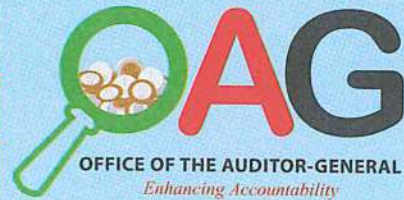


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA INSTITUTE FOR THE BLIND

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

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 FOR THE BLIND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Institute for the Blind set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2025, statement of financial performance, statement of changes in net assets, statement of cash flows, and the statement of comparison of budget and actual amounts

for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Institute for the Blind as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Non-Reconciliation of e-Citizen and Kenya Institute for the Blind Revenue Records

The statement of financial performance reflects rendering of services amount of Kshs.5,683,198 as disclosed in Note 7 to the financial statements relating to training fees and educational resources paid through the e-Citizen platform. However, e-Citizen revenue accountability statement for the year ended 30 June, 2025 reflects Kshs.255,680 and Kshs.250 in respect of amounts transferred and payable respectively to the Institute, all totalling Kshs.255,930, resulting to an unexplained and unreconciled variance of Kshs.5,427,268.

Further, it was noted that the platform receives payments for training fees and educational resources which is posted to the ERP, which in turn remits the amount received to the Institute's bank account. However, no reconciliation between the e-Citizen platform and the Institute's records was provided for audit review.

In the circumstances, the accuracy and completeness of rendering of services revenue amounting to Kshs.5,683,198 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget and actual receipts on a comparable basis of Kshs.112,845,170 and Kshs.124,287,801 respectively, resulting to over collection of Kshs.11,442,631 or 10% of the budget.

Similarly, the Institute spent Kshs.81,863,206 against a budget of Kshs.112,845,170, resulting to under expenditure of Kshs.30,981,964 or 27% of the expenditure budget.

Further, the statement of comparison of budget and actual amounts reflects actual revenue and expenditure on a comparable basis of Kshs.124,287,801 and Kshs.81,863,206 respectively, resulting to under-utilization of Kshs.42,424,595 or 34% of total realized revenue.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Kenya Institute for the Blind in 2024/2025 revealed that the following matters remained unresolved:

S/No.	Audit Issues
1.	Long Outstanding Receivables from Exchange Transactions
2.	Delayed Implementation of Referral System
3.	Unsupported Direct Procurement of Short-Term Deposit Services
4.	Lack of Internal Audit Function and Audit Committee
5.	Provision of Staff Allowances (NSSF and Pension Contributions)
6.	Compliance with Affirmative Action on Gender, Ethnicity and Regional Balancing

Other Information

The Management is responsible for the Other Information set out on page iv to I which comprise of Key Entity Information and Management, The Board of Management, Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Completion of Construction Works

The statement of financial position reflects property, plant and equipment balance of Kshs.955,346,876 as disclosed in Note 19 to the financial statements. Included in the balance is an amount of Kshs.47,502,058 in respect of capital work in progress for the construction of a proposed accommodation facility (Hostel Block) for Kenya Institute for the Blind (Phase I). Review of contract documents revealed that the Institute intended to construct a hostel block with a bed capacity of 50-100 persons, a resource center with a 20-capacity library and three (3) classes, administration block with eight (8) offices, a hotel with 50-100 bed capacity, essential staff quarters and recreation grounds. The project was divided into phase I and phase II. Phase I which was awarded at a contract sum of Kshs.47,502,058 commenced on 16 August, 2021 with a completion date of August, 2022 while phase II was expected to start immediately after phase I. At the time of audit in October, 2025, phase I was already complete but phase II had not yet started, contrary to the original plan. Management attributed the delay to non-availability of funds.

In the circumstances, value for money for capital work in progress balance of Kshs.47,502,058 could not be confirmed.

2. Lack of Approved Staff Establishment and Human Resource Plan

The statement of financial performance reflects total expenses of Kshs.70,643,395 which include employee costs of Kshs.24,558,309 as disclosed in Note 11 to the financial

statements. Review of the human resource records revealed that the total number of staff engaged by the Institute was twenty (29). However, no approved Human Resource Plan, staff establishment records and annual recruitment plan were provided for audit review.

This was contrary to Section B.2 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires every Ministry/State Department to prepare Human Resource Plans to support achievement of goals and objectives in their strategic plans.

In the circumstances, it was not possible to ascertain the human resource requirements and the basis of new recruitment and Management was in breach of the law and risks incurring a high wage bill due to irregular recruitment.

3. Irregular Extension of Acting Appointment

Review of fiduciary management at page vi to the financial statements revealed that the Principal of Kenya Institute for the Blind has been serving in an acting capacity since 6 December, 2024 or for more than six (6) months, contrary to Section 34 of the Public Service Commission Act, 2017 which stipulates that an officer may be appointed in an acting capacity for a period of at least thirty (30) days but not exceeding a period of six (6) months.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Board of Management

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

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 November, 2025