

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

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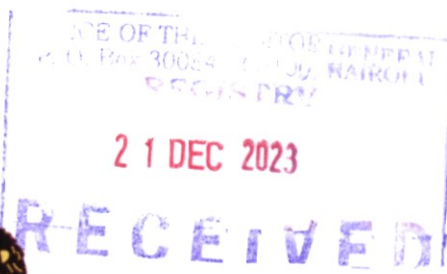
TABLED BY: Hon Naomi Wago, M.P. OF Deputy Majority Whip
CLERK AT THE TABLE: Fintayo

THE AUDITOR-GENERAL

ON

**KENYA NATIONAL QUALIFICATIONS
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2023**



KENYA NATIONAL QUALIFICATIONS AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023**

Table	of
Contents.....	Page
1. Acronyms, Abbreviations and Glossary of Terms.....	iii
2. Key Entity Information and Management.....	iv
3. The Council.....	vii
4. Key Management Team.....	xi
5. Chairman's Statement.....	xv
6. Report of the Chief Executive Officer.....	xvii
7. Statement of Performance against Predetermined Objectives for FY 2022/2023.....	xix
8. Corporate Governance Statement.....	xxii
9. Management Discussion and Analysis.....	xxiv
10. Environmental and Sustainability Reporting.....	xxvi
11. Report of the Council.....	xxx
12. Statement of Directors Responsibilities.....	xxxi
13. Report of the Independent Auditor for the Financial Statements of Kenya National Qualifications Authority.....	xxxiii
14. Statement of Financial Performance for the year ended 30 June 2023.....	1
15. Statement of Financial Position as at 30 June 2023.....	2
16. Statement of Changes in Net Assets for the year ended 30 June 2023.....	3
17. Statement of Cash Flows for the year ended 30 June 2023.....	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023.....	5
19. Notes to the Financial Statements.....	6
20. Appendices.....	31

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Glossary of Terms

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

Comparative Year- Means the prior period.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

2. Key Entity Information and Management

(a) Background information

Kenya National Qualifications Authority was established under the Kenya National Qualifications Framework Act no 22 of 2014. The entity is domiciled in Kenya.

(b) Principal Activities

The principal mandate of Kenya National Qualifications Authority as set out in the Kenya National Qualifications Framework (KNQF) Act no. 22 of 2014 (and KNQF Regulations, 2018) is to coordinate and harmonize the various levels of education; and to create a database of all qualifications in the country

(c) Key Management

The Kenya National Qualifications Authority day-to-day management is under the following key organs:

No.	Designation	Name
1.	Ag. DG/CEO	Dr. Alice Kande
2.	Ag. Director Technical Services	Mr. Stanley Maindi
3.	Head of SAQA	Dr. Bulimo Anne Winnie
4.	Ag. Head of PROP	Dr. Peter Wekesa
5.	Head of Procurement	MS. Mary Thiiru
6.	Head of REV	Mr. James Onyango
7.	Ag. Head of Finance	CPA Martin Mwangi
8.	Head RAD	Mr. James Tegeret
9.	Head of ICT	Mr. Vincent Koech
10.	Internal Auditor	CPA Michael Njogu

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. DG/CEO	Dr. Alice Kande
2.	Head of Procurement	MS. Mary Thiiru
3.	Ag. Head of Finance	CPA Martin Mwangi
4.	Accountant	Stephen Oure
4.	Internal Auditor	CPA Michael Njogu

(e) Fiduciary Oversight Arrangements

Council Committees;

- Planning, Research, Outreach and Policy (PROP)
- Human Resource, Administration and Finance (HRAF)
- Technical Committee (TC)
- Audit Risk and Compliance (ARC)

(f) Headquarters

NACOSTI Building, 4th Floor,
Off Waiyaki Way, Upper Kabete,
P.O Box 72635-00200, Nairobi, Kenya
Phone: +254-020-2100272
Email: info@knqa.go.ke

(g) Contacts

Telephone: (254) 721624977
E-mail: knqa.go.ke@gmail.com
info@knqa.go.ke

(h) Bankers

Kenya Commercial Bank
Moi Avenue
Nairobi, Kenya

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**



(i) Independent Auditors

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

(j) Principal Legal Adviser

The Attorney-General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya




3. The Council

 <p>1. Hon. Stanley Kiptis, EBS Council Chairperson</p>	<p>Hon. Kiptis, EBS is a career educationist and trade unionist. He is the former governor of Baringo County (2017-2022). He served as Kenya National Union of Teachers (Knut) Eldama Ravine Executive Secretary (2001-2017). He also served as a member of the National Executive Council (Knut) between 2006 and 2017 and Treasurer (Knut) Baringo from 1996- 2001. As a career educationist, he has played a critical role in the promotion of Education in the Country. He has fought for improved terms and conditions of service for teachers, protected teachers' interests as workers generally – including legal representation in disputes. He holds a Masters of Business Management (Strategic Management) 2009-2013 from Kenya Methodist University, Bachelor of Education (Arts) from Catholic University of East Africa. He served as a teacher for years and mentored many Kenyans.</p>
 <p>2. CPA Rosemary Njogu Vice Chairperson</p>	<p>Ms. Rosemary Njogu is a certified Public Accountant - Kenya (CPA-K); Fellow of Certified Secretaries of Kenya (FCS); Chartered Global Management Accountant (CGMA); A Chartered Management Accountant (CIMA- UK); She is also a Financial Analyst (FA)- member of the Institute of Certified Investment and Financial Analysts (ICIFA). She holds a Master's degree in International Business Administration (MIBA) from (USIU) and is a graduate from the University of Nairobi - Bachelor of Commerce (B. Com) accounting option degree.</p>
<p>3. Ann Kaiga Member</p>	<p>Ms. Kaiga is Council member representing PS VTT.</p>

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

 <p>4. Isaac Gathirwa Member</p>	<p>Mr Gathirwa is a Council member representing the Commission for University Education (CUE). Mr Gathirwa is the chairperson of HRAF.</p> <p>He is currently serving as Head of Legal and enforcement department at CUE. Mr. Gathirwa is also pursuing LL. D at the University of Nairobi. He holds a master's in law (LL.M) (UoN), Masters in Business Administration (Strategic Management option) (KU) and Bachelors in Law (LL. B) (Moi). He is a member of Law Society of Kenya and ICPSK</p>
 <p>5. Dr. Kipkirui Langat Member</p>	<p>Dr Langat is Council member representing the Technical and Vocational Education and Training Authority (TVETA). Dr Langat is the chairperson of PROP Committee. He serves as TVETA Director General. He holds Doctor of Philosophy in Engineering Systems and Management from Egerton University.</p> <p>Master of Philosophy in Technology Education (Automotive Technology) and Master of Business Administration (Strategic Management) and Bachelor of Education in Technology Education all from Moi University.</p>
 <p>6. Hirji Shah, EBS OGW Member</p>	<p>Mr. Shah is a council member representing the Federation of Kenya Employers (FKE). He is the Director of several Companies including University of Nairobi Enterprises and Services Ltd (UNES) and Centre for Corporate Governance (CCG). Currently he is Chairman of Board of Trustees of FKE. He is a Former Director of National Industrial Training Authority (NITA).</p>
 <p>7. Dr. Damaris Muhika Member</p>	<p>Dr. Muhika is a council member representing Central Organization of Trade Union (COTU). She is the chairperson of ARC committee and also serves a member of the Technical Committee.</p> <p>She holds a doctorate degree in Finance and Business Administration and a diploma in Industrial Relations. She is experienced in labour matters, currently serving as programs</p>

