

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 24 NOV 2021

DAY.  
WED

**OF**

TABLED  
BY:

L.O.K

CLERK-AT  
THE-TABLE:

ATO

**THE AUDITOR-GENERAL**

**ON**

**KENYA INSTITUTE OF  
SPECIAL EDUCATION**

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

15.000.000

15.000.000





---

# **KENYA INSTITUTE OF SPECIAL EDUCATION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE, 2020**

---

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



## 1. TABLE OF CONTENTS

1.	TABLE OF CONTENTS.....	ii
2.	KEY INSTITUTE INFORMATION AND MANAGEMENT.....	iii
3.	VISION, MISSION AND CORE VALUES.....	vii
4.	THE BOARD OF DIRECTORS.....	viii
5.	MANAGEMENT TEAM.....	xiv
6.	CHAIRMAN'S REPORT.....	xx
7.	RISK MANAGEMENT.....	xxi
8.	REPORT OF THE DIRECTOR.....	xxiv
9.	CORPORATE GOVERNANCE STATEMENT.....	xxviii
10.	MANAGEMENT DISCUSSION AND ANALYSIS.....	xxxiv
11.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	xxxix
12.	REPORT OF THE COUNCIL MEMBERS.....	xlvi
13.	STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES.....	xlvi
14.	REPORT OF THE INDEPENDENT AUDITOR.....	xlv
15.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2020.....	1
16.	STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2020.....	2
17.	STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2020.....	3
18.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020.....	4
19.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
20.	NOTES TO THE FINANCIAL STATEMENTS.....	7



## 2. KEY INSTITUTE INFORMATION AND MANAGEMENT

### a) Background information

Kenya Institute of Special Education (KISE) is a Semi-Autonomous Government Agency of the Ministry of Education, Kenya. It was established through Legal Notice No. 17 of 14th February 1986. The Institute is currently run by a Council appointed by the Cabinet Secretary for Education. The Chief Executive Officer of the Institute is the Director.

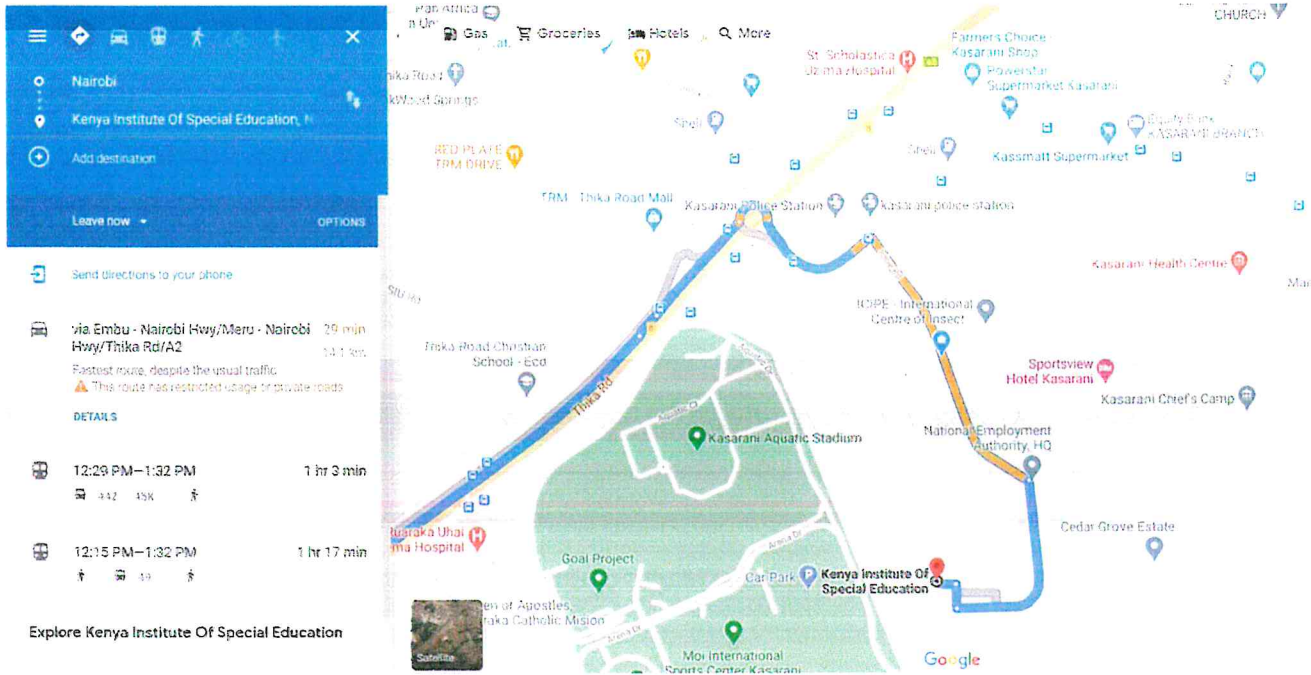
### b) Principal Activities

The principle functions of KISE are;

- i) Conduct teacher training courses for teachers in various fields of education for children with special needs.
- ii) Conduct in-service courses for personnel working in all fields of special needs education.
- iii) Prepare and conduct correspondence courses for personnel in the field of special needs education.
- iv) Run an educational assessment and functional centre for the training of teachers of children with special needs.
- v) Run an orientation and mobility (o & m) centre for training and demonstration purposes.
- vi) Run a model training unit for the integration of children with special needs into regular schools.
- vii) Run a pre-school department where training and stimulation of young children with special needs can be carried out for the purpose of teacher training.
- viii) Act as a resource centre for the production and dissemination of information to the general public on special needs and disabilities.
- ix) Run a documentation and resource centre on special needs and disabilities.
- x) Conduct research on special needs education.
- xi) Maintain, repair, design, produce and assemble educational resources and assistive devices for persons with special needs.



WHERE YOU FIND US



Direction to Kenya Institute of Special Education.



**c) Key Management**

The KISE day-to-day management is under the following key organs:

- Director KISE
- Senior Management

**d) Fiduciary Management**

In the year under review, this key role was vested as follows:

AREA OF TRUST	OFFICE
1. All Institute financial and non-financial assets	Director
2. Title of the Institute's Land	CS The National Treasury
3. Strategy and Governance	KISE Council
4. Institute Affairs and Operations	Senior Management

**(a) Fiduciary Oversight Arrangements**

The KISE Council has three committees that meet to deliberate and receive reports on the progress and affairs of the Institute namely:

- Finance and General Purpose Committee
- Audit and Risk Committee
- Academic and Research Committee

The Full Council meets quarterly to receive reports from the Director as well as the Sub-Committees of the Council.

**(b) Institute Headquarters**

Kasarani, Thika Superhighway Exit 8 Off Kasarani-Mwiki Rd  
P.O. Box 48413 - 00100  
Nairobi, KENYA

**(c) Institute Contacts**

Telephone: +254208007977  
Mobile: +254724 269 505  
E-mail: [info@kise.ac.ke](mailto:info@kise.ac.ke) Website: [www.kise.ac.ke](http://www.kise.ac.ke)

**(d) Institute Bankers**

1. National Bank of Kenya Harambee Avenue  
P.O. Box 60000 City Square 00200



2. Kenya Commercial Bank

Ngara Branch and TRM Branch

P.O. Box 60000 City Square 00200

Nairobi, Kenya

e) Principal Legal Adviser

Directorate of Legal Services Ministry of Education

Jogoo House B

P.O. Box 30040 – 00100

Nairobi, Kenya

f) Independent Auditors

Auditor- General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100 Nairobi, Kenya



### 3. VISION, MISSION AND CORE VALUES

#### **VISION STATEMENT**

An inclusive Kenyan society in which every child with special needs and disability accesses quality education and achieves their fullest human potential.

#### **MISSION STATEMENT**

To facilitate service provision for persons with special needs and disabilities through human capital development, research, functional assessment, rehabilitation, inclusive education practices, technology and production of learning and assistive materials.

#### **CORE VALUES**

- Professionalism,
- Integrity,
- Respect,
- Relevance
- Equity and
- Empathy



#### 4. THE BOARD OF DIRECTORS

##### 1. Dr. John Kabutha Mugo: Chairman of the KISE Council



John is the Executive Director at Zizi Afrique Foundation, an organization that supports the improvement of learning for children and youth in Africa. He brings on board a wealth of leadership and management experience following his service as Regional Director at Twaweza East Africa, and leading the regional Uwezo learning assessment. In addition to this, he also is the chair of the German KAAD scholarship Committee in Kenya and a member of several school Boards of Management. John believes in development of competencies of the youth to access, create, retain

jobs, live fulfilling lives and contribute to the common good of society. At Uwezo he collaborated with countries in East Africa, West Africa, Latin America and Asia to influence the shaping of the Global Reading Movement through citizen led assessments of education systems while at Twaweza East Africa he led Africa's first Nationally representative mobile phone public survey in which he experimented with potential of citizens in creating change. In his passion for special needs education he has been instrumental in the development of Learning materials for the KISE Distance Learners programme besides lecturing and serving as Senior Lecturer and Head of Department-Special Needs Education at Kenyatta University. There, he led several projects advocating for inclusion and equity in education. John is widely published and holds a PhD in Special Needs Education from University Hanover, Germany.



## 2. Augusta Muthigani

Augusta represents the religious fraternity in her capacity as the National Executive Secretary, Commission of Education and Religious Studies, Kenya Conference of Catholic Bishops- General Secretariat. In this role she coordinates education activities for over 8000 Catholic Private and sponsored public schools in Kenya. Her significant experience in education policy development, engagement, improving quality access, retention and transition and innovative, evidence-based interventions and research has seen her serve unconditionally, as member of the KISE Council for more than twenty years. She also coordinates and supervises various skills building and values development programmes targeting youth in Kenyan schools. Muthigani is also President of the Board International Catholic Education Association, participates in the Committee on Child Protection and was more recently appointed to serve in the National Steering Committee Coordinating Curriculum reforms in Kenya. She also plays an advisory role to the National Council of Churches, of Kenya, Supreme Council of Muslims in Kenya and the Hindu Council in Kenya. Muthigani, an alumni of Catholic University of East Africa, holds a Masters Degree in Religious Education and a Bachelor of Education degree from Kenyatta University. She is currently enrolled with the International Leadership University -Nairobi for her Doctorate studies in Education Leadership,



## 3. Elizabeth A Obade

Elizabeth represents the Kenya National Examinations Council at the Kenya institute of Special Education (KISE) Governing Council. She is the Ag. Deputy Director, Test Development School Examinations and a Head of Section, Teacher Education. She has served in various capacities in the Education sector as a Teacher. Elizabeth has spearheaded Curriculum review process at the Parliamentary Service Commission and made presentations on Competency Based Testing Skills. She is also serving in the Technical committee for Special Needs Education (TC 180) at the Kenya Bureau of Standards (KEBS) and technical Committee for Early Childhood Development and Education (TC 181) in developing standards. She is a Principal,

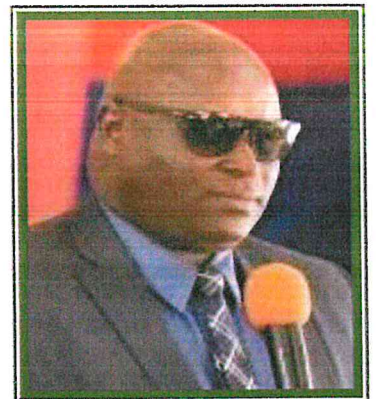




Master trainer in the ongoing Curriculum Reforms in Competency Based Curriculum and Assessment and has built the capacity of Sub County Directors of Education, Curriculum Support Officers, Champions, Teacher's and Teacher Educators. She has successfully coordinated the development of Assessment tools for learners at Grade 4 and Intermediate levels following the Stage based pathway recommended in the Taskforce report on 'Enhancing Access. Elizabeth holds a Master of Education (Early Childhood Studies) and Bachelor of Education (Early Childhood Studies) Kenyatta University and a Diploma in Education (Humanities) Siriba Teacher's training college, Maseno. She has also attended a course in Public Examinations and Administration in Cambridge, U.K. At the Management level she has undergone a Strategic Leadership Development Programme, Senior Management Course, Supervisory Skills Development Course at the Kenya School of Government, Nairobi. She has also trained in Programme on Monitoring and Evaluation of Project, Eastern and Southern African Management Institute (Esami), Arusha Tanzania.

