> Kshs
Cost		
At beginning of the year	7,581,000	7,581,000
Additions	-	-
At end of the year	<u>7,581,000</u>	<u>7,581,000</u>
Additions - Internal development	-	-
At end of the year	7,581,000	7,581,000
Amortization and impairment		
At beginning of the year	6,064,800	4,548,600
Amortization and impairment	1,516,200	1,516,200
At end of the year	<u>7,581,000</u>	<u>6,064,800</u>
Impairment loss	-	-
At end of the year	<u>7,581,000</u>	<u>6,064,800</u>
NBV	<u>-</u>	<u>1,516,200</u>

19 Trade and Other Payables

	<u>2024-2025</u> Kshs	<u>2023-2024</u> Kshs
Trade payables	43,214,752	16,288,890
Total trade payables	<u>43,214,752</u>	<u>16,288,890</u>

Aging analysis:(Trade and other payables)	2024-2025		2023-2024	
	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	41,187,691	95	15,106,487	93
1-2 years	1,130,061	3	285,403	1.8
2-3 years	45,000.00	0.1	45,000	0.3
Over 3 years	852,000	2	852,000	5.2
Total	<u>43,214,752</u>		<u>16,288,890</u>	

20 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	184,360,152	101,301,237
Deficit/Surplus for the year	53,972,223	83,058,915
Total	<u>238,885,923</u>	<u>184,360,152</u>

21 Cash Generated from Operations

Description	<u>2024/2025</u>	<u>2023/2024</u>
	<u>Kshs</u>	<u>Kshs</u>
Surplus for the year before tax	53,381,893	82,643,468
Adjusted for:		
Depreciation	15,861,760	15,156,452
Non-cash grants received	-	-
Contributed assets	-	-
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	-	-
Increase in receivables(exchange)	14,624,579	568,095
Increase in receivables(non-exchange)	(49,798,558)	-
Increase in deferred income	-	-
Increase in payables	26,925,862	(16,996,138)
Increase in payments received in advance	-	-
Net cash flow from operating activities	60,995,536	81,371,877

22. Financial Risk Management

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

i) Credit risk

The Institute has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Council. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institute's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from exchange transactions	43,751,188	4,049,078	39,702,110	1,191,063
Receivables from non-exchange transactions	49,798,558	49,798,558	-	-
Bank balances	140,630,898	140,630,898	-	-
Total	234,180,644	194,478,534	39,702,110	1,191,063
As at 30 June 2024				
Receivables from exchange transactions	58,382,634	17,976,524	40,406,110	1,197,930
Receivables from non-exchange transactions	-	-	-	-
Bank balances	119,243,289	119,243,289	-	-
Total	177,625,923	137,219,813	40,406,110	1,197,930

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Institute has significant concentration of credit risk on amounts due from Kenya Institute of Curriculum Development (KICD). The Council sets the Institute's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	39,501,615	1,686,075	2,027,061	43,214,752
Total	39,501,615	1,686,075	2,027,061	43,214,752
As at 30th June 2024				
Trade payables	15,061,187	-	1,227,703	16,288,890
Total	15,061,187	-	1,227,703	16,288,890

iii) Market risk

The Institute has put in place an internal audit function to assist it in assessing the risk faced by the KEMI 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 Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Institute's Finance Division 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 Institute's exposure to market risks or the way it manages and measures the risk.

23. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to KEMI 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 Institute, holding 100% of the Institute's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Institute, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) Key management.
- iii) KEMI Council.

Description	2024/2025	2023/2024
	Kshs	Kshs
a) Grants from the government		
Grants from Ministry of Education	237,582,685	333,175,000
Total	237,582,685	333,175,000
b) Key management compensation		
Council emoluments	9,436,561	9,909,134
Compensation to key management	7,726,600	5,944,000
Total	17,163,161	15,853,134

24. Events after the Reporting Period

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

25. Ultimate And Holding Entity

KEMI is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

26. 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 Recommendation

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)
Basis for Qualified Opinion				
1.	<p>Encroachment of Institute's Land As previously reported, the statement of financial position reflects a balance of Kshs. 2,351,885,857 in respect of property, plant and equipment as disclosed in Note 12 to the financial statements. Included in the balance is a parcel of land measuring 15.45 hectares at Kayole in Nairobi valued at Kshs. 950,000,000 which is 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 was put on nationwide newspapers on 28 November 2017. The Management further wrote to the parent</p>	<p>The management sort for accurate and actual information of the status of LR. No. 16124 from the Chief Registrar of Lands and Physical Planning Vide Letter Ref. No. KEMI/ADM/VOL.III/87 dated 5th May 2025 and was confirmed vide approved document (Signed copy of title deed) as at May 2025. The land was confirmed by the Registrar of lands as intact under the name of Kenya Education Management Institute and no part of the land has been exorcised.</p> <p>The Institute has engaged the Office of the Auditor General vide letter Ref No. KEMI/06/EXT./ VOL.I/ 04 dated 20th May 2025 to have the issues resolved, the management having taken action.</p>	Resolved	

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025.

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)
2.	<p>ministry on 20 August 2018 seeking intervention to evict the informal settlers. However, the matter had not been resolved by the time of audit in the month of November,2024</p> <p>In the circumstances, the accuracy, valuation, ownership, presentation and disclosure of property, plant and equipment balance of Kshs. 950,000,000 could not be confirmed.</p> <p>Inaccuracy in Training Fees Amount The statement of financial performance reflects revenue from exchange transaction of Kshs.142,440,996 as disclosed in Note 3 to the financial statement. Included in the amount is training fees income of Kshs.128,753,385. However, invoices for training obtained from the institution's Abno system totalled Kshs.143,752,854,</p>	<p>The Management integrated its ERP with Pesa flow (E-citizen) so as to ensure timely invoicing and receipting of course participants fees and also enhance accuracy of data.</p>	Resolved	

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025.