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	<p>coordinator at Central Organization of Trade Union and a Trustee at National Social Security Fund.</p>
 <p>8. Eng. Stephen Ogenga Member</p>	<p>Eng. Ogenga is a council member representing the PS, Ministry of Labour. Eng. Ogenga is the chairperson of Technical Committee and also serves as a member of HRAF Committee. He is currently the Director General, National Industrial Training Authority (NITA). He holds a Master of Engineering Science (Comp. Eng.) degree from Queensland University of Technology and a Bachelor of Engineering Technology (E/E) from USQ, Australia. He is a Member-Institute of Electrical and Electronic Engineers (MIEEE).</p>
 <p>9. Isaiah Ochelle Odiwour Member</p>	<p>Mr. Ochelle is a council member representing the PS National Treasury. He holds Master's Degree in Public Policy (MPP) from University of Erfurt, Germany and a Bachelor's Degree in B.A Economics (First Class Honours) from the University of Nairobi. He is currently a Deputy Director Budget at the National Treasury.</p>
 <p>10. Evelyne Owoko Member</p>	<p>Ms. Owoko is a council member representing the Ministry of Education Directorate of Standards and Quality Assurance. Ms. Evelyne Owoko is the Director Quality Assurance and standards. She holds a Masters in Educational Administration and Planning. She joined the Ministry of Education in 1998 as Inspector of Schools and served in Eastern and Nairobi Provinces before being transferred to the Headquarters in 2003. In March 2022 she was deployed as Director Policy Partnership and East African Community Affairs where she served for 5 months until September 2022 when she was appointed the Director Quality Assurance & Standards. She represents the Ministry at the Kenya Institute of Curriculum Development, Kenya National Examinations Council and Kenya National Qualifications Authority as a Board Member.</p>




**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**



11. Dr Alice Kande
Ag. Council Secretary



Dr. Alice Kande is KNQA Acting Director General. She is responsible for the leadership of the Authority and managing it within the authorities delegated by the Council. She was appointed to the position in December 2022. She is the former Deputy Director in charge of Planning, Research, Outreach and Policy at KNQA. She holds a doctorate degree in Business Administration (Strategic Management) from Jomo Kenyatta University of Agriculture and Technology, a Master's in Business Administration and Bachelor of Education both from Kenyatta University. Alice is a member of the Kenya Institute of Management and Academy of International Business – SSA Chapter. Prior to joining KNQA, Alice was a Senior Research Officer at the Commission for University Education. She has also previously taught at Riara University School of Business and Jomo Kenyatta University of Agriculture and Technology.

4. Key Management Team

 <p>1. Dr. Alice Kande Ag. Director General/ CEO</p>	<p>Dr. Alice Kande is KNQA Acting Director General. She is responsible for the leadership of the Authority and managing it within the authorities delegated by the Council. She was appointed to the position in December 2022. She is the former Deputy Director in charge of Planning, Research, Outreach and Policy at KNQA. She holds a doctorate degree in Business Administration (Strategic Management) from Jomo Kenyatta University of Agriculture and Technology, a Master’s in Business Administration and Bachelor of Education both from Kenyatta University. Alice is a member of the Kenya Institute of Management and Academy of International Business – SSA Chapter.</p>
 <p>2. Mr. Stanley Maindi Ag. Director Technical Services</p>	<p>Mr Maindi is currently serving as Deputy Director TVET- in charge of Planning, Research, Outreach and Policy.</p> <p>He is also a PhD student- at Jomo Kenyatta University of Agriculture and Technology. He holds Master of Business Administration degree from the University of Nairobi and a Bachelor’s Degree in Technology from Moi University.</p>
 <p>3. Dr. Winnie Bulimo Head of SAQA</p>	<p>Dr Bulimo is the Deputy Director Standards Assessment and Quality Assurance (SAQA). She holds Doctorate of Philosophy Degree in Educational Planning and Management from Masinde Muliro University of Science and Technology (MMUST) and a Masters in Educational Planning and Management.</p>

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

 <p>4. CPA Martin Mwangi Ag. HoD, Finance & Accounts</p>	<p>CPA Mwangi is currently serving as the Head of Finance. He holds a Master of Commerce in Finance, Bachelor's degree in Business Administration, Accounting Option and is a Certified Public Accountant of Kenya. He is a member of ICPAK in good standing and a graduate of Senior Management Course (KSG). CPA Martin has over 12 years of experience in Finance, Accounting and Administration having worked in various organizations in the Private Sector and as a consultant in Tax, ERP Systems Integration, IFRS and Strategy Formulation and Implementation.</p>
 <p>5. Mary Waithira Thiiru HoD, Procurement & Supplies</p>	<p>Ms Thiiru is currently serving as Head of procurement. She holds a Diploma in Supplies Chain Management and advanced Certificate in Supplies management. She is a member of the Kenya Institute of Supplies Management</p>
 <p>6. Vincent Koech HoD, ICT</p>	<p>Vincent Koech is the Deputy Director Kenya National Learners Record Database (KNLRD) and also the Head of ICT at KNQA. He holds an MSc. in Computer from UoN and BSc. ICT from JKUAT. With over 15 years' experience in the field of ICT, his professional career development includes MCITP, CCNA, QMS, ISMS, M&E & ToT. He is a member of the Institution of Engineering & Technology and has taught at several Universities including JKUAT, TUK, MKU and Kisii University.</p>
 <p>7. Michael Muriuki Njogu Internal Auditor</p>	<p>Michael Muriuki is the Internal Auditor in the Internal Audit department with a major role in; Internal Controls, Risk management and corporate governance. His professional qualification includes Certified Public Accountant (CPA) and a Certified Fraud Examiner (CFE). He has a vast experience in finance, accounting, tax consultancy and auditing in various</p>

	<p>sectors. He is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Internal Auditors (IIA).</p>
 <p>8. Dennis M. Muriira Ag. Legal Officer</p>	<p>Dennis Mutethia Muriira is the acting Legal Officer Affairs Department. He holds a Bachelor of Laws Degree. He has vast experience in Law having worked for several organization including: - United Nations International Criminal Tribunal for Rwanda (UNICTR) Arusha as a Research and Administrative Assistant; The Kenya Tea Development Agency & A.F Gross & Company Advocate - Legal Assistant and a pupil at the Wokabi Mathenge & Company Advocates.</p>
 <p>9. Anne Rita Mwaniki HR&A Manager</p>	<p>Anne Rita Mwaniki is the Human Resource and Administration Manager at KNQA. She is a Seasoned Human Resource Practitioner with over twelve years of active experience. An Outstanding Performer in Talent Management within Private and Public sectors. Proven success in leadership, operational excellence and organizational development with keen understanding of elements in People and Culture Management. Recognized for inspiring management team members to excel and encouraging creative work environments. She is a member of Institute of Human Resource Management (IHRM), (2007) to date.</p>
 <p>10. James Tegeret Deputy Director, RAD</p>	<p>He holds a Bachelor Degree in Technology Education from Moi University. Currently serving as Deputy Director in charge of Registration accreditation and Documentation (RAD) Department at KNQA</p>

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**



11. Dr. Peter Wekesa, PhD
Ag. Head of Department
Planning, Research, outreach
and Policy

Dr. Wekesa is the Ag. Head of Department Planning, Research, outreach and Policy. He holds a Doctorate Degree in Curriculum. He successfully completed a Senior Management Course from Kenya School of Government, trained and certified by National Quality Institute in QMS Lead Auditors Course. He has accumulated wealth of experience having worked for different educational institutions where he held various administrative positions. Dr. Wekesa has participated in different national and internal conferences on Qualifications, Research and Innovation among others

5. Chairman's Statement

I am pleased to present the KNQA Annual report and financial statement for the year ended 30 June, 2023. The Council has provided oversight in various processes of KNQA towards the implementation of the Kenya National Qualification Framework (KNQF).