#### 4. Fredrick Haga

Fredrick is the alternate member to the Principal Secretary, Ministry of Education. He currently is the Director, Directorate of Special Needs Education. Initially he had served as an Education Administrator, a position to which he was appointed in 2012. While at the Ministry he has been key in development of the Sector Policy for learners and trainees with special needs that was launched in 2018. With a career spanning over 22 years, he has also worked as a secondary school teacher in various schools prior to working as a Curriculum Developer at the Kenya Institute of Curriculum development. An ardent Disability advocate, he has engaged in leadership of disability rights movements both locally and internationally. Locally he led the Kenya Union of the Blind and the United Disabled Persons of Kenya and served as a Board of trustees of the National development Fund for persons with Disabilities. Internationally he was the Executive Director of the African Union of the Blind (AFUB) where he was instrumental in the organization of the AFUB General Assembly held in Bangkok, Thailand in 2012. His key interests include education for learners with disability, evaluation and assessment of functional disability in addition to utilization of assistive technology in education and daily lives of persons with disabilities. Fredrick a holder of a Bachelor of Education Degree from Kenyatta University undertook his





postgraduate studies in Inclusive Education and Special Education at the University of Monash, Australia.

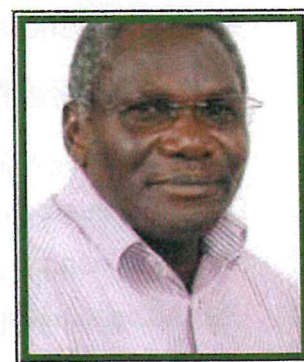
## 5. Hellen Obande

Hellen a Program Manager, Partnerships and Networks at Africa Platform for Social Protection, is also a human rights activist with special interest in women, children and disability rights. Her career has spanned over 15 years service in several Non- governmental Organizations including working as Executive Director of Association of Media Women in Kenya and as Executive Director of the United Disabled persons of Kenya (UPDK) the umbrella organization for persons with disabilities in Kenya. Hellen has also worked as a Radio and Television talk-show host and producer at the Kenya Broadcasting corporation. She has vast experience in project management, planning and implementation as well as research and policy advocacy with a strong understanding of human rights and communication in Africa. She holds a Bachelor of Arts Degree in Anthropology from Moi University, a postgraduate diploma in Mass Communication from the Kenya Institute of Mass Communication and Master of Arts degree in Women and gender studies from San Francisco State University, California. Hellen is passionate about promoting social justice and human rights in Africa among vulnerable populations in Africa,



## 6. Prof. Peter Oracha

Peter is an Associate Professor of Special Needs Education-Sign Language Option at Maseno University. For the past 20 years he has developed and given lectures in special needs education, inclusive education, Deaf Education and Deaf Culture, Bilingualism in deaf education, sign language linguistics, sign language interpretation, and educational Audiology and Assessment. He has held various positions within education sector. He has served as chairman of various schools besides serving as a tutor at Machakos Teachers Training College and as a Headteacher of Maseno school for the Deaf. His interest in community welfare has seen him serve as a member of the Synod Committee, Maseno South Diocese and as an external examiner for various universities in Kenya. Most recently, in liaison with KISE, he was the Lead Consultant for The Commonwealth of Learning Teachers Futures Programme that is a pilot project, introducing Secondary School teachers to inclusive





education in order to improve transition rates of learners with disabilities from Primary schools to Secondary schools. Peter is widely published in the area of Hearing Impairment and Sign Language and holds a PHD in Special Needs Education from University of Hamburg, Germany.

### 7. Grace Ogonda

Grace is a Lecturer of Psychology, University of Nairobi focusing on special education and several psychologies. She started her career as a Chemistry and Biology Teacher and later pursued studies that established her as a special needs education expert. Throughout her teaching career that spans over 35 years she has not only served as a lecturer and an examiner at KISE and Makerere University but also been key in Curriculum and Learning materials development for Diploma in Special Needs Education. Grace also served as a Member



of the first Task Force on special Needs Education that produced the “Kochung Report.” Her other contributions are service as an Editor of a special Needs Education Journal in Uganda. She has also been engaged in various researches focusing on special needs education besides offering consultancies in the same. Previously she has worked as Lecturer at Maseno University, Kenyatta University and the Kenya Institute of Special Education. Grace holds B.Ed Science from the University of Nairobi, a Diploma in Learning Disabilities–Copenhagen, two post graduate degrees in Special Education from University of Manchester and Teacher Education from Kenyatta University. She is Currently pursuing her doctoral studies at the University of Nairobi.

### 8. Grace Ngugi Maina

Grace works for Kenya Institute of Curriculum Development as the Deputy Director in charge of Special Programmes. She holds a master’s degree in Education and is trained as a counselling Psychologist at Diploma and master’s level. Currently a PhD student in Educational Psychology. She has 21 years’ experience as a curriculum specialist and is a member of the KICD Management. She is a member of several professional bodies and a Council member in



various other institutions. She is an accredited Counsellor Supervisor with Kenya Counsellors and Psychologist Association. She is a member of the Salzburg Global Seminar Social Emotional Learning Committee (Karanga) among other committees. She is also an Author, Counsellor, Educator/Facilitator in; Life Skills Education, Values Education, Parental Empowerment, Child



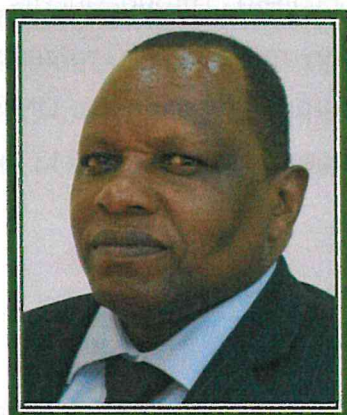
Development, Care and Protection, Career Guidance, Psychometric, Social Emotional Learning, Disaster Risk Reduction Education, HIV and AIDS Prevention and Education, Social Cohesion, Alcohol and Drug Abuse Prevention and Education in Emergency, among others. She has a wealth of knowledge and experience on matters of Education and has facilitated in many educational related engagements/Forums nationally and internationally.

### 9. Beldine Omolo

Beldine is Socio-economic and public finance management specialist with over 20 years' experience in policy development and management in the public service. Areas of proficiency include macro- economic policy, fiscal policy, budgeting, competition policy and law, and advocacy and awareness programmes. She is currently an Assistant Director of Budget-National Treasury and the alternate member to the PS National Treasury. She holds a Masters of Arts in Economics- University of Nairobi, a Bachelor of Commerce in Business Administration and a Certificate on Research Methods and Computer Applications



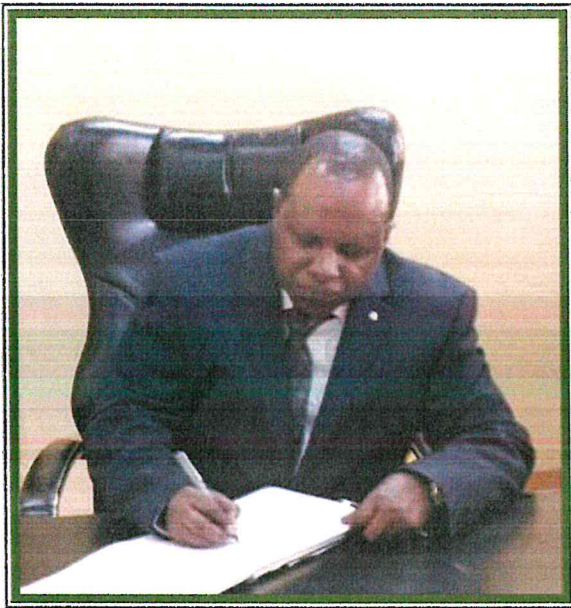
### 10. Dr. Norman Kiogora: Secretary to the Council



Dr. Kiogora is the Director of Kenya Institute of Special Education and serves as the Council Secretary. He took over the position on 30<sup>th</sup> December 2020 following the death of Mr Timothy M. Wambua. He began his teaching career in 1993 and rose from a classroom teacher to Principal and has been an Administrator for 17years. He has served as Chief Principal in various secondary schools. His last working station was Moi Forces Academy Nairobi until his appointment as Institute Director. He holds a PhD in Administration from the university of Masai Mara and Bachelors of Education and Administration from University of Nairobi. He has also published three journals, two in his area of specialization (Education and Administration) and one in Special Needs Education (Speech and Language Disorders in Children). Throughout his career he has not only served in the Administrative roles but also as a key member in Curriculum and educational reform programs and participated in programs to Integrate ICT in education. Dr. Kiogora also served as the Chairman Nairobi principals Association between 2017 and 2021. He also serves as community leader and among other social responsibilities.

## 5. MANAGEMENT TEAM

### 1. Dr. Norman Kiogora: Director



Dr. Kiogora is the Director of Kenya Institute of Special Education and serves as the council Secretary. He began his teaching career in 1993 and rose into Administrative roles as a classroom teacher, principal and has been an Administrator for 17 years and later as Chief Principal in various secondary schools. His last working station was Moi Forces Academy Nairobi where he served until 30 th December, 2020 when he joined the Institute as the Director. He holds a PhD in Administration from the university of Masai Mara University and Bachelors of Education and Administration from University of Nairobi. He has also

published three journals, two in his area of specialization (Education and Administration) and one in Special Needs Education (Speech and Language Disorders in Children). Throughout his career he has not only served in the Administrative roles but also as a key member in Curriculum and educational reform programs and participated in ICT Integration programs in education. Dr. Kiogora also served as the Chairman Nairobi principals Association between 2017 and 2021. He also serves as community leader and many other social responsibilities.

### 2. Margaret Githanga: Deputy Director-Finance and Admin.



Born 1964, Margaret is the Deputy Director -Finance & Administration. She has vast knowledge in organizational standards, administrative processes and regulations in the education sector. This experience spans over 30 years in which she has served as a teacher, a teacher trainer and manager. Her commitment to the transition of learners and persons with visual impairment, led to her appointment as the Lead Coordinator (KENYA) of the NORHED partnership project funded by NORAD



(Norwegian Agency for Research and Development). Margaret holds a Bachelor of Education degree from Kenyatta University, Nairobi. She attained her Master of Philosophy in Special Needs Education, from University of Oslo (UiO), Norway and is currently pursuing doctorate studies in special needs education at the same university.

### 3. Peter Ndichu Mburu: Deputy Director-Programmes

Peter has over 31 years in the education sector having served as a teacher of mathematics, a curriculum developer in addition to managing the academic programmes. To advance his career interests he has participated in development of materials for the Distance Learning programme, special needs education consultancies in addition to taking proficiency training in inclusive education and low vision assessment and management. Peter holds a Bachelor's Degree in Education from Kenyatta University and an Advanced Diploma in Special Needs Education from the Institute of Education-University of London.



### 4. Antony Mwangi: Finance Manager



Head of Finance, Accounts and Planning: The Finance Manager, Antony Mwangi was born in 1978. He joined the Institute in 2004 and has held the position since 2013. He has over 20 years of progressive experience in the finance and accounting field having worked in both private and public sectors. Antony a certified public accountant CPA (K), holds a Bachelor degree in International Business Management from Mount Kenya University and is currently pursuing postgraduate studies in Corporate Management at Kenya College of Accountancy.



## 5. Lydia Chege: Manager-ARC



Lydia was Born in 1970. She is currently the senior manager in charge of Research Assessment and partnership. Besides she is a professional teacher, project manager and counselor. She holds a Higher Diploma in Psychological Counselling- Kenya Institute of Professional Counsellors, Bachelor of Education from Moi University and Masters in Development Studies and currently pursuing a Ph.D at St. Pauls University. She has been passionate about research and has been instrumental in steering the Institute's research mandate.

