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THE KENYA NATIONAL EXAMINATIONS COUNCIL



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ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD
ENDED 30TH JUNE 1988

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THE KENYA NATIONAL EXAMINATIONS COUNCIL

ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD
ENDED 30TH JUNE 1988

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

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CHAIRMAN'S REPORT

For the Year Ended 30th June 1988

The conduct of national examinations during the 1987/88 period went on very smoothly. This was due to the combined effort of many people including Ministries and departments of the Kenya Government. The Council is grateful to the Office of the President, field officers of the Ministry of Education, supervisors, invigilators and examiners for their co-operation, dedication and high quality work.

Kenya Certificate of Primary Education

The (KCPE) examination was sat by a total of 345,108 candidates who represented an increase of 9,584 over the 1986 KCPE examination. There were 871 private candidates in the 1987 examination. Results of the examination were released on 5th January 1988. The top ten districts were Nyandarua, Kirinyaga, Nakuru Municipality, Nyeri, Murang'a, Eldoret Municipality, Thika Municipality, Machakos, Nairobi and Embu in that order. It was noteworthy that the following districts improved their mean scores and positions: Nyeri, Kiambu, Baringo, Nandi, Wajir, Kitui, Kericho, Bungoma, Busia, Kwale and Mandera. The examination, which consisted of six papers, was designed to be relevant to the country's needs as reflected in the national syllabi, efficiently in distinguishing between candidates of different ability levels and equitable when used for apportionment of opportunities for further education and training. It gave equal chances for schools and candidates from rural areas as well as those from the urban areas.

The Kenya Certificate of Education (KCE) examination was sat for the last time in October/November 1987. It attracted a total of 179,135 candidates who represented an increase of 39.34% over the previous year. The private candidates were 10,331. The examination was sat in 2106 registered centres.

The large increase in candidature caused a problem in the sitting arrangements for private candidates all over the country. District Education Officers in all provinces rose to the challenge and solved the problem at the local level.

The Council had however to step in to find adequate sitting accomodation for the candidates in Nairobi. The Council also instituted stricter control of the appointment of supervisors and invigilators all over the country. Again, all went well in all districts except for Nairobi where Council intervention became necessary.

During processing of the examination, one of the large shelves containing KCE examination scripts collapsed accidentally and hit eight clerical officers. They were rushed to hospital where they were examined, treated and discharged with the exception of one who was admitted for a dislocated hip. The officer has now recovered.

Results for the 1987 KCE examination were released on 29th January 1988. Overall attainment in the examination was very comparable although slightly better than that of the previous year.

The Kenya Advanced Certificate of Education (KACE) was sat between October 21st and November 24th 1987. A total of 30,600 candidates sat for the examination at 399 examination centres. They represented an increase of 34.43% over the 1986 candidature.

Results for the 1987 KACE examination were released on 11th February 1988. The overall performance was as given below with 1985 and 1986 data for comparison.

Attainment	1987	1986	1985
3 Principal Passes and above	6802(22.73%)	5327(23.40%)	3471(18.09%)
2 Principal Passes	6905(22.57%)	4175(18.34%)	3779(19.70%)
1 Principal Pass	6788(22.18%)	5036(22.12%)	4300(21.89%)
Subsidiary Pass	7002(22.88%)	5541(24.34%)	5207(27.14%)
Fail	2059(6.73%)	1570(6.90%)	1766(9.20%)
Number of Candidates	30,600	22,762	19,187

The Post Schools Business Education Examinations

In 1987, the Council conducted Business Education Examinations at Elementary, Certificate and Diploma levels in three series. The total candidature for the year was 36,966. This number was distributed almost evenly over the March, July and November series of the examinations.

Post Schools Technical Examinations

The Council conducted two series of Post Schools Technical Examinations in July and in November/December 1987. A total of 123 courses were examined. Their breakdown was as follows:

SERIES	LEVEL OF COURSES			TOTAL
	CRAFT	TECHNICIAN	ORDINARY AND HIGHER DIPLOMA	
JULY	17	29	11	57
NOVEMBER/DECEMBER	22	21	23	66
TOTAL	39	50	34	123

The Examinations for all of these courses attracted a total of 6344 candidates in 1987.