Over the last one year, the Authority has been working to align itself to the Ministry of Education's objectives of promoting equitable and accessible quality education; as well as the Kenya Kwanza government's Bottom-up Economic Transformation Agenda (BETA) whose main objective is to improve the livelihoods and welfare of Kenyans. To this end, the Council embarked on mid-term review of the 2020-2025 Strategic Plan that is currently implementing. The new Strategic Plan is expected to be ready by October, 2023 and will set agenda for 2023-2027.

The Authority has been able to realise its mandate by ensuring that the Strategic Plan implemented through Council approved Annual Work Plans, rationalized budgets, Procurements plan and Performance Contracting. The Authority during the period also embarked on the review and regularization of KNQF Regulations, which will play a critical role in the implementation of KNQF. The Authority also begun the process of being ISO certified. The certification is scheduled for September 2023.

In the execution of its mandate, the Council held several meetings with different stakeholders including; Universities, Qualification Awarding Institutions (QAI's) in order to enable them understand KNQA mandate work together to produce better and high-quality quantifications that meet national and international standards.

The Council also approved several policies and standards that were prepared by management for implementation on national qualifications with an aim of creating sanity, transparency, coherence and quality in the qualifications' awarding process.

During the year under review, the Authority financial record remained sound. Various financial reports from the Office of the Auditor General have been unqualified as the Authority has not had any major audit queries nor pending bills.

The Council has continued to approve all reports before submission to Office of the Auditor General and the Ministry of Education.

However, given the scope of our work, there is need for more funding for the institution to achieve its objectives.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Finally, this report showcases the Authority's financial position during the period under review

Sign

**Hon. Stanley Kiptis, EBS
Council Chairperson**

6. Report of the Chief Executive Officer

This Annual Financial report for the year ended 30 June, 2023 details the progress that the KNQA has made as well as the challenges it has faced in implementing its mandate.

The Authority has continued to work with various partners in realizing its mandate, which cuts across Basic, TVET and University sub-sectors. This has seen various stakeholder engagements across the country held as part of capacity building.

The Authority continued with implementation of its 2020-2025 Strategic Plan which was done through Annual Work Plans, rationalized budgets, Procurements Plans and Performance Contracting after approval by the Council.

However, in the current financial year, The Authority embarked on mid-term review of the Strategic Plan for the period 2023-2028 to align with Medium-Term Plan IV and the Kenya Kwanza administrative agenda. Already workshops have been held with the Council and donor partners to streamline the Plan. The exercise is expected to be complete by October, 2023. The review will also help in addressing gaps that were identified during the implementation of the 2020-2025 Strategic Plan.

The Strategic Plan will help the Authority to re-focus and re-articulate the strategic direction of KNQA for the next five years, as it also takes stock of the successes, challenges and lessons learned to-date. The Authority has also embarked on review and regularization the Kenya National Qualification Framework (KNQF) Regulations.

The Authority Continued with the implementation of Performance Contracting for the 19th cycle and which has seen the Council and Management participate in the exercise with the Guidance of the Ministry of Education.

Further, the Authority commenced implementation of Quality Management System in line with ISO 9001:2015 QMS requirements that will see the Authority become an ISO Certified institution. The certification exercise is scheduled for September, 2023.

The Authority also developed several policies and which were approved by the Council including; Gender mainstreaming, Gender Based Violence, Succession Planning and Management Policy Coaching and Mentoring Policy, Communication policy among others.

The management is now set to sensitize staff on the developed policies for better realization of the Authority's mandate and operationalization of the KNQF Framework. The policy mapping has already seen 19 policies developed to date.

In order to address our clients well, the Authority has continued to recruit talented staff. KNQA now has a total of fifty-four (54) employees broken down as follows: - Employees on one year contract – (12); Employees on 5-year contract- (3); Permanent and Pensionable – (17); employees deployed from the MOE (6) and Interns – fifteen (15).

In order to retain staff, the management has put in place deliberate incentives/activities to motivate staff such as; staff welfare Association, Staff pension scheme (for those on permanent and

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

pensionable), gratuity for those who are on contract and comprehensive staff medical scheme among others.

During the year under review, the Authority financial record remained sound. Various financial reports from the Office of the Auditor General have been unqualified as the Authority has not had any major audit queries nor pending bills.

The Authority appreciates the goodwill and support from the Government and all its stakeholders, and commits to continue discharging its mandate in ensuring that the country's national qualifications system is globally competitive.

Sign. 

Dr. Alice Kande, PhD

Ag. Director General/CEO

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

Kenya National Qualifications Authority intends to strategically focus on its core functions and operations as stipulated in the Vision, Mission, Motto and Core Values to realize its objectives. During the Strategic Plan 2020-2025, Kenya National Qualifications Authority has *five* strategic themes /issues and objectives within the current Strategic Plan for the Financial Year 2019/2020- Financial Year 2024/2025. These strategic pillars/ themes/ issues are as follows:

- Pillar /theme/issue 1: Registration, Accreditation and Documentation (RAD)
- Pillar /theme/issue 2: Standards, Assessment and Quality Assurance (SAQA)
- Pillar /theme/issue 3: Recognition, Equation and Verification (REV)
- Pillar /theme/issue 4: Planning, Research, Outreach and Policy (PROP)
- Pillar /theme/issue 5: Institutional Capacity Development (ICD)

KNQA develops its annual work plans based on the above 5 (*Five*) pillars/Themes/Issues. Assessment of the Council 's performance against its annual work plan is done on a quarterly basis. The *Authority* achieved its performance targets set for the FY 2022/2023 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Achievements
Pillar/ theme/ issue 1: Registration, Accreditation and Documentation (RAD)	<ul style="list-style-type: none"> • 11 Institutions initiated accreditation process; out of which all were accredited; • A total of 97 Qualifications from accredited institutions were registered in KNQF; • 12 Institutions were capacity-built in order to review their curricula as per KNQF requirements.
Pillar/ theme/ issue 2: Standards, Assessment and Quality Assurance (SAQA)	<ul style="list-style-type: none"> • Internal validation the draft quality assurance policy, standards and guidelines. • Developed the draft National Policy, Standard and Guidelines on Curriculum Development and Development of National Occupational Standards. • Mapped out key stakeholders who will constitute the National KCAT Technical Implementation Committee (TIC). The TIC shall lead the development of the KCAT Standard and Guidelines

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	<ul style="list-style-type: none"> • Participated in the monitoring of TVET CDACC CBET Assessment July/August 2022 & HRMPEB’s CHRP Examination. • Benchmarked on global, regional and national practices in CATS during a workshop to review the CATS’ implementation guidelines, road map and Users’ Manual recommended review of the developed KCATS Policy and the CATS for agricultural qualifications. • Benchmarked against the ISCED Fields of Education and Training 2013 (ISCED-F 2013), ISCED 2011 Operational Manual and Competence-Based Education, Training and Assessment Standards & Guidelines in the drafting of the Kenya National Qualifications Classification Standard (KNQCS) to enhance comparability and compatibility of categories and codes of Kenyan Qualification with international best practice hence facilitating seamless mobility of learners. • Participated in initial zero drafting of the Kenya National Qualifications Classification Standard (KNQCS). • Engaged key stakeholders from UNESCO’s UIS, CUE and Ministry of Labor and Social Protection to finalize drafting of the Kenya National Qualifications Classification Standard.
<p>Pillar /theme/issue 3: Recognition, Equivalence and Verification (REV)</p>	<ul style="list-style-type: none"> • Aligned and validated qualifications for 1956 applications to Kenya National Qualifications Framework.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

<p>Pillar /theme/issue 4: Planning, Research, Outreach and Policy (PROP)</p>	<ul style="list-style-type: none"> • Progressed Recognition of Prior Learning (RPL) implementation activities through the extended RPL program <i>Assessed over 400 RPL candidates in 8 Counties in Kenya including Refugees</i> • Research and Innovation Policy was developed that will guide research activities in the Authority • Research on the KNQF implementation status done. • Resource Mobilization Strategy that will guide resource mobilization to compliment Authority's budget approved.
<p>Pillar /theme/issue 5: Institutional Capacity Development (ICD)</p>	<ul style="list-style-type: none"> • KNQA Service delivery charter was developed. • Training Assessment need was conducted to inform upskilling of employees. • Procurement plan was approved by the council. • ICT Equipment were purchased to support operations in the Authority.