## 6. Daniel Sanoe: Academic Registrar

Born in 1966, Daniel works as an academic registrar. He is vastly experienced in special needs education. He worked previously in educational Assessment Centre. An alumnus of KISE, Sanoe holds a Diploma in Special Needs Education. And a Bachelor of Education degree in Special Needs Education from Kenyatta University.



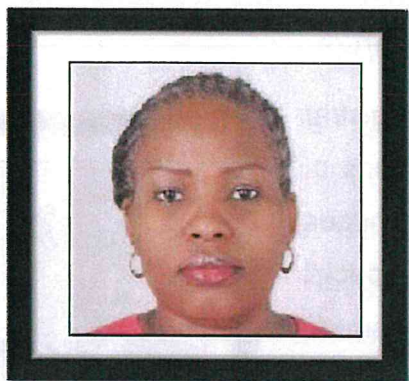
## 7. Christopher Lenguris: Dean of Students



Christopher was born in 1965 and has over 30 years of teaching service experience across various Educational Institutional including Primary, Educational Assessment and Resource Centre and Teacher Training at KISE. He has a wide range of knowledge and experience in institutional management, assessment of learners with special needs and quality management. He has attended various courses organised by the Ministry of Education, Kenya Education Staff Institute, Kenya School of Government and National Quality Institute. He has represented the Institute in various fora within and outside Kenya. He holds a Bachelor's Degree in Special Education, two Diploma Certificates in Special Education and a Certificate in Primary Teacher Education and is a student pursuing Post-Graduate Studies in Research and Evaluation.



## 8. Dr. Lynette Ong'era: Deputy AR-Admissions



She has over 23 years of experience in teacher training in Special Needs Education. She has authored, co-authored and edited several training modules for training Diploma in Special Needs Education through distance learning. She has held different leadership positions in the Institute. She holds a PhD in Education-Special Needs Education from Kenyatta University, a master's degree in Professional Studies- Emotional and Behaviour Difficulties from the University of Birmingham, UK, a BA degree in Economics and Education from the University of Lucknow, India and a post graduate Diploma in Mental Retardation from the National Institute for the Mentally Handicapped- Secunderabad, India besides other management and leadership courses.

## 9. Flora Malasi: Deputy AR-Training

Flora Maghuwa Nyali Malasi is the Deputy Academic Registrar and a lecturer at Kenya Institute of Special Education (KISE). She is currently collaborating with Jyvaskyla University and Niilo-Maki Institute in Finland on classroom research on eTALE Africa project which targets teacher professional development. She is also a member of the national technical team, TUSOME on early grade reading literacy programme of the ministry of education (MoE). Flora trained as a primary school teacher and holds a Diploma in Special Needs Education, B.Ed. (Special Needs) Kenyatta University, and MSc in Autism Spectrum Disorders – Queens University Belfast, Diploma in Learning Disabilities- Niilo Maki Institute, Finland and currently undertaking a PhD in Special Needs Education at Maseno University.





## 10. Mr. Johannah Mweu: Deputy AR-Exams

Born in 1964, Johannah is the Deputy Academic Registrar Examinations, He has served in various management positions at different institutions of learning. His keen interest in special needs education has enabled him articulate. He is an adviser for special needs in education advocacy efforts at the National Assessment Systems for Monitoring Learner Achievement (NASMLA) programme at the Kenya National Examination Council. Johanna's experience spans teaching in regular primary schools, teacher training, curriculum development, research, examination, and management. He holds a PTE Certificate from Machakos Teachers College a Diploma in Special Education from KISE (Kenya), and among other and a Masters in Education Degree in Professional Development from The University of Leeds (UK).



## 11. Sarah Adede Ouma: Senior Human Resource Manager



Sarah, a certified member of the Institute of Human Resource Management is the Senior Human Resource Management Officer. She has extensive experience in managing people, fostering effecting workplace relationships and performance management. As an advocate for employees, she has been involved in ISO certifications implementation, to ensure that KISE grows an effective organizational culture that embraces effective procedures in addition to prudent risk management. Besides working in the education sector she has also worked as an administrative executive in the manufacturing sector, non-governmental organization and a multinational Company. Sarah holds a Bachelor of Arts degree in Human Resource Management from Kenyatta University and is currently pursuing postgraduate studies in Human Resource Management at Jomo Kenyatta University.



## 12. Lucy Muthoni: Senior Corporate Communication Officer



Born 1975, Lucy is the Senior Corporate Communication Officer. Previously she served as an administrative She has served previously worked for Kambui School for the Deaf. Lucy a member Board of Management at Limuru Girls High School is also a member of Public Relations Society of Kenya (PRSK) and a Certified Trustee. She holds an undergraduate qualification in Communication and Public Relations and has Masters in Communication and Public Relations at the University of Nairobi.

## 13. Nicholas Ayiesa: Internal Auditor

Born in 1985, Nicholas is the Internal Auditor. He has extensive training in Enterprise Risk Management and Information System Management Security. He began his career at KISE and has over the years served as an accountant and planning officer. Nicholas holds CPA part Two, Diploma in Accountancy from Technical University of Kenya, a Bachelor of Commerce degree (Finance option) from KCA University and a Masters of Business Administration (Finance Option) from United States International University-Africa.





## 6. CHAIRMAN'S REPORT



On behalf of the Council of Kenya Institute of Special Education, I am honoured to present the Annual Report and Financial Statements for the financial year ended June 30, 2020. During the year under review, KISE continued to play its rightful role in providing services to persons with special needs and disabilities, in the areas of personnel development, research in special needs, assessment of children with special needs and disabilities, modelling inclusive education, and habilitation and rehabilitation of persons with visual impairments, speech difficulties and cerebral palsy. The Institute, being the heartbeat of matters special education,

recognises the support given to this aspect of the country's education. The positive perception of the necessary interventions in regard to learning and training of persons with special needs and disabilities, remain strong pillars, towards realization of the Sustainable Development (SDG) Goal 4 on inclusivity. The Institute will stay on the lead part in this pursuit. Strategy our strategy is underpinned by our passionate desire to serve people living with disabilities with high quality services. Being the second year of Strategic Plan 2018- 2022, the Institute in this process revised its vision and mission to underline its intent to impact the community and create an inclusive Kenyan society.

The revised Strategic Plan is anchored on the Social Pillar of Vision 2030, MTP III and Government's Big 4 agenda. Key strategies include:

- Improving access to our training programmes and services through establishing nine more training centres and expanding outreach activities to six counties. Further, the boarding capacity of the Institute has been expanded by refurbishing an old building to a modern hostel with a capacity of 100 beds. This especially benefitted trainees with special needs and



*ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020*  
disabilities.

- The quality of our training programmes has been enhanced by reviewing of short courses and well as increased reference materials in the library in form of books and journals. This also went a long way in enhancing research, which was also accelerated by development of the Institute's Research Policy.
- The Institute emphasizes the need to integrate ICT in service delivery of special needs education and related services. The institute has expanded access to technologies and, developed local solutions especially for persons with visual impairments.
- It has been the intention of the Council to have the Institute's legal status reviewed to bring it in tandem with the current legal framework and practice. The Council has facilitated the drafting of a Bill that will upgrade the Institute to corporate status if enacted. The Council appreciates the goodwill that this matter is receiving among stakeholders and hope that the conversation will yield the anticipated new status.

## 7. Risk Management

The Council acknowledges the threats posed by uncertainty surrounding Institute's strategic objectives. It has undertaken to lead the path of risk management in the Institute to ensure that the intended strategic goals are attained. The inherent opportunities are also deemed important for our exploitation so as to receive the full value of the environment in which we operate. In guiding the management, KISE has an Enterprise Risk Management Policy Framework that identifies the various players and tools appropriate for monitoring and evaluation of the risk management strategies by the Council. The Risk and Audit Committee of the Council plays the role of receiving and evaluating the reports every quarter.



## 8. REPORT OF THE DIRECTOR



The Institute's financial performance for the period under review saw an improved level of activities by the Institute. The Revenue dropped by 14%, from 318 million the previous year to 271 million this year. However, the expenditure level grew by 9 million to 312 million representing a 3% change. The Institute was able to comply with Government intention to settle all obligations to its suppliers and had no pending bills at the close of the financial year. The Institute reported a deficit of 40 million down from 15 million surplus reported the previous year. The deficit was attribute to COVID-19 pandemic that affected uptake of consultancy services and hire of facilities. Learning

Institutions were also closed leading to a low level of A-in-A.

The Institutes commitment to deliver on its mandate has remained strong with growing level of output. In the year under review, it continued to deliver and provide various specialized services and support to persons with special needs and disabilities in the country. Our experts also supported various government programs and policy formulation through sharing of their experience, research, and documented information. Institute officers have been involved in CBC development and implementation activities. All institute trainers are CBC compliant and ten (10) of them are National Master Trainers. We believe that this participation will ease CBC curriculum implementation where learners with special needs and disabilities are concerned.

### ***a) Acknowledgement:***

I take this opportunity to express my sincere gratitude to all our stakeholders; the Ministry of Education and The National Treasury for their distinguished role in helping us achieve our mandate through both policy and budgetary support. On behalf of KISE Management team, I would also like to thank the Chairman and the KISE Council, for their continued support, visionary leadership and the guidance they provided throughout the year. I also wish to recognize the role played by our clients, who continue to support our various training projects and take up our various course offerings. They remain a crucial stakeholder without whom we would not have achieved our set objectives and financial goals. Lastly, I take this opportunity to congratulate KISE staff for delivering results and enabling the Institute remain stable. It is through your tireless efforts and



commitment that we have been able to record this remarkable performance. I look forward to your continued support in making this dream a reality.

### b) Education and Training

The Institute trained and graduated 517 diploma trainees to support the education sector; over 924 certificate graduates were also trained. The mode of delivery has continued to be flexible allowing for partners to support training of personnel on areas of interest across the country; National Council for Persons With Disabilities (NCPWD) sponsored training for 316 officers, National Youth Service sponsored 25 officers for ECDE course. This brought the number of Diploma graduates of the Institute to 21,485 and 10,034 for certificates.



Corporate Social Responsibility: KISE staff participating in a Cerebral Palsy charity walk in Nyayo Stadium, Nairobi.

The total enrolment indicated an upward trend in the financial year for both diploma and certificate courses. It was noted that Kenyan Sign Language course has gained greater preference. In addition, the Model Inclusive pre-primary school boasted an enrolment of 68 learners. It admitted learners with and without special needs and disabilities and the learning has also been made CBC compliant.

In recognition and promotion of gifts and talents, the Institute supported co-curricular activities for its trainees. In the review period, our teams participated and excelled in both athletics and ball games, with the goal ball men's team emerging winners and women's team ranked third at the National level, a number of athletic items also reached the National Level. The Institute sports day was celebrated as a social event for the Institute community which saw many exercise their diverse gifts.

Under the linkages and partnerships, the Institute carried out various activities as agreed with respective partner institutions. With Commonwealth of Learning, a project on Inclusive education for Secondary school level was initiated.

**c) Functional Assessment**

KISE visually impaired lecturer showing visiting students how assistive devices work at the Assessment Centre. The construction and practical completion of the GoK funded National Assessment and Research Centre in the year under review, has expanded the Institutes capacity to provide assessment and intervention services to persons with special needs and disabilities. The Centre was partially operationalized in March 2019. A total of 833 persons were



served in the year under review up from 1650 in the previous year. Further, 833 children received rehabilitation and habilitation services at the Centre, for visual impairments, speech difficulties and cerebral palsy. The numbers will significantly increase once equipping is completed in the coming financial years. The Centre also enhanced research in special needs and disabilities, and training of assessment officers to serve the county and sub-county level assessment centres.

Outreach and awareness creation programs continue to be caregiver oriented (parents and guardians) of children with special needs and disabilities in the country.

