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THE KENYA NATIONAL EXAMINATIONS COUNCIL

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ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD
ENDED 30TH JUNE 1983

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ENDED 30TH JUNE 1983

Kenya National Examinations Council
P O Box 73598
NAIROBI, Kenya.



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REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL EXAMINATION COUNCIL FOR THE YEAR ENDED 30TH JUNE, 1983

I have examined the attached Balance Sheet and the Income and Expenditure Account of the Kenya National Examination Council in accordance with Section 13 (3) of the Kenya National Examinations Council Act (Cap 225 A) as amended by the Exchequer and Audit (Amendment) Act, 1985. In my opinion and except for the matters referred to herebelow, the Accounts of the Council for the year 1982/83 which have been prepared on the basis of the historical cost convention, when read together with the supporting notes thereon, show a fair view of the Council's financial affairs as at 30th June, 1983 and of its operational results for the year then ended.

1. ACCURACY OF THE ACCOUNTS

The Council's Account for the year under review were drawn from inadequately kept books of account. It was noted, for instance, that the Main Cash Book for the year 1982/83 was missing and could not, therefore, be produced for audit while revenue income derived from the sale of publications and computer usage by private firms which had been posted in the missing cash book was completely omitted from the ledger accounts. Revenue relating to rent recoveries from the officers occupying Council houses was also not posted to the ledger. The situation regarding these records was, therefore, such as would raise serious doubts as to whether the transactions of the Council had completely and accurately been recorded in the books of account and under such circumstances, I am unable to state that the records of the Council were properly kept or even to confirm the accuracy or otherwise of the figure of Ksh.6,139,455.25 shown in the Income and Expenditure Account for the year 1982/83 against 'Other Income' and also the Bank and Cash in Hand balances of Kshs.9,604,745.85 and Kshs.21,626.55 as at 30th June, 1983 respectively.

2. SUNDRY DEBTORS

Reference has been made in the last two audit reports of the fact that an amount of Kshs.300,000.00 advanced to the School Equipment Production Unit on 22nd September, 1980 to enable the Unit clear practical examination packages from the Customs Department was still outstanding as at 30th June, 1982. It was further indicated that although the advance was to be paid back to the Council by 30th November, 1980, it was not so repaid and instead it was converted into a loan with effect from 1st January, 1981 at an interest rate of 10% per annum. The relevant loan agreement was, however, not seen to confirm the terms and conditions for the repayment of the loan, and as at 30th June, 1983, the School Equipment Production Unit had still not repaid the amount to the Council. In addition, it was not understood why the amount of Kshs.300,000.00 is being treated in the Accounts as a Sundry debt and included in the Balance Sheet Sundry Debtors' figure of Kshs.3,264,524.80, that is, after it had been converted into a loan.

3. SUSPENSE ACCOUNT

As indicated in my report for the year 1981/82 the Council's Trial Balance for that year did not balance and reflected a debit balance of Kshs.1,917,294.05 which was subsequently

charged to a suspense account and transferred to the Balance Sheet as at 30th June, 1982. The Accounts of the Council for the year 1982/83 show a suspense account difference of Kshs.2,882,269.55 and the Council's Balance Sheet as at that date was, therefore, only balanced through that suspense account. The Council has so far not been able to either analyse or explain the difference and in the absence of such analysis or explanation, I am unable to confirm the effect, if any, that the trial balance difference may have on the accuracy of the Council's Accounts for the year 1982/83.

4. FORMER EAST AFRICAN EXAMINATIONS COUNCIL

The Accounts for the year 1982/83 like those for the earlier years do not incorporate the value of Office Furniture, Equipment and Motor Vehicles passed on to the Council at its incorporation after the breakup of the former E.A. Examinations Council. Accordingly, the Balance Sheet Fixed Assets figure of Kshs.3,537,429.00 as at 30th June, 1983 is understated to the extent of the value of the excluded assets. In addition, the Council does not maintain a Fixed Assets Register to record details of fixed assets owned by the Council. I am, under the circumstances, unable to confirm the correctness or otherwise of the Balance Sheet fixed assets figure of Kshs.3,537,429.00 as at 30th June, 1983.


A. J. OKOTH

AUDITOR-GENERAL (CORPORATIONS)

30th October, 1987