Kenya National Qualifications Authority and its management posted a great performance against the strategic objectives of the organisation as indicated in the above chart.

8. Corporate Governance Statement

Corporate governance is the process by which organizations are directed, controlled and held to account. The Council of KNQA is responsible for the overall management and governance of the organization and is accountable to the stakeholders for ensuring that KNQA complies with the law and best international practices; in corporate governance as promulgated by relevant authorities.

The Council members are appointed in accordance with section 10 of the KNQF act; and comprises of 10 persons appointed by the cabinet secretary in the Ministry of Education. Council members represent various stakeholders in the council (in their individual capacity) and comprises of;

- (a) A chairperson appointed by the Cabinet Secretary;
- (b) The Principal Secretary responsible for matters relating to education;
- (c) The Principal Secretary responsible for matters relating to labour;
- (d) The Principal Secretary responsible for matters relating to finance;
- (e) Six persons appointed by the Cabinet Secretary as follows —

- (i) one person representing the Commission for University Education;*
- (ii) one person representing the Technical and Vocational Education and Training Authority;*
- (iii) one person representing the Education Standards and Quality Assurance Council;*
- (iv) one person nominated by an organization representing professional associations in Kenya;*
- (v) one person nominated by the Federation of Kenya Employers;*
- (vi) one person nominated by an organization representing workers' unions; and*
- (f) the Director-General who shall be the secretary.*

The full council meets at least 4 times in each calendar year at such a place and time as the chairman may from time to time determine. The council retains the responsibility for establishing and maintaining the institution's overall control of financial, operational, compliance and issues as well as implementing strategies for the long-term success of the organization.

The Functions of the KNQA is as set out below;

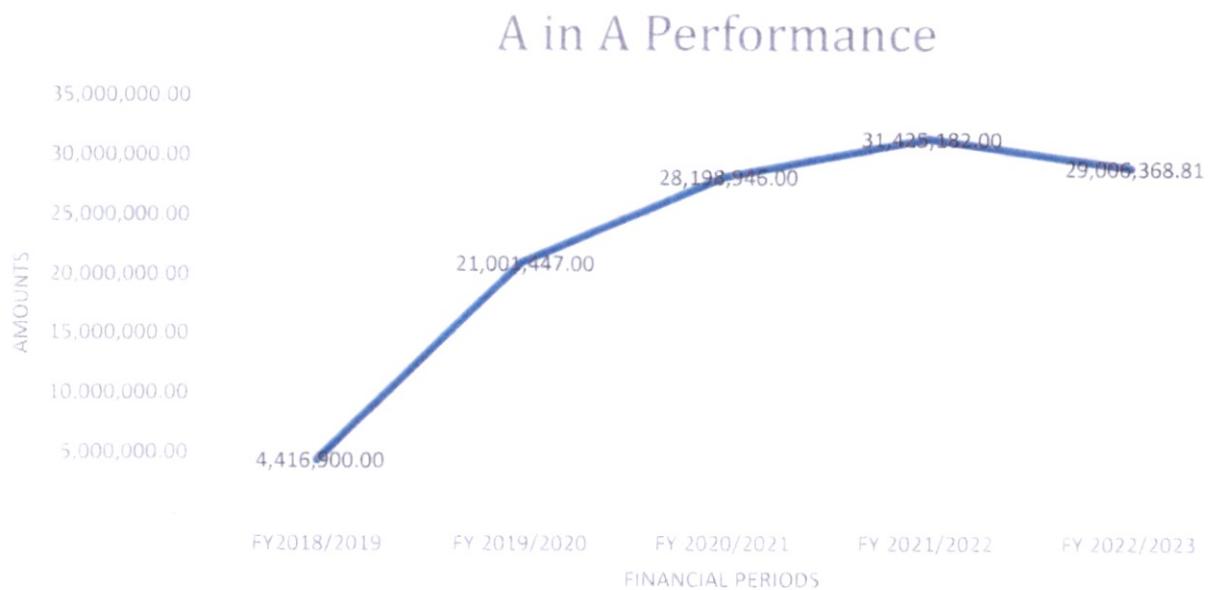
- (a) Co-ordinate and supervise the development of policies on national qualifications;
- (b) Develop a framework for the development of an accreditation system on qualifications;
- (c) Develop a system for assessment of national qualifications;

- (d) Develop and review interrelationships and linkages across national qualifications in consultation with stakeholders, relevant institutions and agencies;
- (e) Maintain a national database of national qualifications;
- (f) Publish manuals, codes and guidelines on national qualifications;
- (g) Advise and support any person, body or institution which is responsible for the award of national qualifications;
- (h) Publish an annual report on the status of national qualifications;
- (i) Set standards and benchmarks for qualifications and competencies including skills, knowledge, attitudes and values;
- (j) Define the levels of qualifications and competencies;
- (k) Provide for the recognition of attainment or competencies including skills, knowledge, attitudes and values;
- (l) Facilitate linkages, credit transfers and exemptions and a vertical and horizontal mobility at all levels to enable entry, re-entry and exit; and
- (m) Conduct research on equalization of qualifications;
- (n) Establish standards for harmonization and recognition of national and foreign qualifications;
- (o) build confidence in the national qualifications system that contributes to the national economy;
- (p) provide pathways that support the development and maintenance of flexible access to qualifications;
- (q) promote the recognition of national qualifications internationally; and (r) perform such other functions as may be provided under this Act.

9. Management Discussion and Analysis

a. Appropriations in Aid Growth

Kenya National Qualifications Authority has recorded a growth in revenue from rendering of services in the past 4 years with a 375% growth in FY 2019/2020, a 34% growth in the FY2020/2021 and an 11% growth in AIA in FY2021/2022 and a slight decline of 8% in FY2022/2023. This shows the increased awareness of the services offered by KNQA in the Registration, Equation and verification of Qualifications, the Registration and Accreditation of Qualifications and Qualifications Awarding Institutions and Standards, Assessment and Quality Assurance services. The Authority projects an increase in the A-I-A from the increased uptake of services offered by the Authority.



b. Statutory Compliance

KNQA has registered increased compliance with all with statutory requirements in relation to customer and suppliers. The Authority has registered compliance with all statutory deductions for employees in relation to Pay as You Earn (PAYE) tax, National Social Security Fund (NSSF), National Hospital Insurance Fund (NHIF), Pension Plans, Higher Education Loans Board (HELB). The Authority confirms that there are no material arrears in statutory and other financial obligations that pose major risks facing the organisation.

c. Enterprise Resource Planning Implementation

KNQA completed the procurement and installation of the Enterprise resource planning (ERP) refers to a type of software that organizations use to manage day-to-day business activities such as accounting, procurement, project management, risk management and compliance, and supply chain operations at a cost of 68Million.

10. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile

- a) The Kenya National Qualifications Authority intends to sustain itself operationally and financially in the absence of governmental support by enhancing partnerships with International Organizations and local Non-Governmental Organizations (NGOs) who in turn act as donors and grantors in support of Authority's activities.
- b) The Authority is maximizing on the power and mandate bestowed upon other governmental agencies by creating strong intergovernmental agency partnerships to enhance the authority's capacity and fulfillment of its mandate.
- c) The KNQA is participating in the The African Continental Qualifications Framework (ACQF) which is a vital policy initiative of the African Union, aimed to enhance transparency and portability of qualifications of all sub-systems and levels of education and training, supporting complementarity with national and regional qualifications frameworks. This puts the Kenya Qualifications Framework on not only the regional but global map.
- d) The Authority has adopted a Partnership Policy which guides its relationship with its partners and donors.
- e) KNQA is increasing its Awareness, Advocacy and Publicity of KNQF by capacity building Qualification Awarding Institutions, Professional bodies, Quality Assurance bodies, Assessment and examination bodies to increase the uptake of the Authority's services. The KNQA has enhanced lobbying for increased Government capitation and is employing diversified resource mobilization strategies to supplement support by the Government.
- f) By enhancing its capacity to conduct adequate research and to acquire accurate data, KNQA intends to inform policies on the Kenya National Qualifications Framework (KNQF).

2. Environmental performance

- a) The Kenya National Qualifications Authority is employing austerity measures to curb unnecessary expenses by strictly adhering its Annual financial budget.

- b) The Authority is employing effective and efficient use of available resources through its regular practices.
- c) The KNQA regularly sensitizes its staff to utilize its available resources efficiently and effectively to reduce wastage of natural resources such as water.
- d) The Authority actively participates in enhancing biodiversity by organizing and participating in tree planting exercises within and beyond its geographical environment.

Successes in Environmental performance

- i) It is a common practice to only print if necessary and to maximize the use of space in printing papers by printing on both sides as opposed to one side only.
- ii) The Authority has adopted the use of reusable utensils to avoid the environmental impact that plastic utensils have on the environment.
- iii) Integration of technology in its practices by using online platforms to issue its services and in turn reducing paper wastage and the negative impact paper production has on the environment.

Shortcomings in Environmental performance

- i) The KNQA is hosted in another governmental agency facility therefore it is not entirely independent in how it manages its waste and shared resources.

3. Employee welfare

Policies on Hiring Process

The Kenya National Qualifications Authority's policy on recruitment is aligned to the Public Service Guidelines (2015) on Recruitment as well as to the provisions of the Constitution of Kenya (2010) under Article 11 on inclusivity and diversity. In the recent recruitment exercise, Management engaged the relevant stakeholders to the process; the Council, the Ministry of Education, the Head of Public Service and the Public seeking their participation at the various levels. There were deliberate efforts by Management to on-board eligible Kenyans from the minority groups taking into consideration the gender ratio.

Efforts in improving Skills

The Authority has committed to improving the skills of the employees by undertaking training needs analysis that informs the training calendar. The Authority's Management has also set aside a vote on training in the annual Budget. The Authority has continuously undertaken the Target Setting exercise at the end of every evaluation period which informs the appraisals at the end of the planned period.

Compliance with OSHA (2007)

The Authority has ensured that the fire exits are clearly labelled. There's consistent supply of clean drinking water in all offices as well as separate clean washing facilities for both genders well labelled. All staff have been provided with adequate working space and facilities for sitting.

4. Market place practices:

Kenya national qualifications authority being a SAGA under ministry of education state department of vocational and technical training is guided by the public procurement and asset disposal act 2015 and the public procurement and asset disposal regulations of 2020, in carrying out procurement of goods works and services as prescribed.

(a) Efforts by the Organisation towards Responsible Completion Practices

While collusive or corrupt conducts may occur during any procurement procedures, the organisation is keen to see that the vice is avoided and due to the highly regulated nature of the public procurement as guided by the Act the organisation is able to run the day-to-day procurement activities with strategic approaches so as to address the threats by adhering to the rule and regulations as provided in the Act. The organisation also defends the integrity of the procurement process against negative and corrupt practises.

(b) Responsible Supply and Supplier Relationship

The organisation endeavours to a long-term relationship between the organisation and the suppliers to allow free flow of feed backs and ideas.

The organisation is keen to improve our relationship with suppliers by:

- i. Freely communicating with suppliers with outmost integrity
- ii. Understanding the suppliers
- iii. Having interactions with the suppliers on the best practises
- iv. Making sure there is honesty, trust and transparency at all times

- v. Making sure suppliers are paid in a timely manner so as to maintain a good working relationship
- vi. Make sure all suppliers engaged are treated in a fairly and in a just manner

(c) Responsible Marketing Advertisement

To maintain ethical marketing practises, the organisation when handling large amount tenders, we carry out advertisements of the same on the available Government portals to the public, organisations website and local dailies of country wide circulation.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

11. Report of the Council

The Council submits their report together with the audited financial statements for the year ended 30 June 2023, which show the state of Kenya National Qualifications Authority affairs.

i) Principal activities

The principal mandate of Kenya National Qualifications Authority as set out in the Kenya National Qualifications Framework (KNQF) Act no. 22 of 2014 (and KNQF Regulations, 2018) is to coordinate and harmonize the various levels of education; and to create a database of all qualifications in the country.

ii) Results

The results of the entity for the year ended 30 June, 2023, are set out on page 1.

iii) Directors

The members of the Council who served during the year are shown on page v to vii. The council was appointed on 7th August 2020 to serve for a period of three years. During the year 2022-23, The Council Chairman, Honourable Stanley Kiptis, was appointed to serve for a period of 3 years with effect from 26th June 2023

iv) Auditors

The Auditor General is responsible for the statutory audit of the Kenya National Qualifications Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the entity for the year/period ended 30 June 2023 in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Council

Date:.....

Hon. Stanley Kiptis, EBS
Council Chairperson

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act requires the Council to prepare financial statement in respect of that KNQA, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that Quarter. The Council is required to ensure that the entity keeps proper accounting records which discloses with reasonable accuracy the financial position of the entity. The Council is responsible for safeguarding the assets of the entity.

The Council is responsible for the preparation and presentation of the entity's financial statement, which gives a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on 30 June 2023.

This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts the responsibility for the entity's financial statement, which has 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, 2012 and (the State Corporations Act). The Council is of the opinion that the entity's financial statement gives a true and fair view of the state of entity's transactions during the quarter ended 30th June 2023, and of the entity's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statement as well as the adequacy of the systems of internal financial control.

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

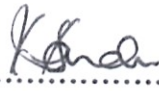
**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Approval of the financial statements

The Authority's financial statements were approved by the Council on 13 July 2023 and signed on its behalf by:

Sign: 

**Hon. Stanley Kiptis, EBS
Council Chairperson**

Sign: 

**Dr. Alice Kande, PhD
Ag. DG/CEO**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL QUALIFICATIONS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the internal controls, developed, and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

Opinion

I have audited the accompanying financial statements of Kenya National Qualifications Authority set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2023, and the 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, the financial statements present fairly, in all material respects, the financial position of Kenya National Qualifications Authority as at 30 June, 2023, 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 Public Finance Management Act, 2012 and the Kenya National Qualifications Authority Framework Act, 2014.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Qualifications Authority 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.

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 were 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, I confirm that, 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, except for the matter described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that Internal Controls, Risk Management and Governance were not effective.