**d) Research, Data Management and Innovation**

The Institute continued to benefit from the Government and partners in Research and Development collaboration which has seen the use of new techniques in service delivery to people with disabilities. . in 2018, The Institute undertook research in various areas of interest in the year. Two major studies were carried out namely: "Situational analysis of inclusive education practices in Technical and Vocational Training institutions in Kenya", and "The role of Teachers in identification and support of learners with learning disabilities in primary schools in Kenya". The findings of these studies have been disseminated to stakeholders.

**e) Specialized Learning Resources, Assistive Devices and Technology**

Marketing and awareness creation enhanced access to the services in production of Education resources. The Institute continued to produced and distributed items on orders. This saw items worth Kshs. 931,782 in the year in review down from Kshs. 2,291,970 in the in the previous year.



**f) Staff welfare**

The Institute continues to nurture and develop talents. Im proud to congratulate staff who continue to advance their education further enhancing the Institute’s pool of professionals. We thank the committed employees who braved COVID-19 pandemic and continued to work.



Staff participate in a team building activity during the annual staff retreat in Mombasa.

**g) Conclusion**

Although half of the year under review was affected by Covid pandemic shut-down, we are optimistic in putting our best foot forward for the future. The Quality Management Standard: ISO 9001:2015, under which the Institute was re-certified will continue to assure that our operations are anchored towards customer satisfaction. We look forward to serving the country and the region better in the coming periods post Covid 19.

**Dr. Norman Kiogora**  
**Director**



## 9. CORPORATE GOVERNANCE STATEMENT

### a) INTRODUCTION

The Kenya Institute of Special Education is conscious of its responsibility in developing a culture that adheres to sound principles of good corporate governance. This is echoed by Institute Core Values which include; Excellence, Professionalism, Integrity, Respect, Courtesy, Stewardship, Tolerance and Empathy. In pursuit of provision of quality services to the stakeholders, the Institute's core values are guided by Public Officers Ethics Act, Code of Governance for State Corporations guidelines as stipulated in Mwongozo (2015), Leadership and Integrity Act (2012), Constitution of Kenya and the Institute policies.

### b) COMPOSITION OF THE COUNCIL MEMBERS

As at 30th June 2020, the Institute had 11 council members appointed by the Cabinet Secretary Ministry of Education for a term of three years with effect from May, 2018. Members are drawn from various professional fields with unique skills, experience, expertise and proficiency. The Council comprises Chairperson, four (4) independent members, representatives from the Ministry of Education (MoE), The National Treasury, Teachers Service Commission (TSC), Kenya National Examination Council (KNEC), Kenya Institute of Curriculum Development (KICD) and the Director, who is the Secretary. The composition complies with the gender rule by having five (5) women and inclusivity through representation of persons with disabilities. The Council has the following committees which conducts their business as guided by the Institute almanac and submits their reports to the full council: Risk and Audit, Finance and General Purpose and, Academic and Research.

### c) ROLE OF COUNCIL MEMBERS

The legal notice No. 17 of 1986 stipulates the functions of the Council. It also establishes specific roles of the Council and respective Committees. The main role as per the notice and the Council charter is to provide Institute's strategic direction and sustainability. The Council's oversight role has brought on board more transparent and clear procedures, structures and systems which has given the Institute an effective, prudent, integrated and consistent way of achieving its mandate.



#### d) COUNCIL MEMBER MEETINGS

Even though the day to day running of the Institute is vested in the Director, the Council and respective committee meet regularly as dictated by the Institute requirements to provide guidance on Strategy, Risk, Performance and Financial Management. As at 30th June 2020, the council member's attendance was as indicated in the table below;

##### i) Full Council (Meeting attendance)

S/N	NAMES	COUNCIL MEMBERSHIP	Q1	Q2	Q3	Q4	TOTAL	%
1	Dr. John Mugo	Chairperson	■	■	■	■	4	100%
2	Mr. Fred Haga	Member	■	□	■	■	3	75%
3	Ms. Elizabeth Obande	Member	□	□	■	■	2	50%
4	Ms. Augusta M. Muthigani	Member	■	■	■	■	4	100%
5	Ms. Beth Kahuthia*	Member	■	□	□	□	1	25%
6	Ms. Grace Ngugi Maina*	Member	□	■	■	■	2	50%
7	Prof. Peter Oracha Adoyo	Member	■	■	■	■	4	100%
8	Ms. Beldine Omollo	Member	■	■	■	■	4	100%
9	Ms. Grace O. Ogonda	Member	■	■	■	■	4	100%
10	Ms. Hellen Mudora Obade	Member	■	■	■	■	4	100%
11	Ms. Josephine Oliwa*	Member	□	□	■	□	1	25%
12	Ms. Ann Wamugunda*	Member	□	□	□	■	1	25%
13	Mr. Mutiso T. Wambua, HSC	Secretary	■	■	■	■	4	100%
14	Dr. David Njengere	Member	■	□	■	■	3	75%

\*Grace Maina replaced Beth Kahuthia as KICD representative in Q2 while Ann Wamugunda replaced Josephine Oliwa as TSC representative in Q3

##### Risk and Audit Committee (Meeting attendance)



S/N	NAMES	Role	Q1	Q2	Q3	Q4	TOTAL	%
1	Ms. Hellen Mudora Obade	Chairperson	■	■	■	■	4	100%
2	Ms. Augusta M. Muthigani	Member	■	■	■	■	4	100%
3	Ms. Beth Kahuthia*	Member	■				1	25%
	Ms. Grace Maina*	Member				■	1	25%
4	Ayiesa N. Ohese	Secretary	■	■	■	■	4	100%

\*Grace Maina replaced Beth Kahuthia as KICD representative in Q2

### ii) Finance and General Purpose Committee

S/N	NAMES	Role	Q1	Q2	Q3	Q4	TOTAL	%
1	Ms. Grace O. Ogonda	Chairperson	■	■	■	■	4	100%
2	Mr. Fred Haga	Member	■		■	■	3	75%
3	Ms. Beldine Omollo	Member	■	■	■	■	4	100%
4	Ms. Josephine Oliwa	Member	■		■		2	50%
5	Ms. Ann Wamugunda**	Member				■	1	25%
6	Mr. Mutiso T. Wambua, HSC	Secretary	■	■	■	■	4	100%

\*\*Ann Wamugunda replaced Josephine Oliwa as TSC representative in Q3

### iii) Academic and Research Committee

S/N	NAMES	Role	Q1	Q2	Q3	Q4	TOTAL	%
1	Prof. Peter Oracha Adoyo	Chairperson	■	■	■	■	4	100%
2	Ms. Elizabeth Obande	Member			■		1	25%
3	Dr. David Njengere	Member	■				1	25%
3	Ms. Josephine Oliwa*	Member		■	■		2	50%
4	Ms. Ann Wamugunda*	Member				■	1	25%
5	Ms. Beth Kahuthia*	Member	■				1	25%
6	Ms. Grace Maina*	Member			■	■	2	50%
7	Mr. Mutiso T. Wambua, HSC**	Secretary	■	■	■	■	4	100%

\*Grace Maina replaced Beth Kahuthia as KICD representative in Q2 while Ann Wamugunda replaced Josephine Oliwa as TSC representative in Q3. \*\* Mr. Mutiso T. Wambua, HSC was replaced by Dr. Norman Kiogora as Director (KISE) from December 2020.

**e) RISK MANAGEMENT**

In the year under review, the council in recognition of volatility of the business environment, sponsored training of Institute staff on Information System Management Security (ISMS) and Enterprise Risk Management (ERM) which later translated to development of Institute Risk Management Policy Framework. The policy is aimed at guiding the Institute on Risk identification, assessment and mitigation.

During the period under review, the Institute undertook risk assessment and developed appropriate safeguards and mitigation measures as indicated below;

***i) Project risk***

During the year under review, the Institute was able to complete construction of one of the best National Assessment and Research Centre within the region. This project is aimed at providing appropriate technologies for effective assessment and placement of persons with disabilities covering complex disabilities like neurological, audio logical and sensory impairments, learning disability, gifted and talented. Due to complexity of the project, Institute was likely to face inappropriate implementation of the building designs and especially the specialized blocks and therapeutic swimming pool. This risk was mitigated by close consultation between the Institute and specialized experts.

***ii) Health and safety risk***

One of the mandates of the Institute is to carry out research in areas of Special Needs and Disabilities. During the year under review, the Institute undertook various research assignments that saw the Institute sent some officers to hostile and risky areas for data collection and supervision. In such cases, the Institute mitigated safety and health related risks by seeking services of the security officers and securing a medical insurance cover for the assigned staff. Further the Institute provided health and safety gears to staff whose areas of operations exposed them to risks.

***iii) Financial risk***

The Institute's activities expose it to various financial risks which includes market and liquidity risk. The Institute financial risk management focuses on uncertainty of future demand of its diploma course when TTCs commence training at Diploma level. The Institute will continue to monitor risk faced and review its risk policy to reflect what is happening in order to manage the risk. The Institute has been diversifying its revenue sources to meet the growing development and recurrent expenditure.

***iv) Operational risk***

Operational risks are largely related to operations whose failure could lead to significant disruption



of the Institutes continuity. In the period under review, the Institute was faced by succession issues as a result of many specialist staff retiring. This has a risk of leaving the Institute without appropriate replacements which could affect its operations. To arrest this risk, the Institute undertook staff capacity building and initiated mentoring of new staff.

Some of the government policies could also affect the operations of the Institute; for example, the policy directive on suspension of certificate training in ECDE and P1. The reduced this risk by expanding its other training programs especially the Kenyan Sign Language (KSL). Further, we initiated discussions with KICD on curriculum development for new programs such as Diploma in KSL. The review of the legal status was initiated with a hope of enhancing the service areas for the Institute.

#### *v) Reputational risk*

Like any other organization KISE is a potential candidate of negative publicity that may come with public perceptions or even uncontrollable events. This may have a huge impact because it can shift institute`s corporate image landscape, affects achievement of its mandate and even worse, it may affect customer/clients opinions. With this in mind, the Institute has a reputational risk management plan. This is through management of Institute social media pages and handle, investment in publicity and advertisement. Additionally, the Institute has developed a customer service charter and established systems for quality control of its services.

#### *vi) Quality Risk*

This is risk that may come as a result of causing harm or injury to clients while undertaking assessment and rehabilitation to persons with special needs and disabilities. To safeguard and cushion against such risk, the Institute has invested more in training of assessment officer, procured modern assessment equipment`s and expanded health facility to a full dispensary with capacity to handle any emergency and injuries that may come as a result of physiotherapy sessions in the Centre. In addition, the therapeutic swimming pool and Gym within the assessment centre poses emerging risks like drowning and injuries. The Institute has restricted access to those areas, hired qualified gym and swimming pool instructors and installed emergency alarm systems.

#### *vii) Compliance risk*

The Institute receives very sensitive client information, especially those who come for assessment services. This therefore means that information if not well managed could exposure the Institute legal challenges related to breach of privacy. The same risk arises if inappropriate advisory is given to clients leading to harm or injury on clients while on our facilities. To address this risk, the Institute ensured that staff are trained on information security and importance of operating in



accordance with industry laws and regulations, internal policies or prescribed best practices. We have also taken necessary insurance cover against injuries to staff.

**f) STAKEHOLDERS INTEREST**

The Institute is cognizant that stakeholders expect transparency and disclosure of information that may affect them. During the period under review, the Council put in place mechanisms that ensured that the stakeholders' interests are not violated. This was done through meeting its obligation within agreed timelines, adhering to contract and partnership agreement, taking care of staff welfare through provision of conducive working environment, enhancement of staff medical cover and psychosocial support, and reporting to government through appropriate reporting media.



## 10. MANAGEMENT DISCUSSION AND ANALYSIS

### a) The Training Program:

The key mandate for the Institute is to capacity build the country's personnel towards effective management of persons seeking services especially in the education sector. The chart below shows the trend in level of trainees graduated by the Institute between FY2015 and FY 2020. It is generally observed that in the current, the increase in the uptake of courses offered by the Institute with particular interest in Kenyan Sign Language.