Primary Teachers Examinations (PTE)

In 1987/88 fiscal year, the Council conducted only the Pre-service course Primary Teachers Examination. The examination was sat between 16th March and 25th March 19

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED
30TH JUNE, 1988

I have examined the accounts of the Kenya National Examinations Council for the year ended 30th June, 1988 in accordance with Section 13 (3) of the Kenya National Examinations Council Act, 1980 as amended by the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I have required for the purpose of my audit. Proper books of account have been kept by the Council and the accounts are in agreement therewith. Except for the matters referred to herebelow, in my opinion, the accounts which have been prepared on the basis of the historical cost convention, when read together with the supporting notes thereon, give a true and fair view of the state of affairs of the Council for the year ended 30th June, 1988 and of its excess expenditure over income for the year ended on that date.

1. FIXED ASSETS

The Council's fixed assets of Kshs.5,237,600.10 as at 30 June, 1988 include an amount of Kshs.2,557,574.50 being value of five residential houses owned by the Council, the title deeds for which were not seen to verify and confirm the ownership. The Council has, however, explained that documents of title for the five houses were still with the lawyers who handled the legal matters relating to the purchase of the houses. In addition, the accounts of the Council for the year 1987/88 like those for the previous years do not still incorporate the value of assets passed on to the Council by the former East African Examinations Council at its incorporation after the break-up of the now defunct E.A. Community. Accordingly, the Council's Balance Sheet Fixed Assets figure of Kshs.5,237,600.10 as at 30 June, 1988, is understated to the extent of the value of the excluded assets. Further the Council did not also maintain a Fixed Assets Register for all its assets and it was, therefore, difficult, in the absence of such a register to identify the physical existence of the various assets owned by the Council.

2. DEBTORS

The Council's Balance Sheet debtors figure of Kshs.13,967,436.80 as at 30 June, 1988 includes the amount of Kshs.300,000.00 earlier reported as having been advanced to the School Equipment Production Unit eight years ago to clear practical examination package from the Customs Department. Although this amount was converted to a repayable loan, it was not repaid and remained outstanding as at 30 June, 1988. Besides, no agreement was signed between the Council and the S.E.P.U. to formalize the terms of the loan. Accrued interest of Kshs.195,000.00 as at 30 June, 1988 also remained unpaid although the same has since been accrued in the accounts. Although I am informed that arrangements are being made to write off the above advance, no provision for bad and doubtful debts was made in the accounts for the year 1987/88 to cater for the loss.

3. PROCUREMENTS

The Council has not in quite a number of cases, been following laid down procurement procedures when purchasing goods for its use. In this regard, it was observed that for a number of years, the Council has purchased printed materials from a certain supplier without calling for tenders. During the year 1987/88, the Council bought such materials worth Kshs.10,602,077.40 without inviting any tenders/quotations. Although the Council has explained that it could not call for tenders because the materials were classified, examination of its records, however, indicated that the items bought included such materials as syllabus, career forms, booklets and many other writing materials which do not, in my view, fall in the category of 'classified' and 'confidential' materials. In addition, the cost per unit of the material supplied was not indicated thus leaving it solely for the supplier to determine the total amount payable which the Council paid apparently without verification as to the rate per unit.

4. OVERPRINTING OF SYLLABUSES

The Council over-printed examination syllabuses between 1985/86 and 1987/88 to the tune of over 258,470 copies costing Kshs.1,276,377.00. Most of these syllabuses could not be sold during the year they were printed and as a result, these books became obsolete and are now lying in the Council's stores as waste.