Basis for Conclusion

Understaffing in the Authority

The statement of financial performance reflects employee costs of Kshs.65,646,228 as disclosed in Note 9 to the financial statements. Examination of the Authority's human resource records revealed that the Authority had thirty-nine (39) staff-in-post against an approved establishment of one hundred and twenty-six (126) resulting to understaffing of eighty-seven (87). The records further indicated that on 7 February, 2022, The National Treasury approved recruitment of nineteen (19) additional staff, a process which had not yet commenced as at the time of audit in the month of November, 2023.

In the circumstances, the effectiveness of the Authority's internal controls with the significant deficits in staffing could not be confirmed. Further, staff deficit negatively affect service delivery to the stakeholders and undermines on the ability of the Authority to deliver on its mandate.

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 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

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Authority'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 Authority or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Council is responsible for overseeing the Authority'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 overall 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 Authority'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 controls.

- 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 appropriate 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 Authority'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 Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 March, 2024

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

14. Statement of Financial Performance for the year ended 30 June 2023

	Notes	Period ended 30th June 2023	Period ended 30th June 2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6a	290,000,000	270,000,000
Donor Grants	6b	29,199,110	4,798,760.00
Donations in Kind	6c	-	1,580,500.00
Revenue from exchange transactions			
Rendering of services	7	29,006,369	31,425,182
Total revenue		348,205,479	307,804,442
Expenses			
Use of goods and services	8	201,777,896	167,431,637
Employee costs	9	65,646,228	59,981,657
Council Expenses	10	17,840,084	12,237,673
Depreciation and amortization expense	11	30,296,230	24,466,945
Repairs and maintenance	12	6,271,931	6,952,905
Finance costs	13	99,956	84,954
Provision for Audit Fees		250,000	250,000
Total expenses		322,182,325	271,405,771
Net Surplus for the year		26,023,154	36,398,671

The notes set out on pages 6 to 23 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council by:

Sign. .....

Ag. Director General/C.E. O

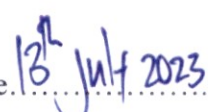
Dr. Alice Kande, PhD

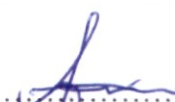
Date. .....

Sign. .....

Head of Accounts

CPA Martin Mwangi
ICPAK Member No. 14030

Date. .....

Sign. .....

Council Chairperson

Hon. Stanley Kiptis, EBS

Date. .....

15 Statement of Financial Position as at 30 June 2023

	Notes	Period ended 30th June 2023	Audited FY 2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	7,817,525	11,677,062
Receivables	15	5,472,265	8,000
Total Current Assets		13,289,790	11,685,062
Non-Current Assets			
Property, plant and equipment	16	104,881,825	90,633,115
Intangible assets	17	78,798,927	82,873,591
Total Non- Current Assets		183,680,752	173,506,706
Total Assets		196,970,542	185,191,768
Liabilities			
Current Liabilities			
Trade and Other Payables		27,668,059	41,912,439
Current Provision	-	500,000	500,000
Total Current Liabilities		28,168,059	42,412,439
Total Liabilities		28,168,059	42,412,439
Net assets			
Reserves			
Accumulated surplus		168,802,483	142,779,330
Total Net Assets and Liabilities		196,970,542	185,191,768

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council by:

Sign. 

Ag. Director General/C.E. O

Dr. Alice Kande, PhD

Sign. 

Head of Accounts

CPA Martin Mwangi
ICPAK Member No. 14030

Sign. 

Council Chairperson

Hon. Stanley Kiptis, EBS

Date. 

Date. 

Date. 

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

16. Statement of Changes in Net Assets for the year ended 30 June 2023

	Retained earnings	Total
As at July 1, 2021	106,380,657	106,380,657
Surplus/ deficit for the year	36,398,673	36,398,673
As at June 30, 2022	142,779,330	142,779,330
As at July 1, 2022	142,779,330	142,779,330
Surplus/ deficit for the year	26,023,154	26,023,154
As at June 30, 2023	168,802,483	168,802,483

17. Statement of Cash Flows for the year ended 30 June 2023

		Period ended 30th June 2023	Audited FY 2021-2022
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	290,000,000	270,000,000
Rendering of services	7	29,006,369	31,425,182
Donor Funds	7b	29,199,110	4,798,760
Total Receipts		348,205,479	306,223,942
Payments			
Use of goods and services	8	201,777,896	167,431,636
Employee costs	9	65,646,228	59,981,657
Council Expenses	10	17,840,084	12,237,673
Repairs and maintenance	12	6,271,931	6,952,905
Audit Fees paid	18	250,000	250,000
Finance costs	13	99,956	84,954
Total Payments		291,886,095	246,938,825
Surplus from/ (used in) operating activities		56,319,384	59,285,117
Increase in Debtors & Other receivables		(5,464,265)	12,680,448
Decrease in Imprest		-	515,800
Increase/Decrease in Payables & Other Payables		(14,244,380)	35,971,554
Net cash flows from/ (used in) operating activities		36,610,739	108,452,919
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	16	(37,595,275)	(37,096,874)
Purchase of intangible assets	17	(2,875,000)	(71,008,061)
Net cash flows from/ (used in) investing activities		(40,470,275)	(108,104,935)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows from / (used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(3,859,536)	347,984
Cash and cash equivalents at 1 July 2022	14	11,677,061	11,329,077
Cash and cash equivalents at 30 June 2023	14	7,817,525	11,677,061

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Annual Original budget	Adjustments	Final Annual Budget	Actual Cumulative to Date	% of utilization
	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=d/c%
Revenue					
Transfers from other governments entities	290,000,000		290,000,000	290,000,000	100%
Rendering of services	35,000,000		35,000,000	29,006,369	83%
Donor Funds	-	29,199,300	29,199,300	29,199,110	100%
Total income	325,000,000	29,199,300	354,199,300	348,205,479	98%
Expenses					
Use of goods and services	174,257,120	29,199,300	203,456,420	201,777,896 ¹	99%
Employee costs	85,912,880		85,912,880	65,646,228	76%
Council Expenses	18,035,000		18,035,000	17,840,084	99%
Depreciation and amortization expense	30,200,000 ²		30,200,000	30,296,230	100%
Repairs and maintenance	6,270,000		6,270,000	6,271,931	100%
Provision for Audit Fees	250,000		250,000	250,000	100%
Finance Costs	100,000		100,000	99,956	100%
Total expenditure	315,025,000	29,199,300	344,224,300	322,182,325	94%
Surplus for the period	9,975,000	-	9,975,000	26,023,154³	261%
Capital Expenditure	40,175,000		40,175,000	40,470,275	101%
Total Budgeted Expenditure	325,000,000	29,199,300	354,199,300	332,356,370	94%

Budget notes

¹ The amount is inclusive of Kshs 20,813,224 of expenditure relating to the donor funded Extended Piloting of RPL Program by ILO

² Depreciation and Amortization is a non-cash transaction and hence the Budgeted amount of 30 million will finance the acquisition of capital assets for the Authority

³ The surplus of Kshs 26,023,154 funded the acquisition of capital assets for the Authority

19. Notes to the Financial Statements

1. General Information

Kenya National Qualifications Authority was established by and derives its authority and accountability from Kenya National Qualifications Framework Act of 2014. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity are registration and accreditation of institutions and their qualifications; and establishment and maintenance of the Kenya National qualifications framework (KNQF).

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the KNQF Act No. 22 of 2014, KNQF regulations 2018, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

- a) The financial statement has been prepared on a historical cost. The preparation of financial statement in conformity with International Public Sector
- b) Accounting Standards (IPSAS) Accrual Basis allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.
- c) The financial statement has been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya National Qualifications Authority.
- d) The financial statement has been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS) Accrual Basis. The accounting policies adopted have been consistently applied to all the years presented.
- e) The financial statement has been prepared for a period of one year starting from 1st July 2022. This is in accordance to IPSAS I (69)

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The improvements of IPSAS 41, Financial Instruments will not have any significant impact to the financial statements for the FY 2022/2023</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a</p>

Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.