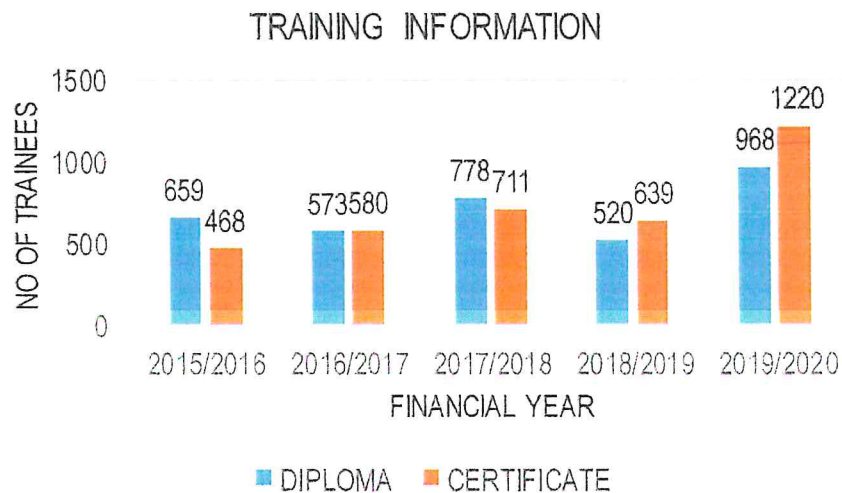


Figure 1: Trend in Number of Trainees Graduated by the Institute

### b) Functional Assessment Program

The Assessment mandate demands that the Institute conducts functional assessment of children with special needs and disability, provides placement, and management advisory to parents to teachers. The numbers have continually increased, and more than doubled over the 5 year period, mainly due to enhanced awareness of the services, outreach activities as well as the eventual start of services at the New National Assessment Centre. The Institute hopes to report higher numbers with full operationalization and publicity of the services at the new centre.

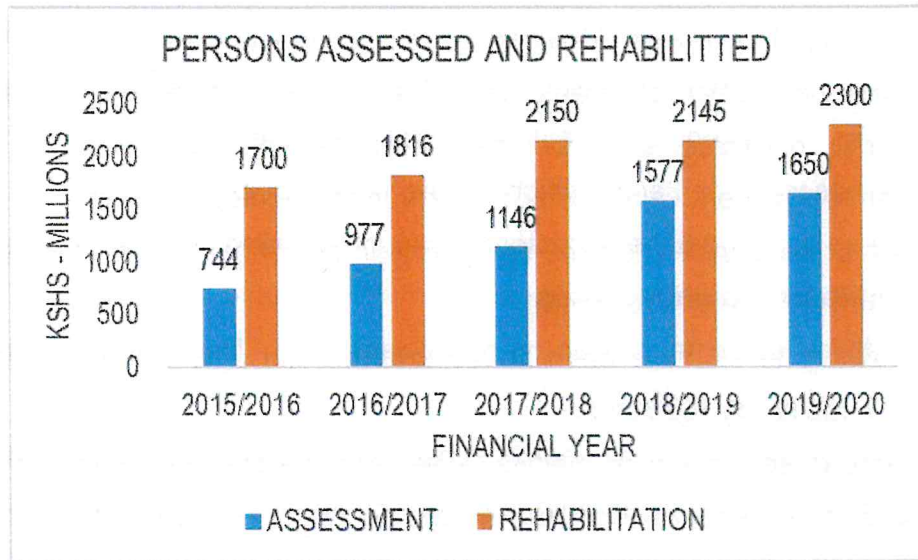


Figure 2: Growth in number of functional assessments conducted



**c) Institute Revenues**

The Institute total revenues recorded an improvement over the last 5 years. The recurrent provision has been relatively stable as well as the level of A- in-A. However, the Development allocation has oscillated a bit but has facilitated the construction of the National Psycho-educational Assessment Centre which is now in the equipping stage. The Institute hopes to raise more A-in-A so as to meet the expected growth in operating costs at the Assessment Centre.

**d) Institute Expenditure trends**

The Expenditure levels have been on an upward trend. The staff costs grew by 29% over the 5 years driven mainly by regulatory requirements to set up a staff medical scheme and enhanced pension provision. Operation and Maintenance have largely been driven by the demand in our services and is in direct proportion to the A-in-A trend. Other expenses have also seen a bit of growth, indicating enhances activities related to partners and stakeholders in SNE and disability related services. The Institute hopes to welcome more partnerships through our linkage office.

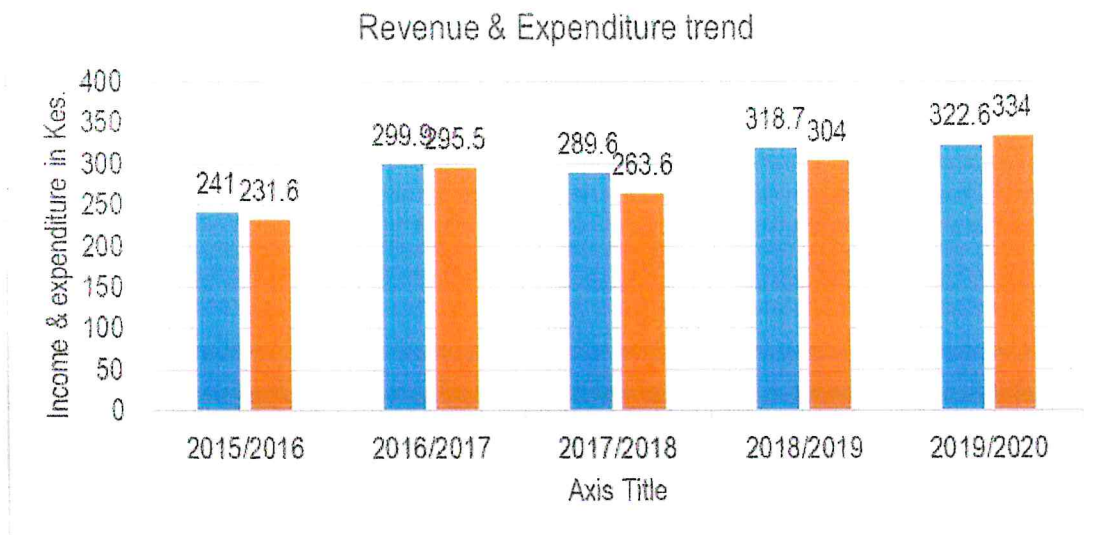


Figure 4: Institute expenditure levels



The Overall bottom-line has been a surplus across the last five years except FY2014-15 when a deficit was incurred. The surplus has however, been marginal and just enough to allow for a reserve to cushion the Institute during financial difficulties that may occur.

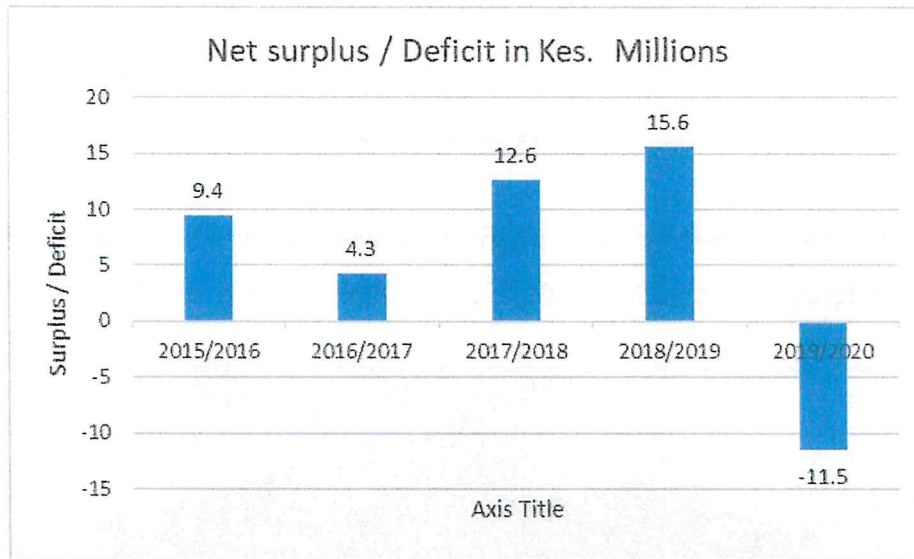


Figure 5: Institute Surplus Levels

### Institute Assets and Financial Base

The Institute has continued to post a strong and improving financial base over the last five years. Driven by the GoK investment in the establishment of the National Assessment Centre and enhancement of various facilities by the Institute, the financial base grew to Kshs 3.8 billion in the year under review.

Figure 6: Institute Assets by category

There was a significant growth in the amount attributable to furniture, Computers and electronics as well as buildings as the Institute invests in the establishment of the Assessment Centre.



Figure 7: The Newly Constructed KISE National Psycho-Educational Assessment Centre

## 11. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

At Kenya Institute of Special Education (KISE), we consider the broader interests of society by taking responsibility for the impact of our Institutes' activities. We believe our responsibility extends beyond the obligation to comply with legislation, to voluntarily take action to improve the quality of life among local communities and society at large as well as to protect the environment. The Institutes' corporate social responsibility includes community engagement, employee respect, support for human rights and extension of environmental good practice. The institute intends to contribute and achieve its CSR by engaging with community groups as requested from time to time. The KISE Council is responsible for decision-making on the Institute's community social responsibilities priorities.

### a) Stakeholders Engagement

The Institute closely collaborates with stakeholders including government agencies and non-profit organizations in engaging communities. In the period under review, we pursued initiatives aligned with the focus areas outlined by Institute's Mission, Vision and Values. In this vein, the Institute supported organizations and Institutions that support learners and persons with disabilities. In the year 2019/2020, the Institute took part in the Cerebral Palsy walk at Nyayo Stadium (Nairobi).



KISE staff and students taking part in the year's Cerebral Palsy walk at Nyayo Stadium (Nairobi)

**b) Education**

The Institute has continued to promote education by offering scholarships to bright-but-underprivileged students transitioning from primary to secondary school. During the financial year 2019/2020 the Institute partnered with NCPWD to reach parents and public servants with training to equip them with KSL skills. This will go a long way towards creating an inclusive society in Kenya.



Figure 9: Beneficiaries of KSL training courtesy of partnership with NCPWD

**c) Community Engagement**

KISE as an Institute is committed to enhancing the quality of life for the youth in the neighbouring community. In the year under review, the Institute joined hands with the neighbourhood association for programme targeting youth from the neighbourhood and supporting their education who are through with Secondary and Tertiary Education. The Institute recognizes the importance of nurturing different talents within the youth and proper health care to all. Towards this, the Institute allows access to her field for football and fitness activities every evening to the residents in the neighbourhood who jog in the KISE field every morning and evening. Private schools without playing field also have access to KISE field as need arises.



Figure 10: KISE staff taking part in a Special Needs walk



## 12. REPORT OF THE COUNCIL MEMBERS

The Council submits its report together with the audited financial statements for the year ended June 30, 2020 which disclose the state of affairs of Institute.

### a) Principal activities

The principal activities of KISE are to provide advisory services in formulation and implementation government policies in the areas of special needs and disabilities, review and research on practices addressing special needs education and related services and provide support and interventions to persons with special needs and disabilities within its mandate.

### b) Results

The results of the entity for the year ended June 30, 2020 are set out on page 1 of the Institute's financial statements. The report indicated a stronger financial base with the asset base growing to over 3.9 billion.

### c) Council Members

The members who served in the Institute Council during the year under review were appointed for three year term in May 2018. Their activities were guided by the Council Charter and adequately guided the management of the Institute towards the good performance noted for the year. Though the Institute reported a lower surplus of 15 million, down from 18 million the previous year, the Institute was able to serve and deliver more on its mandate as compared to the previous period.

### d) Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Public Finance Management (PFM) Act, 2012.

Director/KISE Council Secretary

Date: September 30, 2020



### 13. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Public Finance Management Act, 2012 and the State Corporations Act, require the Council Members to prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year/period and the operating results of the Institute for that year/period. The Members are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. They are also responsible for safeguarding the assets of the Institute.