5. BANK/CASH BALANCES

Concern was expressed in my report for 1986/87 on the matter in which the Council prepared its bank reconciliation statements. A review of the position in 1987/88 revealed the same unsatisfactory state of affairs regarding preparation of bank reconciliations. As in the previous year, some of the figures inserted in the bank reconciliation as at 30 June, 1988 were merely used as balancing figures. An amount of Kshs.3,339,980.90 described in the Bank Reconciliation Statement as 'payments in bank statements not in the cash book' was noted to have been actually recorded in the cash book through various cheques as far back as 1984. An amount of Kshs.3,303,784.50 which was also indicated as 'payments in the bank and not in the cash books' was established to represent withdrawals from the Bank through Council cheques in 1984. These cheques would, however, appear to have been misplaced or even been destroyed as the same could not be traced and were also not entered in the cash book. Further, total cheques payments of Kshs.14,129,179.95 as 'payments in the bank and not in the cash book', paid through the journal could not be traced in the cash book meaning that they were not recorded in the cash book. In addition, an amount of Kshs.1,000,000.00 drawn through cheque number 033036 by a former employee of the Council was shown as payment in bank not in the cash book while out of this amount, kshs.427,000.00 had been entered in the cash book leaving a balance of Kshs.573,000.00 still unexplained. The same amount would appear to have been misappropriated. A cash book undercast of Kshs.4,124,255.55 was shown in the bank statement as 'receipts in bank not in cash book'. As cash book undercast is

not a receipt the above amount of Kshs.4,124,255.55 should not have appeared in the bank statement. In the circumstances, I am unable to confirm the correctness of the bank/cash balance of Kshs.39,989,775.95 appearing in the Balance Sheet as at 30 June, 1988.

6. HONORARIA PAYMENTS

In my report for the year 1986/87 I expressed concern over the irregular manner in which the Council made honoraria payments to its senior officers for working outside their normal working hours. The trend continued during the year under review in that a total of Kshs.2,610,670.00 was paid as honoraria to the Council's senior officers. As previously indicated, the payments were made in lumpsums without any further analysis as to how the lumpsums had been calculated and apparently without relating the payments to the rate of 75 cents per script previously approved by the Council in March, 1986. Besides, no approval for payment of honorarium to senior staff was seen. I am, therefore, under the circumstances, unable to confirm that the expenditure of Kshs.2,610,670.00 incurred in 1987/88 in respect of honoraria payments is a correct and proper charge to public funds.

7. SUSPENSE ACCOUNT

The Council's Trial Balance as well as its Balance Sheet as at the same date reflected debit difference of Kshs.1,566,161.60 which was charged to a suspense account. The Council has not been able to identify or explain the nature of this difference and I am, therefore, unable, under the circumstances, to confirm the correctness of the Council's Balance Sheet as at 30 June, 1988 which, as in the previous year was only balanced through the use of the Suspense Account.


A. J. OKOTH

AUDITOR-GENERAL (CORPORATIONS)

21st April, 1989

THE KENYA NATIONAL EXAMINATIONS COUNCIL

BALANCE SHEET AS AT 30TH JUNE, 1988

	NOTES	1988	1987
<u>ASSETS EMPLOYED</u>			
Fixed Assets	1	5,237,600.10	5,329,549.50
Short-term investments	2	70,403,868.10	131,546,223.20
Buildings (Work in progress)		44,858,479.25	29,990,366.25
Loan to SEPU		300,000.00	-
		<u>120,799,947.45</u>	<u>166,866,138.95</u>
<u>CURRENT ASSETS</u>			
Suspense A/cs 1985-86	3	1,566,161.60	8,428,039.30
Suspense A/cs 1986-87	4	13,967,436.80	13,385,975.35
Sundry debtors		39,989,775.95	52,620,186.90
Bank/cash		55,523,374.35	74,434,201.55
<u>CURRENT LIABILITIES</u>			
Suspense A/cs 1986-87	5	5,947,141.15	1,257,557.25
Suspense A/cs 1984-85		5,947,141.15	11,716,952.55
Sundry creditors		49,576,233.20	4,960,913.55
		<u>170,376,180.65</u>	<u>17,935,423.35</u>
<u>NET CURRENT ASSETS</u>			
		<u>170,376,180.65</u>	<u>223,364,917.15</u>
<u>TOTAL ASSETS</u>			
<u>FINANCED BY</u>			
Capital Reserve		46,621,105.45	31,752,992.45
Excess of Income over expenditure		123,755,075.20	191,611,924.70
		<u>170,376,180.65</u>	<u>223,364,917.15</u>