Standard	Effective date and impact:
	<p>reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>The improvements of IPSAS 42, Social benefits will not have any significant impact to the financial statements for the FY 2022/2023</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>The improvements of IPSAS 41, Financial Instruments will not have any significant impact to the financial statements for the FY 2022/2023</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Standard	Effective date and impact:
	<ul style="list-style-type: none"><li data-bbox="628 255 1426 443">• IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p data-bbox="628 461 1426 544"><i>The improvements of IPSAS 22,29 and 39 will not have any significant impact to the financial statements for the FY 2022/2023</i></p>

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly on June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under these financial statements.

c) 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 entity 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.

KNQA depreciates its assets on a reducing basis at the following rates;

- Furniture, fixtures fittings and equipment at 12.50% per annum.
- Computers and printers at 33.33% per annum
- Motor Vehicles at 25%
- Software/Intangible Assets at 20%

d) Leases

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

Summary of Significant Accounting Policies (Continued)

e) Intangible assets

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

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

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

g) Provisions

Provisions are recognized when the *Entity* 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 *Entity* 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.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) Changes in accounting policies and estimates

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

i) Employee benefits

Retirement benefit plans

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

j) 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.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

k) 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.

l) Comparative figures

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

m) 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, 2023.

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity'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.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18. 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.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Unconditional grants		
Operational grant	290,000,000	270,000,000
Other grants	-	-
	290,000,000	270,000,000
Conditional grants		
Other organizational grants		-
Total government grants and subsidies	290,000,000	270,000,000

The transfers from government are to aid Kenya National Qualifications Authority to undertake its principal mandate as set out in the Kenya National Qualifications Framework (KNQF) Act no. 22 of 2014 (and KNQF Regulations, 2018) of coordinating and harmonizing the various levels of education; and to create a database of all qualifications in the country

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial Performance Kshs	Amount deferred under deferred income Kshs	Amount recognized in capital fund.	Total grant income during the period	Period ended 30th June 2022
			Kshs	Kshs	Kshs
Ministry of Education /State Department Technical Vocational Education & Training	290,000,000	-	-	290,000,000	270,000,000
Total	290,000,000	-	-	290,000,000	270,000,000

Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.

c) Transfers from Donors

Description	Period ended June 30 th 2023	Period ended June 30 th 2022
	Kshs	Kshs
Unconditional grants		
Operational grant	-	-
Other grants	-	-
	-	-
Conditional grants		
Other organizational grants	29,199,110	6,379,260
Total Donor grants and subsidies	29,199,110	6,379,260

d) Donor Funds breakdown

Account	Donor Funds	
Date	Details	Balance
27-10-22	International Labor Organization Donor Grant	3,607,200
30-11-22	International Labor Organization Donor Grant	11,821,050
17-01-23	International Rescue Committee	1,950,000
12-04-23	International Labor Organization Donor Grant	6,371,000
20-06-23	International Labor Organization Donor Grant	5,449,860
	Totals	29,199,110

KNQA signed an implementation agreement No: 40394182/0 for Kshs 27,249,300 and an MOU with IRC for 1,950,000 totalling to 29,199,300 for programme/Project to conduct extended RPL Pilot in Eight (8) Counties in Kenya. The disbursement will be in four tranches for Kshs 3,607,200, Kshs 11,821,050, Kshs 6,371,190 and lastly Kshs 5,449,860. For the period under review, KNQA received first, second & third tranche and 100% for IRC funds. An invoice for the final tranche of 5,449,860 was issued on 20th of June 2023 and is outstanding as at 30th June 2023.

7. Rendering of Services

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Service fees	29,006,369	31,425,182
Total revenue from the rendering of services	29,006,369	31,425,182

Kenya National Qualifications Authority offers registration, equation and verification of qualifications as well as registration of Qualification awarding institutions at a fee.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Notes to the Financial Statements (Continued)**

8. Use of Goods and Services

Description	Period ended 30th June 2023	Period ended 30th June 2022
Internet Connections	4,701,928	5,131,254
Courier and Postal Services	144,777	196,609
Contracted Consultancy Services	6,154,880	12,552,615
Legal Fees and Arbitration	1,111,856	-
Publishing and Printing Services	27,190,809	37,069,034
Subscriptions to Newspaper Magazines and periodicals	-	-
Advertising Awareness and Publicity Campaign	6,791,064	5,333,714
Payment of Rents and Rates - Residential	12,110,760	12,110,400
Catering Services	9,407,062	8,784,824
Motor Vehicle Insurance	1,197,390	1,693,206
Supply and accessories for computers and printers	8,092,550	2,194,750
Medical Insurance	8,668,930	8,541,309
General office supplies	4,512,837	4,717,818
Sanitary and Cleaning Materials, Supplies and Services	4,984,800	4,365,790
Refined Fuels and Lubricants for Transport	3,042,609	2,045,146
Contracted Guards and Cleaning Services	2,092,066	2,201,284
Membership Fees, Dues and Subscriptions to Professional Bodies	54,400	224,657
Development of Policy Documents	9,380,000	-
Telecommunication	2,809,000	2,633,000
Staff Uniforms	481,350	-
Staff Training & Development	2,776,000	2,544,736
Maintenance of Computers, Software, and Networks	4,563,459	1,718,400
Travel, accommodation, subsistence and other allowances	76,570,319	52,230,091
Library Services	15,000	-
Remuneration of Resource Persons	4,924,050	1,143,000
Totals	201,777,896	167,431,637

Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.

9. Employee Costs

	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Salaries and wages	65,646,228	59,981,657
Employee costs	65,646,228	59,981,657

10. Council Expenses

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Chairman's Honoraria	1,395,000	680,000
Sitting allowances	7,400,000	5,820,000
Travel and accommodation	8,803,684	2,588,600
Other allowances(Airtime & Mileage)	50,000	413,073
Corporate Governance training	191,400	2,736,000
Total	17,840,084	12,237,673

11. Depreciation and Amortization Expense

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Property, plant and equipment	23,346,566	20,748,637
Intangible assets	6,949,664	3,718,308
Total depreciation and amortization	30,296,230	24,466,945

Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.

12. Repairs and Maintenance

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Maintenance Expenses - Motor Vehicles	1,703,931	3,128,905
Maintenance of Office Furniture and Equipment	4,568,000	3,824,000
Total repairs and maintenance	6,271,931	6,952,905

13. Finance Costs

Description	Period ended 30th June 2023	Period ended 30th June 2022
	Kshs	Kshs
Bank Services Commission and Charges	99,956	84,954
Total Finance costs	99,956	84,954

Notes to the Financial Statements (Continued)

14. Cash and Cash Equivalents

Description	Period ended 30th June 2023	Audited FY 2021-2022
	Kshs	Kshs
Current account	7,817,525 ⁴	11,677,062
Total cash and cash equivalents	7,817,525	11,677,062

⁴ Kshs 986,026 is balance from the unutilized donor funds from the ILO extended pilot program

Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Notes to the Financial Statements (Continued)

Detailed Analysis of the Cash and Cash Equivalents

		Period ended 30th June 2023	Audited FY 2021-2022
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1208626825	7,817,525	11,677,062
Sub- total		7,817,525	11,677,062
e) Others(specify)			
Pending Imprest		-	8,000
Sub- total		-	8,000
Grand total		7,817,525	11,685,062

15. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	Period ended 30th June 2023	Audited FY 2021-2022
	Kshs	Kshs
Staff Advances	-	8,000
Receivables	5,472,265	-
Total Prepayments	5,472,265	8,000