The Council Members are responsible for the preparation and presentation of the Institute's financial statements which give a true and fair view of the state of affairs for year ending June 30, 2019. The responsibility includes:

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

The Council Members accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council Members are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2020, and of the Institute's financial position as at that date. The Members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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



e) Approval of the financial statements

The Institute financial statements were discussed and approved by the Council in August 30, 2020 and signed on its behalf by:

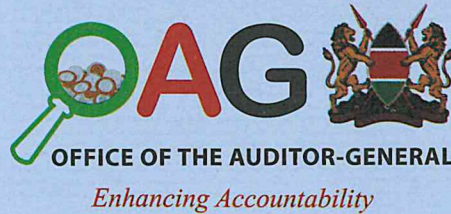
Chairman

Director

Council Member

# REPUBLIC OF KENYA

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



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

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

---

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Institute of Special Education as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Institute of Special Education Order Legal Notice No.17 of 1986 and the Public Finance Management Act, 2012.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

##### **1. Financial Performance**

The statement of financial performance as at 30 June, 2020 reflects a deficit of Kshs.40,928,984. If strategies are not put in place to reverse the trend the Institute is likely to face financial challenges in the near future.

## **2. Long Outstanding Receivables**

As disclosed in Note 21 to the financial statements, the receivables from exchange transactions balance of Kshs.70,995,617 as at 30 June, 2020, includes outstanding fee due from students amount of Kshs.89,970,293 before a provision for bad and doubtful debt which have been outstanding for over ten (10) years and whose recoverability is doubtful.

My opinion is not modified in respect of these matters.

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.410,164,000 and Kshs.356,729,059 respectively resulting to an under-funding of Kshs.53,434,941 or 13% of the budget. Similarly, the Institute expended Kshs.397,658,044 against an approved budget of Kshs.398,463,163 resulting to an under-expenditure of Kshs.805,119 of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the stake holders.

#### **Key Audit Matters**

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

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, nothing 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**

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

## **Basis for Conclusion**

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

## **Responsibilities of Management and The Council Members**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

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

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

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

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

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**12 November, 2021**



---



## 15. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2020

	Note	2020 Kshs	2019 Kshs
<b>Revenue from non-exchange transactions</b>			
Donations and Other Grants	6	3,724,912	4,281,700
GoK-Recurrent Grants	7	196,773,258	192,954,842
<b>Total Revenue from Non-Exchange Transactions</b>		<b>200,498,170</b>	<b>197,236,542</b>
<b>Revenue from Exchange Transactions</b>			
Fees and Student Contribution	9	65,214,454	91,294,732
Hire of Facilities and Services	10	120,000	22,909,216
Other Incomes	11	4,952,953	5,778,388
Sale of Learning Materials	12	343,482	1,512,945
<b>Total Revenue from Exchange Transactions</b>		<b>70,630,889</b>	<b>121,495,281</b>
<b>Total Revenue</b>		<b>271,129,059</b>	<b>318,731,823</b>
<b>Expenses</b>			
Staff Expenses	13	112,306,780	101,077,194
Operations and Maintenance	14	125,031,421	155,665,995
KISE Council Expenses	15	1,218,437	985,259
Donations and Other Grant Expenses	16	3,585,298	5,004,703
Audit Fees	17	650,000	650,000
Provision for Depreciation	18	60,482,148	32,901,216
Provision for Bad and Doubtful Debts	19	8,783,959	6,802,996
<b>Total Expenses</b>		<b>312,058,043</b>	<b>303,087,363</b>
<b>Deficit/Surplus for The Period</b>		<b>(40,928,984)</b>	<b>15,644,459</b>

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



## 16. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2020

Assets	Note	Kshs	Kshs
<b>Current assets</b>			
Cash and cash equivalents	20	53,748,586	136,934,735
Receivables From Exchange Transactions	21	70,995,617	63,992,657
Receivable Deposits	22	1,492,418	1,492,418
<b>Total Current assets</b>		<b>126,236,620</b>	<b>202,419,810</b>
<b>Non-current assets</b>			
Property Plant And Equipment	23(a)	3,713,000,016	3,570,175,876
Investment property	23(b)	28,502,500	30,082,000
Intangible assets	23(b)	5,228,472	-
<b>Total Non-current assets</b>		<b>3,746,730,988</b>	<b>3,600,257,876</b>
<b>Total assets</b>		<b>3,872,967,608</b>	<b>3,802,677,686</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade & other payables from exchange transactions	24	29,407,739	28,145,574
Deferred income	25	42,858,379	26,228,101
Refundable deposits from customers	26	6,688,479	4,874,930
Prepaid fees and Other Charges	27	26,021,000	20,108,085
<b>Total liabilities</b>		<b>104,975,597</b>	<b>79,356,690</b>
<b>Capital Reserves &amp; Surplus</b>			
Revenue Reserves	28	79,542,014	120,470,998
Revaluation Reserves	29	2,068,963,405	2,068,963,405
Capital Reserves	30	1,619,486,592	1,533,886,592
<b>Total Capital Reserves &amp; Surplus</b>		<b>3,767,992,011</b>	<b>3,723,320,995</b>
<b>Total net assets and liabilities</b>		<b>3,872,967,608</b>	<b>3,802,677,686</b>

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

Director  
Dr. Norman Kiogora

Finance Manager  
Anthony C. Mwangi  
ICPAK Member13996

Chairman of the Board  
Dr. John Mugo



## 17. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2020

	Note	Revenue Reserves Kshs	Capital Reserves Kshs	Revaluation Reserves Kshs	Total Kshs
Balance at June, 30 2018		104,826,539	1,406,462,082	2,068,963,405	3,580,252,026
Balance at July, 01 2018		104,826,539	1,406,462,082	2,068,963,405	3,580,252,026
Additions in the Year		-	-	-	-
Development Fund		-	127,424,510	-	127,424,510
Surplus for the year		15,644,459	-	-	15,644,459
Balance at June, 30 2019		120,470,998	1,533,886,592	2,068,963,405	3,723,320,995
Balance at July, 01 2019		120,470,998	1,533,886,592	2,068,963,405	3,723,320,995
Additions in the Year		-	-	-	-
Development Fund	31	-	85,600,000	-	85,600,000
Adjustments		-	-	-	-
Deficit for the year		(40,928,984)	-	-	(40,928,984)
<b>Balance at June, 30 2020</b>		<b>79,542,014</b>	<b>1,619,486,592</b>	<b>2,068,963,405</b>	<b>3,767,992,011</b>



## 18. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	Kshs	Kshs
<b>Cash-flows from operating activities</b>		
<b>Deficit / Surplus for the period</b>	<b>(40,928,984)</b>	<b>15,644,459</b>
Adjustment for:		
Depreciation	60,482,148	32,901,216
Provision for Bad & Doubtful debts	8,783,959	6,802,996
Increase/Decrease in Receivables	(17,366,420)	(36,869,907)
Increase/Dec in Receivable Deposits	-	(1,200,000)
Increase/Decrease in Payables	1,262,165	(11,621,373)
Increase/Decrease in deferred Income	16,630,278	7,830,032
Increase/Decrease in Refundable Deposits	1,813,549	898,400
Increase/Decrease in Prepaid Fees & other Charges	5,912,915	4,081,271
<b>Net cash-flows from operating activities</b>	<b>36,589,610</b>	<b>18,467,095</b>
<b>Cash flows used in investing activities</b>		
Property Plant and Equipment	(198,840,170)	(56,177,168)
WIP acquisition	-	(78,242,584)
Intangible assets Acquisition	(6,535,590)	-
Interest Income	-	-
Increase/(Decrease) in Investment	-	-
<b>Net-cash-flows used in investing activities</b>	<b>(205,375,760)</b>	<b>(134,419,752)</b>
<b>Cash-flows from Financing activities</b>		
Development Grant received	85,600,000	127,424,510
	85,600,000	127,424,510
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(83,186,149)</b>	<b>11,471,853</b>
<b>Cash and cash equivalents as at 1 JULY 2019</b>	<b>136,934,735</b>	<b>125,462,882</b>
<b>Cash and cash equivalents as at 30 JUNE 2020</b>	<b>53,748,586</b>	<b>136,934,735</b>

### 19. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget 2019-2020 Kshs	Adjustment 2019-2020 Kshs	Final budget 2019-2020 Kshs	Actual on comparable basis 2019-2020 Kshs	Performance difference 2019-2020 Kshs	%age	Explanations for variances
<b>Revenue</b>							
Donations And Other Grants	5,000,000		5,000,000	3,724,912	(1,275,088)	-34.2%	The operations in the second half slowed owing to Covid 19 pandemic
GoK-Recurrent Grants	196,564,000		196,564,000	196,773,258	209,258	0.1%	
Development Grant	171,200,000	(85,600,000)	85,600,000	85,600,000	-	0.0%	
Fees And Student Contribution	70,000,000	23,750,000	93,750,000	65,214,454	(28,535,546)	-43.8%	
Hire of Facilities And Services.	23,500,000		23,500,000	120,000	(23,380,000)	-19483.3%	The operations in the second half slowed owing to Covid 19 pandemic
Other Incomes	5,000,000		5,000,000	4,952,953	(47,047)	-0.9%	
Sale of Learning Materials	1,500,000	(750,000)	750,000	343,482	(406,518)	-118.4%	The operations in the second half slowed owing to Covid 19 pandemic
<b>Total Income</b>	<b>472,764,000</b>		<b>410,164,000</b>	<b>356,729,059</b>	<b>(53,434,941)</b>	<b>13%</b>	Reduced funding from donations and own generated funds affected by COVID 19 pandemic
<b>Expenses</b>							
Development Grant-To Capital Reserve			85,600,000	85,600,000	-	0.0%	
Hospitality Supplies and Services	520,934		520,934	263,921	(257,013)	-49.3%	The operations in the second half slowed owing to Covid 19 pandemic
Office and General Supplies and Services	8,170,870		8,170,870	1,613,494	(6,557,376)	-80.3%	
Routine Maintenance - Other Assets	4,095,000		4,095,000	3,497,764	(597,236)	-14.6%	
Communication Supplies and Services	6,605,850		6,605,850	6,502,616	(103,234)	-1.6%	
Printing, Advertising and Information Supplies and Services	4,201,710		4,201,710	1,788,870	(2,412,840)	-57.4%	The operations in the second half slowed owing to Covid 19 pandemic
Routine Maintenance - Vehicles & other Transport Equipment	2,865,000		2,865,000	2,389,527	(475,473)	-16.6%	
Other Operating Expenses	24,620,800		24,620,800	24,741,380	120,580	0.5%	



KISE Council Expenses	2,500,000		1,218,437	(1,281,563)	-51.3%	The Institute realised a saving as most of the meetings were held online
Basic Salary - Permanent Employees	56,597,000		61,703,896	5,106,896	9.0%	
Wellness Expenses	577,000		430,347	(146,653)	-25.4%	The operations in the second half slowed owing to Covid 19 pandemic
Domestic Travel & Subsistence	5,182,650		4,648,699	(533,951)	-10.3%	
Employer contribution to Health Schemes	13,992,938		13,840,042	(152,896)	-1.1%	
Employer contribution to Pensions Schemes	11,060,000		10,468,391	(591,609)	-5.3%	
Foreign Travel & Subsistence	3,000,000		1,384,584	(1,615,416)	-53.8%	The operations in the second half slowed owing to Covid 19 pandemic
Fuel, Oil & Lubricants	4,200,000		2,981,842	(1,218,158)	-29.0%	There was reduced expenditure due to suspension of learning due to COVID-19 pandemic and subsequent lockdown..
INSURANCE EXPENSES	1,650,000		1,228,701	(421,299)	-25.5%	Line budget not aligned properly
Personal Emoluments (Part of Salary)	32,594,800		26,294,451	(6,300,349)	-19.3%	
Specialised Materials and Supplies	14,988,593		7,553,510	(7,435,083)	-49.6%	The operations in the second half slowed owing to Covid 19 pandemic
Training Expenses	79,790,018		56,793,962	(22,996,056)	-28.8%	There was reduced expenditure due to suspension of learning due to COVID-19 pandemic and hence students left boarding facilities, face to face sessions were put off including the teaching practice. NORHED programs were also put off
Utilities Supplies and Services	13,000,000		9,212,204	(3,787,796)	-29.1%	
Donations and other Grant Expenses	5,000,000		3,585,298	(1,414,702)	-28%	
Provision for Audit fees	650,000		650,000	-	0%	Budget rationalized at treasury level
Provision For Bad & Doubtful Debts	8,000,000		8,783,959	4,783,959	120%	
Provision for Depreciation	20,000,000		60,482,148	47,482,148	365%	Budget rationalized at treasury level. Growth depreciation resulting from high acquisition of ARC Equipment.
Total	323,863,163		397,658,044	(805,119)	0.20%	
Deficit			(40,928,985)			



## 20. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Kenya Institute of Special Education (KISE) is a Semi-Autonomous Government Agency of the Ministry of Education, Kenya. It was established through a Legal Notice No. 17 of 14th February 1986. The financial management of the Institute are guided by the Public Finance Management Act 2012, The Education Act, 2015, the State Corporations Act (Cap 446), circulars of The National Treasury as well as the Institutes Finance Policy.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

### 3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019.
- ii. The Institute did not have a case of business combinations in the year under review
- iii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019
- iv. The Institute will align itself for adoption of the revised IPSAS 41 and 42 by the intended timeline.
- v. Early adoption of standards
- vi. The entity did not early – adopt any new or amended standards in year 2019.