Philip M. Mbatia

CHAIRMAN

12/2/88

SECRETARY

DATE

35/1/87

1987/88

KENYA NATIONAL EXAMINATIONS COUNCIL
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1988

<u>INCOME</u>	<u>NOTES</u>	<u>1988</u>	<u>1987</u>
Examination fees	7	46,750,783.00	160,399,301.85
Other income	8	11,655,956.25	9,257,934.55
Grants	9	59,804,742.00	88,596,140.00
		<u>118,211,481.25</u>	<u>258,253,376.40</u>
LESS EXPENDITURE			
Personel expenses	10	17,279,660.15	9,029,469.40
Office Administration expenses	11	9,181,952.30	12,188,661.65
Examination expenses	12	122,533,259.35	115,888,345.95
Test Development & Research	13	28,408,148.45	58,214,586.95
Housing of staff & office Accomodation	14	7,457,610.10	8,435,998.25
Depreciation		<u>1,207,700.40</u>	<u>1,118,824.95</u>
		<u>186,068,330.75</u>	<u>204,875,887.15</u>
Excess of income over expenditure		(67,856,849.50)	<u>53,377,489.25</u>
		<u>c/f</u>	

THE KENYA NATIONAL EXAMINATIONS COUNCIL

TRIAL BALANCE AS AT 30TH JUNE, 1988

Cr.

Dr.

Building (work in progress)	44,858,479.25	
Leasehold buildings	2,557,574.50	
Motor vehicle	2,643,019.00	
Office Equipment	2,342,578.75	
Office furniture	1,596,597.50	
House furniture	590,338.00	
Accumulated depreciation		3,284,807.25
Capital reserve		46,621,105.45
Income and expenditure		191,611,924.70
Grants from Ministry of Education		59,804,742.00
Other income		11,655,956.25
Examination fees		46,750,783.00
Short-term investments	70,403,868.10	
Debtors and Creditors	13,967,436.80	
Loan to SEPU	300,000.00	5,947,141.15
Examinations Expenses	122,533,259.35	
Housing of staff and Office Accomodation	7,457,610.10	
Personnel Expenses	17,279,660.15	
Administration and office expenses	9,181,952.30	
Test development & Research	28,408,148.45	
Bank	39,989,775.95	
Suspense A/c as at 30th June, 1987	1,566,161.60	
	<u>365,676,459.80</u>	<u>365,676,459.80</u>

THE KENYA NATIONAL EXAMINATIONS COUNCIL
FIXED ASSETS SCHEDULE AS AT 30TH JUNE, 1988

Note 1

	LEASEHOLD BUILDINGS (KSHS.)	MOTOR VEHICLES (KSHS.)	OFFICE EQUIPMENT (KSHS.)	OFFICE FURNITURE (KSHS.)	HOUSE FURNITURE (KSHS.)	TOTAL (KSHS.)
Balance brought forward 1.7.87	2,557,574.50	2,643,019.00	1,303,578.75	1,519,846.50	590,338.00	8,614,356.75
Additions during the year	-	-	1,309,000.00	76,751.00	-	1,115,751.00
	2,557,574.50	2,643,019.00	2,342,578.75	1,596,597.50	590,338.00	9,730,107.75
Accumulated depreciation as at 1.7.87	374,254.75	1,453,679.00	335,283.70	580,425.55	541,164.25	3,284,807.25
Depreciation for the year	63,939.35	660,754.75	234,257.85	199,574.70	49,173.75	1,207,700.40
Accumulated depreciation as at 30.6.88	438,194.10	2,114,433.75	569,541.55	780,000.25	590,338.00	4,492,507.65
Book value 1.7.87	2,183,319.75	1,189,340.00	968,295.05	939,420.95	49,173.75	5,329,549.50
Book value 30.6.88	2,119,380.40	528,585.25	1,773,037.20	816,597.75	-	5,237,600.10
Rate of depreciation	2½%	25%	10%	12½%	12½%	-