(c) Ageing analysis for Receivables from exchange transactions

Description	Period ended 30th June 2023		Audited FY 2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	5,472,265	100%	8,000	100%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	5,472,265	100%	8,000	100%

Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Notes to the Financial Statements (Continued)

16. Property, Plant and Equipment

	Motor vehicles	Furniture and fittings	Computers & Office Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs
As at 30th June 2021	23,620,860	61,918,499	17,881,805	103,421,164
Additions during the period	12,688,448	17,702,976	8,285,950	38,677,374
Disposals during the period	-	-	-	-
Transfer/adjustments	-	-	-	-
As at 30th June 2022	36,309,308	79,621,475	26,167,755	142,098,538
Additions during the period	-	25,609,144	11,986,131	37,595,275
Disposals during the period				
Transfer/adjustments				
As at 30th June 2023	36,309,308	105,230,619	38,153,886	179,693,813
Depreciation and impairment				
As at 30th June 2021	10,334,126	11,396,951	8,985,709	30,716,786
Depreciation for the period	6,493,795	8,528,066	5,726,776	20,748,637
Disposals for the period	-	-	-	-
Impairment for the period	-	-	-	-
As at 30th June 2022	16,827,922	19,925,017	14,712,485	51,465,423
Depreciation for the period	4,870,347	10,663,200	7,813,019	23,346,566
Disposals for the period				
Impairment for the period				
As at 30th June 2023	21,698,268	30,588,217	22,525,504	74,811,989
Net book values				
As at 30th June 2023	14,611,040	74,642,402	15,628,382	104,881,824
As at 30th June 2022	19,481,386	59,696,459	11,455,270	90,633,115

Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Notes to the Financial Statements (Continued)

17. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	22,487,498	19,479,797
Additions	2,875,000	3,007,701
At end of the year	25,362,498	22,487,498
Work In Progress		
Additions	68,000,360	68,000,360
At end of the year	68,000,360	68,000,360
Totals	93,362,858	90,487,858
Amortization and impairment		
At beginning of the year	7,614,267	3,895,959
Amortization	6,949,664	3,718,308
At end of the year	14,563,931	7,614,267
NBV	78,798,927	82,873,591

18. Trade and Other Payables

Description	AS at 30th June 2023		As at 30th June 2022	
	Kshs		Kshs	
Trade payables	25,653,399.39		39,644,004.55	
Employee payables	2,014,659.46		2,268,734.00	
Third-party payments			-	
Other payables				
Total trade and other payables	27,668,058.85		41,912,438.55	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	27,668,058.85	100%	41,912,438.55	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	27,668,058.85	100%	41,912,438.55	100%

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Notes to the Financial Statements (Continued)**

19. Current Provisions

Description	Other provision	Total
	Kshs	Kshs
Balance b/d (1.07.2022)	500,000.00	500,000.00
Additional Provisions	250,000	
Provision utilised	(250,000.00)	
Change due to discount and time value for money	-	
Transfers from non -current provisions	-	
Total provisions as at 30-06-2023	500,000.00	500,000.00

20. Cash Generated from Operations

	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the year before tax	26,023,154	36,398,671
Adjusted for:		
Depreciation	30,296,230	24,466,945
Finance cost	99,956	84,954
Working Capital adjustments		
Increase in inventory	-	-
Increase/Decrease in receivables	(5,464,265)	12,680,448
Increase in payables	(14,244,380)	-
Net cash flow from operating activities	36,710,695	73,631,018

Notes to the Financial Statements (Continued)

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

21. 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.

Financial Risk Management

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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30th June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	5,472,265	5,472,265	-	-
Bank balances	7,817,525	7,817,525	-	-
Total	13,289,790	13,289,790	-	-
As at 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	8,000	8,000	-	-
Bank balances	11,677,062	11,677,062	-	-
Total	11,685,062	11,685,062	-	-

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Financial Risk Management**

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 Entity has significant concentration of credit risk on amounts due from xxx. 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023				
Trade payables	8,757,263	3,027,690	15,883,106	27,668,059
Provisions	250,000	250,000		500,000
Deferred income				
Employee benefit obligation				
Total	9,007,263	3,277,690	15,883,106	28,168,059
As at 30th June 2022				
Trade payables	32,829,639		9,082,800	41,912,439
Provisions	250,000		250,000	500,000
Deferred income				
Employee benefit obligation				
Total	33,079,639	-	9,332,800	42,412,439

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Notes to the Financial Statements (Continued)**

iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

	Period ended 30th June 2023	2021-2022
	Kshs	Kshs
Revaluation reserve		-
Retained earnings	168,802,483	142,779,330
Capital reserve		
Total funds	168,802,483	142,779,330
Total borrowings	-	-
Less: cash and bank balances	7,817,525	11,677,062
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	0%	0%

22. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *Entity*, holding 100% of the *Entity*'s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Entity*, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Council Members.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Description	Period ended 30 June 2022	Period ended 30 June 2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to govt agencies	-	-
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
Others (specify) e.g., interest and bank charges	-	-
Total	-	-
B) purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	12,110,760	12,110,760
Training and conference fees paid to govt. Agencies		
Others (specify)		
Total	12,110,760	12,110,760
b) Grants/transfers from the government		
Grants from national govt	290,000,000	270,000,000
Grants from county government		
Donations in kind		
Total	290,000,000	270,000,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	17,840,084	12,237,673
Compensation to key management	18,703,316	18,703,316
Total	36,543,400	30,940,989

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Notes to the Financial Statements (Continued)**

23. Events after the Reporting Period

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

24. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

25. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Ag. Director General/C.E.O

Date: 18th July 2023

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Appendix II: Projects implemented by Kenya National Qualifications Authority

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Extended RPL Pilot in eight Counties in Kenya	40394182/0	International Labour organization	2022-2023/ 8 Months	27,249,110	No	yes

Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/ Developm ent/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education State Department of <i>Technical and Vocational Education and Training (TVET)</i>	22 nd August 2022	Recurrent	72,500,000	72,500,000	-	-	-	-	72,500,000
Ministry of Education State Department of <i>Technical and Vocational Education and Training (TVET)</i>	15 th November 2022	Recurrent	72,500,000	72,500,000	-	-	-	-	72,500,000
Ministry of Education State Department of <i>Technical and Vocational Education and Training (TVET)</i>	31 st January 2023	Recurrent	72,500,000	72,500,000	-	-	-	-	72,500,000
Ministry of Education State Department of <i>Technical and Vocational Education and Training (TVET)</i>	6 th June 2023	Recurrent	72,500,000	72,500,000					72,500,000
Total			290,000,000	290,000,000					290,000,000

**Kenya National Qualifications Authority
Annual Report and Financial Statements
for the year ended June 30, 2023.
Appendix V- Inter-Entity Confirmation Letter**

*Kenya National Qualifications Authority
P.O Box 72635-00200 Nairobi*

The *State Department of Technical Vocational Education & Training* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp **this request in the space provided and return it to us.**

Confirmation of amounts received by Kenya National Qualifications Authority as at 30th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by [beneficiary Entity] (KShs) as at 30 th June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	22 nd August 2022	72,500,000	0	00	72,500,000	67,500,000	5,000,000
	15 th November 2022	72,500,000	0	0	72,500,000	67,500,000	5,000,000
	31 st January 2023	72,500,000	0	0	72,500,000	67,500,000	5,000,000
	6 th June 2023	72,500,000	0	0	72,500,000	67,500,000	5,000,000
Total		290,000,000			290,000,000	270,000,000	20,000,000

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name Mahir Mwangi Sign [Signature] Date 13th July 2023