**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions Fees and other charges**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably.

**ii) Revenue from exchange transactions Rendering of services**

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

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

**Interest income**

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

**Rental income**

Rental income arising from investment properties is accounted for on a straight-line basis and included in revenue.

**b) Budget information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Institute. As a result of the



adoption of the accrual basis for budgeting purposes, there are no basis, timing or Institute differences that would require reconciliation between the actual and comparable amounts as presented in the statement of comparison of budget and actual amounts. The major variances are disclosed as below:

Variance between budget and actual for the FY 2019/20

**e) 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.

***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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



temporary differences can be utilized.

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

#### **Sales tax**

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### **d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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



**e) Property, plant and equipment**

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

**f) Leases**

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

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

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



g) Intangible assets

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

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

h) Research and development costs

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

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

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

i) Financial instruments

***Financial assets***

Initial recognition and measurement

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

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial



assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

***Held-to-maturity***

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

**j) Impairment of Assets**

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

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

**k) Financial liabilities**

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.



### **Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

#### **i) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of The Institute.



**j) Provisions**

Provisions are recognized when The Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where The Institute 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.

***Contingent liabilities***

The Institute 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.

***Contingent assets***

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

**k) Nature and purpose of reserves**

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

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits Retirement benefit plans**

The Institute provides retirement benefits for its employees under a defined contribution plans which is post-employment benefit plan under which an KISE pays fixed contributions



into a separate KISE (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.

**n) Foreign currency transactions**

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

**o) Related parties**

The Institute 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 the Institute, or vice versa. Members of key management are regarded as related parties and comprise the Council members, the Director and senior managers.

**p) Service concession arrangements**

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, The Institute recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, The Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these



financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) Comparative figures**

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

**s) 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, 2019.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

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

**b) Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by The Institute



- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c) 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 18 and 19.

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.



## NOTES TO FINANCIAL STATEMENTS

	2020 KSHS	2019 KSHS
<b>6. DONATIONS AND OTHER GRANTS</b>		
NORHED Project Revenue	3,654,912	4,194,300
NPEARC Partner Contributions	70,000	87,400
<b>Total DONATIONS AND OTHER GRANTS</b>	<b>3,724,912</b>	<b>4,281,700</b>
<b>7. GOK-RECURRENT GRANTS</b>		
Recurrent Expenditure Grant	196,563,620	192,632,348
MOE EARC Funding (to KISE)	209,638	322,494
<b>Total GOK-RECURRENT GRANTS</b>	<b>196,773,258</b>	<b>192,954,842</b>
<b>8. DEVELOPMENT GRANT</b>		
GoK Development Grant	85,600,000	92,500,000
National Research Fund	-	34,924,510
<b>Total DEVELOPMENT GRANT</b>	<b>85,600,000</b>	<b>127,424,510</b>
<b>9. FEES AND STUDENT CONTRIBUTION</b>		
Activity Fees	516,000	512,400
Administrative Operations Fees	6,638,300	3,462,950
Attachments and Field Visits fees	14,000	1,063,000
Clubs and Societies Fees	69,450	104,640
Computer Fees	-	45,500
Exams (KISE)	12,500	1,302,400
Medical Fees	401,100	810,050
Pre Unit Fees	91,200	1,063,800
Registration Fees	2,516,800	2,296,250
Special Study Paper (SSP) fees	-	1,104,050
Student ID	6,700	26,500
Student Union fees	327,400	341,200
Teaching Practice fees	1,422,650	6,304,200
Term paper	500	1,000
Tuition fees	41,761,794	61,346,572
Boarding Fee	9,537,700	6,153,650
Study Materials fees	7,000	499,500
Utility Fees	938,400	3,163,610
P.E. Kit Fees	942,000	1,427,600
Library Fees	10,960	265,860
<b>Total FEES AND STUDENT CONTRIBUTION</b>	<b>65,214,454</b>	<b>91,294,732</b>
<b>10. HIRE OF FACILITIES AND SERVICES</b>		
Income from Hire of Facilities	120,000	22,909,216
Income from Consultancy	-	16,618,017
<b>Total HIRE OF FACILITIES AND SERVICES.</b>	<b>120,000</b>	<b>22,909,216</b>



## NOTES TO FINANCIAL STATEMENTS

	2020 KSHS	2019 KSHS
<b>11. OTHER INCOMES</b>		
Interest Income	2,558,527	2,584,718
Rental Income	1,634,000	2,049,000
Sale of Obsolete Items	301,740	143,770
Income from Braille Transcription	166,486	889,600
Sale of Tender	2,000	28,000
Income from Therapy Services	290,200	83,300
<b>Total OTHER INCOMES</b>	<b>4,952,953</b>	<b>5,778,388</b>
<b>12. SALE OF LEARNING MATERIALS</b>		
Sale of Learning materials and resources	343,482	1,511,945
Sale of Modules	-	1,000
<b>Total SALE OF LEARNING MATERIALS</b>	<b>343,482</b>	<b>1,512,945</b>
<b>13. STAFF EXPENSES</b>		
Basic Salary - Permanent Employees	52,912,955	46,997,510
Basic Salary - Contractual Staff	8,790,941	8,122,377
Employer contribution to Pensions Schemes	10,468,391	8,550,796
Employer contribution to Health Schemes	13,840,042	12,911,752
Personal Emoluments (Part of Salary)	26,294,451	24,494,759
<b>Total STAFF EXPENSES</b>	<b>112,306,780</b>	<b>101,077,194</b>
<b>14. OPERATIONS AND MAINTENANCE</b>		
Domestic Travel & Subsistence	4,648,699	4,374,601
Foreign Travel & Subsistence	1,384,584	29,730
Fuel, Oil & Lubricants	2,981,842	2,042,744
Insurance Expenses	1,228,701	1,407,887
Office and General Supplies and Services	1,613,494	1,623,013
Other Operating Expenses	24,741,380	37,996,543
Printing, advertising and information supplies and services	1,788,870	3,763,758
Routine Maintenance - Other Assets	3,497,764	3,254,720
Communication Supplies and Services	6,502,616	4,920,012
Wellness Expenses	430,347	399,005
Routine Maintenance - Vehicles & other Transport Equipment	2,389,527	2,428,985
Training expenses	56,793,962	71,164,451
Specialised Materials and Supplies	7,553,510	11,391,650
Utilities Supplies and Services	9,212,204	9,380,867
Hospitality supplies and Services	263,921	1,488,029
<b>Total OPERATIONS AND MAINTENANCE</b>	<b>125,031,421</b>	<b>155,665,995</b>



## NOTES TO FINANCIAL STATEMENTS

	2020 KSHS	2019 KSHS
<b>15. KISE COUNCIL EXPENSES</b>		
Sitting allowance	823,176	640,102
Transport	107,105	89,300
Accommodation	171,700	105,000
Meal Allowance	30,016	16,417
Airtime	76,440	76,440
Other Expenses	10,000	58,000
<b>Total KISE COUNCIL EXPENSES</b>	<b>1,218,437</b>	<b>985,259</b>
<b>16. DONATIONS AND OTHER GRANT EXPENSES</b>		
EARC Grant Expenses	-	485,500
Norhed Deferred Expenses	3,585,298	4,519,203
<b>Total DONATIONS AND OTHER GRANT EXPENSES</b>	<b>3,585,298</b>	<b>5,004,703</b>
<b>17. AUDIT FEES</b>		
AUDIT FEES	650,000	650,000
<b>Total AUDIT FEES</b>	<b>650,000</b>	<b>650,000</b>
<b>18. Provision for Depreciation</b>		
Provision for Depreciation B/F	177,872,002	144,970,786
Depreciation Charge for the Year	60,482,148	32,901,216
<b>Provision for Depreciation C/F</b>	<b>201,408,779</b>	<b>177,872,002</b>
<b>19. Provision for Bad and Doubtful Debts</b>		
Provision for Bad Debt Balance B/F	42,756,992	35,953,996
Provision for Bad Debt for the Year	8,783,959	6,802,996
<b>Provision for Bad Debt Balance C/D</b>	<b>51,540,951</b>	<b>42,756,992</b>
<b>20. CASH AND CASH EQUIVALENTS</b>		
NBK Main Account	10,020,801	483,153
NBK KISE Distance Learning Project II A/C	2,977,805	10,520,223
NBK KISE Key & Caution Money Savings A/C	124,943	124,943
NBK Institute Fund and other Monies	1,521,896	8,617,275
NBK Investment Account	528,624	60,244
NBK Farm Account	1,342,824	1,342,824
NBK Fee Collection Account	2,451,067	2,374,607
CASH IN HAND	163,689	105,550
M-Pesa-851201& 851200	346,011	14,842,127
KCB Fee Collection Account	752,945	459,129
KCB- Norhed-Enable Account	3,497,878	4,711,560
NBK Seminar and Courses Account	20,102	20,102



## NOTES TO FINANCIAL STATEMENTS

	<b>2020</b>	<b>2019</b>
	<b>KSHS</b>	<b>KSHS</b>
KCB Call Deposit Account I (DL)	30,000,000	93,273,000
<b>Total CASH AND CASH EQUIVALENTS</b>	<b>53,748,586</b>	<b>136,934,735</b>
 <b>21. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Due from Students	89,970,293	76,767,189
General Debtors	10,151,062	-
Staff Debtors	227,348	178,197
Tenants Debtors	3,000	105,000
Trade Debtors	22,184,865	29,675,683
<b>Less: Provision for Bad &amp; Doubtful Debts</b>	<b>(51,540,951)</b>	<b>(42,756,992)</b>
 <b>Total RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	 <b>70,995,617</b>	 <b>63,992,657</b>
 <b>22. RECEIVABLE DEPOSITS</b>		
Rent Deposit	292,418	292,418
Vivo Energy Fuel Deposit	500,000	500,000
Bank Guarantee - Vivo Energy	700,000	700,000
<b>TOTAL RECEIVABLE DEPOSITS FROM SUPPLIERS</b>	<b>1,492,418</b>	<b>1,492,418</b>



**Kenya Institute of Special Education**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**23 (a) ASSET MOVEMENT SCHEDULE**