NOTE 2

SHORT-TERM INVESTMENTS

City Finance Ltd.	5,000,000.00
Kenya Finance Corporation Ltd.	8,723,770.50
Trans-National Finance Co. Ltd.	3,663,008.30
Jimba Credit Corporation Ltd.	53,017,089.30
	<u>70,403,868.10</u>

NOTE 3

SUSPENSE ACCOUNT

Balance b/d 1986/87 Cr.	1,257,557.25
" " 1984/85 Cr.	11,716,952.55
	<u>12,974,509.80</u>
Balance b/d 1985/86 Dr.	8,428,039.30
	<u>4,546,470.50</u>
Credit balance	4,546,470.50
Imprest erroneously taken as outstanding Dr.	<u>6,083,000.00</u>
	1,536,529.50
Car loans " " " " Dr.	<u>29,632.10</u>
	<u>1,566,161.60</u>

NOTE 4 DEBTORS

Ministry of Education	1,462,996.10
Overpayment of retirement benefits	137.75
Temporary imprest	2,213,383.65
Interest receivable	8,074,147.15
Returned cheques RD	1,278,774.30
Interest on SEPU loan accrued from 1.1.81	195,000.00
Staff Motor loan	119,305.25
Kenya Polytechnic	153,460.00
Salary advance	77,580.00
Income tax withholding tax	<u>392,652.60</u>
	<u>13,967,436.80</u>

Note 5 CREDITORS

Audit fees	150,000.00
E.A.E.C.	4,000,000.00
Stale cheques	1,787,875.35
PAYE	9,245.80
NHIF	20.00
	<hr/>
	5,947,141.15
	<hr/>

Note 6

Income and Expenditure A/c	
Balance b/d 1st July, 1987	191,611,924.70
Deficit for the year 1987/88	67,856,849.50
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	123,755,075.20
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Note 7 EXAMINATION FEES

KCPE	18,039,040.00
KCE	373,206.00
KACE	18,674,194.85
LGCE	2,691,650.45
PTE	1,366,975.00
Technical	2,311,845.10
Business	3,293,871.60
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	46,750,783.00
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Note 8 OTHER INCOME

Rent	21,400.00
Interest on fixed deposits	10,917,582.40
Sale of publications	521,464.50
Interest on SEPU loan	195,000.00
Royalties	509.35
	<hr/>
	11,655,956.25
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Development Grants

Note 9

Recurrent grants from Min. of Education	59,804,742.00
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Note 10 PERSONNEL EXPENSES

Personnel emoluments	11,614,902.65
Extra-clerical assistance	4,298,359.00
Medical expenses	961,922.90
Contributions to F.S.S.U.	404,475.60
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	17,279,660.15
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NOTE 11

Office administration expenses	
Passages & leave expenses	164,883.40
Transport operating expenses	1,648,972.30
Travelling and accomodation	1,453,909.95
Posts & telegrams	379,305.20
Telephone expenses	955,819.55
Official entertainment	33,630.60
Electricity and water	139,812.75
Security expenses	475,121.00
Purchase of stationery	608,732.35
Purchase of uniforms	41,289.30
Cleaning materials	
Bank charges and ledger fees	480,495.05
Audit fees	150,000.00
Fines and penalties	
Maintenance of plant and equipment	690,124.40
Miscellaneous charges & sundry expenses	595,204.80
Staff training	109,239.55
Council travel and subsistence	391,166.00
Advertising & publicity	773,492.00
Printing of cheques	90,754.10
	<hr/>
	9,131,952.30
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Note 12