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)
3.	<p>resulting in unreconciled variance of Kshs.14,999,469.</p> <p>Long Outstanding Receivables from Exchange Transaction</p> <p>The statement of financial position reflects receivables from exchange transactions balance of Kshs. 56,631,155 as disclosed in Note 10 to the financial statements. Review of the aging analysis of the exchange receivables revealed that a balance of Kshs.40,254,1016 had been outstanding for more than one (1) years. However, there was no policy on the impairment of long outstanding receivables, casting doubt on the fair statement of account receivables. Further, management did not provide for audit the acknowledgement of the debts by the respective institutions.</p>	<p>The management is actively following up on the outstanding receivables balances through physical visitations and demand letters. In addition, the Institute has established a debt collection unit to coordinate and streamline collection of debts.</p>	Partially Resolved	June 2026

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025.

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)
	In addition, included in the account receivables balance of Kshs. 56,631,155 is an amount of Kshs. 1,798,964 relating to rent owed by two staff members who were transferred from the institute in November 2013 but still occupy the Institute premises.	The management entered into an agreement with the tenants who have since commenced payment of the outstanding rent	Resolved	
Emphasis of Matter				
	The statement of comparison of budget and actual amount reflects revenue budget and actual on a comparable basis of Kshs. 521,864,370 and Kshs 475,615,996 respectively, resulting to an under collection of Kshs. 46,248,374 or 9% of the budget. Further the Institution spent Kshs. 375,579,201 against a budget of ksh. 521,864,370 resulting to an under expenditure of ksh 146,285,169 or 38% of the expenditure budget. The under collection and under expenditure may have affected the planned activities and may have	To enhance the generation of income, the management has operationalized it Business Development and Resource Mobilization Division. This will ensure increased revenue collection, and the Institute achieves its set targets.	Resolved	

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025.

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)
	impacted negatively on service delivery to the public.			
Basis for Conclusion				
1.	<p>Long Outstanding Trade and Other Payables from Exchange Transactions</p> <p>The statement of financial position reflects trade and other payables balance of Kshs.16,288,890 as disclosed in Note 14 to the financial statements, included in the balance are trade payables of Kshs.838,000 which had been outstanding for more than one (1) year. This was contrary to section 53 (8) of the Public Procurement and Asset Disposal Act,2025 which states that ‘an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract(s) are reflected in approved budget estimates.</p>	<p>The management commits to meet all its obligations as and when they fall due. The management is in the process of clearing all its payables as disclosed in the note.</p>	Resolved	

KENYA EDUCATION MANAGEMENT INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025.


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Understaffing in the Institute Review of the staff establishment as at 30 June 2024 revealed that, Kenya Education Management Institute had one hundred and eighty-three (183) staff against ninety (90) staff in position leading to understaffing by ninety-three (93) staff.</p>	<p>KEMI Human Resource Policy Instruments were approved in August 2024 by Public Service Commission (PSC). The Institute has started implementing the instruments gradually by undertaking re-deployment and mentorship.</p>	Partially resolved	June 2026

Appendix II: Inter-Entity Confirmation Letter


Confirmation of amount received by Kenya Education Management Institute as at 30 th June 2025								
Reference Number	Date Disbursed	Amount Disbursed [SC/SAGA/Fund] (Kshs) as at 30 th June 2025				Total (D)=(A+B+C)	Amount Received by [beneficiary entity] (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (f)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministrial (C)				
July 2024	20/08/2024	9,798,557	0.00	-	9,798,557	9,798,557	0.00	
August 2024	13/09/2024	9,798,557	0.00	-	9,798,557	9,798,557	0.00	
September 2024	23/10/2024	9,798,557	0.00	-	9,798,557	9,798,557	0.00	
October 2024	18/11/2024	9,798,557	0.00	-	9,798,557	9,798,557	0.00	
November 2024	17/12/2024	9,798,557	0.00	-	9,798,557	9,798,557	0.00	
December 2024	03/01/2025	9,798,557	0.00	-	9,798,557	9,798,557	0.00	
January 2025	13/02/2025	9,798,557	0.00	-	9,798,557	9,798,557	0.00	
February 2025	14/03/2025	9,798,557	0.00	-	9,798,557	9,798,557	0.00	
March 2025	08/04/2025	9,798,557	0.00	-	9,798,557	9,798,557	0.00	
April 2025	09/05/2025	49,798,557	0.00	-	49,798,557	49,798,557	0.00	
May 2025	11/06/2025	49,798,557	0.00	-	49,798,557	49,798,557	0.00	
June 2025	01/07/2025	49,798,558	0.00	-	49,798,558	49,798,558	0.00	
Total		237,582,685	0.00	-	237,582,685	237,582,685	0.00	

I confirm that the amount shown above is correct as of the date indicated and is included in the financial statements

HEAD OF ACCOUNTS DEPARTMENT OF BENEFICIARY ENTITY: **KENYA EDUCATION MANAGEMENT INSTITUTE**



Name: **Dr. Maurice Odondo** Sign..... Date: **29th July 2025**


Dr. Maurice Odondo
Chief Executive Officer
Date: 15/09/2025