	Land	Buildings 2%	Motor Vehicles 25%	Computer and Electronics 30%	Furniture Fittings 10%	Plant Equipment 10%	& Totals
Cost	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
<b>At 01 July 2018</b>	<b>2,650,000,000</b>	<b>239,809,523</b>	<b>41,841,937</b>	<b>32,975,441</b>	<b>12,284,763</b>	<b>25,934,435</b>	<b>3,002,846,099</b>
Additions 2018/2019	-	667,085,733	429,975	12,085,606	6,907,623	1,381,505	687,890,442
Transfer/Adjustments	-	-	-	-	-	-	-
<b>At 30 June 2019</b>	<b>2,650,000,000</b>	<b>906,895,256</b>	<b>42,271,912</b>	<b>45,061,047</b>	<b>19,192,386</b>	<b>27,315,940</b>	<b>3,690,736,541</b>
As at 01 July 2019	2,650,000,000	906,895,256	42,271,912	45,061,047	19,192,386	27,315,940	3,690,736,541
Additions 2019/2020	-	56,028,078	-	61,112,825	32,428,927	50,849,840	200,419,670
Disposals 2019/2020	-	-	(250,000)	-	-	-	(250,000)
Transfer/Adjustments	-	-	-	-	-	-	-
<b>At 30 June 2020</b>	<b>2,650,000,000</b>	<b>962,923,334</b>	<b>42,521,912</b>	<b>106,173,872</b>	<b>51,621,313</b>	<b>78,165,780</b>	<b>3,891,406,211</b>
<b>Depreciation and impairment</b>							
Depreciation 2018/2019	0	27,696,549	38,534,514	39,282,897	6,410,471	8,636,234	120,560,666
<b>At 30 June 2019</b>	<b>-</b>	<b>27,696,549</b>	<b>38,534,514</b>	<b>39,282,897</b>	<b>6,410,471</b>	<b>8,636,234</b>	<b>120,560,666</b>
As at 01 July 2019	-	27,696,549	38,534,514	39,282,897	6,410,471	8,636,234	120,560,666
Depreciation 2019/2020	-	19,088,496	3,026,591	22,889,303	4,916,822	7,674,318	57,595,530
Disposals 2019/2020	-	-	(250,000)	-	-	-	(250,000)
<b>At 30 June 2020</b>	<b>0</b>	<b>46,785,045</b>	<b>41,311,105</b>	<b>62,172,200</b>	<b>11,327,293</b>	<b>16,310,552</b>	<b>177,906,195</b>
<b>Net book value</b>							
<b>At 30 June 2020</b>	<b>2,650,000,000</b>	<b>916,138,289</b>	<b>1,210,807</b>	<b>44,001,672</b>	<b>40,294,020</b>	<b>61,855,228</b>	<b>3,713,500,016</b>
<b>At 30 June 2019</b>	<b>2,650,000,000</b>	<b>879,198,707</b>	<b>3,737,398</b>	<b>5,778,150</b>	<b>12,781,915</b>	<b>18,679,706</b>	<b>3,570,175,875</b>



## 23 (b) Amortisation Schedule

	Intangible Asset 20%	Investment Property 2%	Work Progress	in
Cost	Kshs	Kshs	Kshs	
<b>At 1 July 2018</b>	<b>14,313,886</b>	<b>39,953,875</b>	<b>553,470,690</b>	
Additions 2018/2019	-	-	78,242,584	
Transfer/adjustments	-	-	(631,713,274)	
Disposals	-	-	-	
<b>At 30 June 2019</b>	<b>14,313,886</b>	<b>39,953,875</b>	-	
As at 1 July 2019	14,313,886	39,953,875	-	
Additions 2019/2020	6,535,590	-	-	
Transfer/adjustments	-	-	(631,713,274)	
<b>At 30 June 2020</b>	<b>20,849,476</b>	<b>39,953,875</b>	<b>(631,713,274)</b>	
<b>Amortisation and impairment</b>				
As at 1 July 2018	12,496,702	8,292,375	-	
Amortisation 2018/2019	1,817,184	1,579,500	-	
<b>At 30 June 2019</b>	<b>14,313,886</b>	<b>9,871,875</b>	-	
As at 1 July 2019	14,313,886	9,871,875	-	
Amortisation 2019/2020	1,307,118	1,579,500	-	
<b>At 30 June 2020</b>	<b>15,621,004</b>	<b>11,451,375</b>	-	
<b>Net book values</b>				
<b>At 30 June 2020</b>	<b>5,228,472</b>	<b>28,502,500</b>	<b>(631,713,274)</b>	
<b>At 30 June 2019</b>	-	<b>30,082,000</b>	<b>(631,713,274)</b>	



<b>23(b) INTANGIBLE ASSETS</b>	<b>2020</b>	<b>2019</b>
The Institute acquire Microsoft Navision 365 Enterprise Resource Planning (ERP) System towards the end of the Financial year.		
	<b>KSHS</b>	<b>KSHS</b>
Navision (ERP) System	6,535,590	-
Accumulated Depreciation- Intangible Asset	1,307,118	-
<b>NET Intangible Asset</b>	<b>5,228,472</b>	<b>-</b>
<b>24. TRADE &amp; OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Creditors	29,407,739	28,145,574
<b>TOTAL Trade and Other Payables from Exchange transactions</b>	<b>29,407,739</b>	<b>28,145,574</b>
<b>25. DEFERRED INCOME</b>		
Deferred Scholarship Grants	7,265,489	8,881,982
Deferred Norhed-Enable Project	4,926,465	4,926,465
Deferred Tuition Fees	24,000,000	-
Deferred Graduation Account	1,928,166	1,928,166
Deferred Students Accommodation	4,738,259	10,491,488
<b>Total DEFERRED INCOME</b>	<b>42,858,379</b>	<b>26,228,101</b>
*Deferred Tuition Fees was created to cater for tuition services including TP not rendered during the Covid-19 pandemic		
<b>26. REFUNDABLE DEPOSITS FROM CUSTOMERS</b>		
Key and Caution Money	678,752	503,752
Deposits Received	1,527,490	2,474,530
Unallocated Sponsorships	4,506,047	1,509,428
KNEC Fees Account	(23,810)	387,220
<b>Total REFUNDABLE DEPOSITS FROM CUSTOMERS</b>	<b>6,688,479</b>	<b>4,874,930</b>
<b>27. PREPAID FEES</b>		
Students Overpayments Accounts	26,021,000	20,108,085
<b>TOTAL PREPAID FEES</b>	<b>26,021,000</b>	<b>20,108,085</b>

## Kenya Institute of Special Education



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 28. REVENUE RESERVES

Revenue reserves B/F	120,470,998	104,826,539
Surplus for the Year	(40,928,984)	15,644,459
<b>Revenue Reserves C/D</b>	<b>79,542,014</b>	<b>120,470,998</b>

### 29. REVALUATION RESERVES

Revaluation Reserve B/F	2,068,963,405	2,068,963,405
Transfers for the Year	-	-
<b>Revaluation reserves C/D</b>	<b>2,068,963,405</b>	<b>2,068,963,405</b>

### 30. CAPITAL RESERVES

Capital Reserve B/F	1,533,886,592	1,406,462,082
GoK Development Grant	85,600,000	92,500,000
Other Grants	-	34,924,510
<b>Capital reserves C/D</b>	<b>1,619,486,592</b>	<b>1,533,886,592</b>

### 31. DEVELOPMENT FUND

GoK Development Grant	85,600,000	92,500,000
National Research Fund	-	34,924,510
<b>TOTAL Development Fund</b>	<b>85,600,000</b>	<b>127,424,510</b>

In the year under review, the Institute received 85.6m from GoK for equipping Assessment

And Research Centre. This has been credited in favour of GoK in Capital Reserves.

### 32. CAPITAL RISK MANAGEMENT

Revenue earnings	(40,928,984)	15,644,459
Capital reserve	85,600,000	92,500,000
Total funds	44,671,015	108,144,459
Total borrowings	104,975,597	59,248,605
Less: cash and bank balances	53,748,584	136,934,735
<b>Net debt/(excess cash and cash equivalents)</b>	<b>(51,227,013)</b>	<b>77,686,130</b>



**d) 33. FINANCIAL RISK MANAGEMENT**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity 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 entity's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

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

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

## Kenya Institute of Special Education



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Total amount	Fully performing	Past due	Impaired
	KSHS	KSHS	KSHS	KSHS
At 30 June 2020				
Receivables from exchange transactions	122,536,568	70,995,617	63,992,657	51,540,951
Receivables from non-exchange transactions	-	-	-	-
Bank balances	190,683,319	53,748,584	136,934,735	-
<b>Total</b>	<b>313,219,887</b>	<b>124,744,201</b>	<b>200,927,392</b>	<b>51,540,951</b>
At 30 June 2019				
Receivables from exchange transactions	106,749,649	63,992,657	33,925,746	42,756,992
Receivables from non-exchange transactions	-	-	-	-
Bank balances	136,963,273	136,963,273	125,462,882	-
<b>Total</b>	<b>243,712,922</b>	<b>200,955,930</b>	<b>159,388,628</b>	<b>42,756,992</b>

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

### (ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity 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.

# Kenya Institute of Special Education



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Less than 1 month	Between 1-3 months	Over months	5	Total
	Kshs	Kshs	Kshs		Kshs
At 30 June 2020					
Trade payables	-	13,702,488	15,705,251		29,407,739
Current portion of borrowings	-				
Provisions	-				
Deferred income	-	24,000,000	18,858,379		42,858,379
Employee benefit obligation	-	-	-		-
<b>Total</b>	-	<b>37,702,488</b>	<b>34,563,630</b>		<b>72,266,118</b>
At 30 June 2019					
Trade payables	-	2,019,712	26,125,863		28,145,575
Current portion of borrowings	-	-	-		-
Provisions	-	-	-		-
Deferred income	-	-	26,228,101		26,228,101
Employee benefit obligation	-	-	-		-
<b>Total</b>	-	<b>2,019,712</b>	<b>52,353,964</b>		<b>54,373,676</b>

### (iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**Kenya Institute of Special Education**



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**(iv) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity's only foreign currency denominated monetary assets held at the end of the reporting period were bank balance of US\$ 46,250.10 (Equivalent Kshs. 4,711,559.75). There was no foreign currency denominated liabilities at the end of reporting period.



**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	There were no issues				

Director KISE/Council Secretary

Date..... 27/3/21

Chairman of the Council

Date..... 27-3-2021



**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

Projects

Kenya Institute of Special Education implemented the Construction & Equipping of National Psycho-Education Assessment Centre Project. The project building works were completed and handed over on 18<sup>th</sup> December 2018.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Construction & Equipping of National Psycho-Education Assessment Centre	1066102100	GOK	36 months	769,000,000	No	Yes

**STATUS OF PROJECTS COMPLETION**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction & Equipping of National Psycho-Education Assessment Centre	769,000,000	767,616,341	Equipping on going at about 55%	769,000,000	767,616,341	GOK

**Kenya Institute of Special Education**



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**APPENDIX III: INTER-ENTITY TRANSFERS**

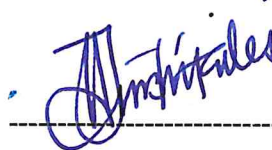
	<b>ENTITY NAME:</b>	<b>Kenya Institute of Special Education</b>		
	Break down of Transfers from the State Department of Education			
	FY 2019/2020			
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		15.08.2019	49,140,905	2019/2020
		18.10.2019	209,638	2019/2020
		30.10.2019	49,140,905	2019/2020
		09.04.2020	49,140,905	2019/2020
		09.06.2020	49,140,905	2019/2020
		<b>Total</b>	<b>196,773,258</b>	
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		17.01.2020	85,600,000	2019/2020
			85,600,000	
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	N/A		0	
		<b>Total</b>	<b>282, 373,258</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

**Finance Manager**  
Kenya Institute of Special Education

**Head of Accounting Unit**  
Ministry of Education

Sign

  
-----

Sign

-----



**Kenya Institute of Special Education**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount KSHS	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education		Recurrent	196,773,258	196,773,258					196,773,258
Ministry of Education		Development	85,600,000		85,600,000				85,600,000
<b>Total</b>			<b>282,373,258</b>	<b>196,773,258</b>	<b>85,600,000</b>				<b>282,373,258</b>