Examination expenses

KCPE	17,502,260.90
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KCE	57,440,603.55
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KACE	13,362,062.10
PTE	3,187,239.10
Technical	3,457,232.75
Business	3,467,695.20
Miscellaneous examinations	1,956,245.65
Invigilation & supervision	15,237,426.80
Computer charges	6,770,533.30
Hire of halls	151,930.00
	<hr/>
	122,533,259.35
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Note 13

Test development	
Printing & publishing	18,737,644.50
Setting	1,865,951.85
Moderation	5,071,163.10
Committee expenses	2,077,508.95
Examination panel & awards meetings	655,880.05
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	28,408,148.45
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Note 14

STAFF HOUSING AND OFFICE ACCOMODATION

Rents & rates senior staff housing	1,724,759.35
Repair to Council houses	541,568.70
Rents & rates to office accomodation	5,191,282.05
	<hr/>
	7,457,610.10
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Comments on the Accounts for the Year Ended
30th June 1988

1. FIXED ASSETS

At the inception of the Kenya National Examinations Council, all assets inherited from both the defunct East African Examinations Council and the Examinations Section of the Ministry of Education were identified, documented and their value incorporated in the audited accounts for the year 1980/81. This value which included that of motor vehicles, houses, furniture and machines among others, has since been brought forward in subsequent accounts after appropriate depreciation.

A fixed assets register has been opened and is properly maintained. The register was indeed made available for use by the auditors during their audit inspection of the Council in April 1989.

2. SUNDRY DEBTORS

The amount of Shs. 300,000 owed to the Council by the Schools Equipment Production Unit (SEPU) has now been treated as a loan and the interest accrued taken to account. SEPU has however written to the Council indicating its inability to pay the debt. The council has to verify this claim with the Ministry of Education under whose umbrella SEPU operates.

3. PROCUREMENTS

3.1 Local Security Procurement of Examination Materials

The Council's Examinations Security Committee identifies and classifies security examination materials for purposes of security procurement. Each of the documents so procured must be accounted for both during printing and packing and later during distribution to its end users who are mainly the candidates. Security procurement procedure is

followed to the letter in the acquisition of these materials. Contracts which show among other things, the unit price are signed between the Council and the suppliers.

3.2 Overseas Security Procurement of Examination Materials

Each of the security printing firms overseas that undertakes a job for the Council signs an agreement for the purpose with the Council. The unit costs and quantities of materials to be produced are shown on the agreement. These quantities correspond to entries of candidates for the respective examinations.

4. PRINTING OF EXAMINATION REGULATIONS AND SYLLABUSES

For each examination it conducts, the Council prints syllabuses and regulations covering a period of two years. The purpose of doing so is to communicate changes in the content of the syllabuses, formats of examinations for the various courses/ subjects, set books for literature in the various languages tested and set pieces for music practical examinations. Ideally, each candidate for an examination should have access to the syllabuses and regulations for the examination. However, the number of copies of syllabuses and regulations to be printed is calculated at 10% of the candidature.

Two copies of the regulations and syllabuses booklet are sent to each of the schools presenting candidates, a few are distributed to other educational institutions while the bulk of the copies are sold in bookshops all over the country. The buyers are mainly private candidates who use these as guides in their preparation for the examinations. The Council estimates for the requirements of these regulations and syllabuses are very conservative. It can thus be seen that any regulations that may remain unsold during any particular year are dead stock rather than a result of deliberate over-printing.

5. BANK/CASH BALANCES

Prior to October 1987 when the Council recruited a qualified team of accountants, the accounting records were extremely poor. The present accounting staff have been making determined attempts to get details of some of the earlier payments in order to complete posting of the cash book.

The figure of Kshs. 3,339,980.90 was an old and incorrect figure of stale cheques of previous years which were subsequently identified and corrected in January 1989. Similarly, the figure of Kshs. 4,124,255.55 was found to have been a casting error made and carried forward through the years 1981/82 to 1985/86. The case of cheque number 033036 of Kshs. 1,000,000.00 is being pursued with a Government office which has been keeping the cheques payment journal.

