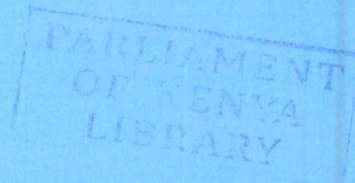


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 JUN 2019	DAY: Thursday
TABLED BY: Hon. Wasindi Jomo	
CLERK-AT-THE-TABLE: Lemus Moses	

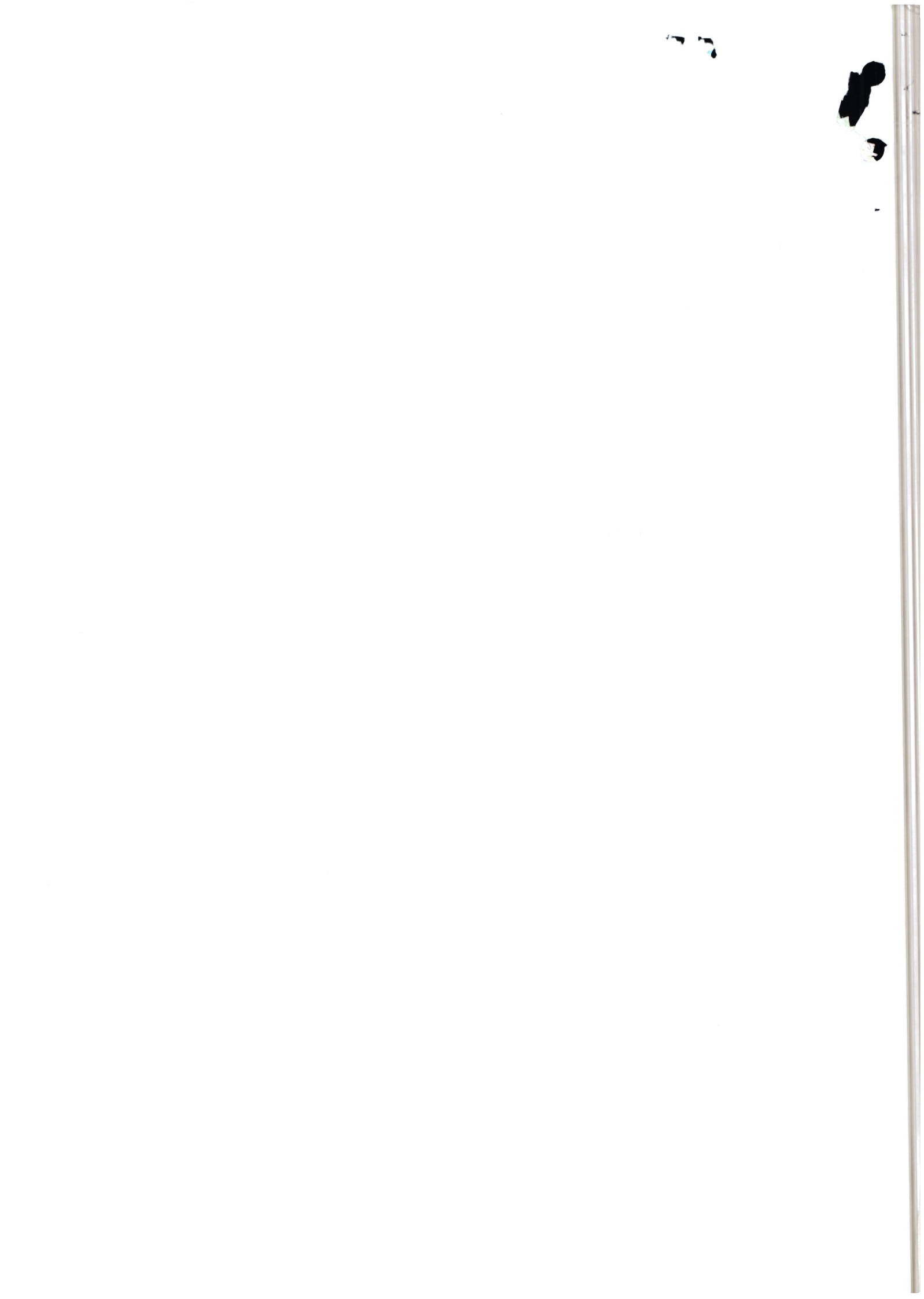
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
KENYA INSTITUTE OF CURRICULUM  
DEVELOPMENT

FOR THE YEAR ENDED  
30 JUNE 2018





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**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE, 2018**

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

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background Information**

The Kenya Institute of Curriculum Development (KICD) is a State Corporation established by an Act of Parliament, the KICD Act No. 4 of 2013. The Institute's core function is to conduct research and develop curricula and curriculum support materials for all levels of education below the university. The Institute also initiates and conducts curriculum based research, and organizes and conducts in-service and orientation programmes for curriculum implementers.

**(b) Principal Activities**

The Institute is mandated by KICD Act No. 4 of 2013 to develop curriculum and curriculum support materials informed by research for basic and tertiary education and training. The Institute's Vision is "A world class Centre for dynamic and competitive curricula" while the Mission is "To provide research based Curricula and Curriculum Support Materials Responsive to the Needs of the Society".

**(c) Key Management**

The Institute's day-to-day management is under the following key organs:

- (i) The Council
- (ii) The Senior Management
- (iii) The Management

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**(d) Fiduciary Management**

The Senior Management personnel who held office during the financial year ended 30<sup>th</sup> June, 2018 and who had direct fiduciary responsibility were:

<b>Designation</b>	<b>Name</b>	<b>Date of Appointment</b>
Director/Chief Executive Officer	Julius Ouma Jwan, PhD, MBS	12 <sup>th</sup> November, 2014
Senior Deputy Director Corporate Services	Mr. Charles Mugambi	1 <sup>st</sup> February, 2008
Senior Deputy Director Media & Extension Services	Mr. John Kimotho	1 <sup>st</sup> February, 2008
Senior Deputy Director Curriculum And Research Services	Mrs. Jacqueline Onyango	1 <sup>st</sup> July, 2017

**(e) Fiduciary Oversight Arrangements**

The Council provides oversight arrangements through various Council Committees. The Committees include:

**i) Finance, Strategy and General Purposes Committee**

The terms of reference of the Committee are to:

- review proposed annual budgets and annual procurement plans in line with the Institute's mandate, strategic objectives and goals and recommend to the Council for approval;
- advise the Council on resource mobilization strategies including utilization of existing facilities to generate more income;
- review financial performance against budget and to report on implications of significant variances to the Council;
- review annual financial accounts of the Institute and to recommend to the Council for approval;
- review the management's procedures for procurement and the controls in place to ensure value for money;
- ensure that there are systems in place to safeguard the assets of the Institute;
- review all the financial policies including public private partnership framework and recommend them to the Council for approval;

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- review the Institute's Strategic Plan to ensure that it is linked to its Mandate, Vision and Mission;
- ensure provision of adequate budgetary allocation for the implementation of the Strategic Plan;
- monitor and review the performance of the Institute in meeting its strategic objectives; and
- consider and make recommendations to the Council concerning new strategic opportunities and initiatives.

**ii) Human Resource and Governance Committee**

The terms of reference of the Committee are to:

- oversee that the recruitment of new employees done in line with the Law and the Institute's policies;
- review the organizational structure of the Institute to align it to its mandate and best practices and recommend any changes to the Council for approval;
- review and recommend employees compensation-including incentives, benefits, welfare programmes and retirement plans, to the Council for approval so as to ensure attraction, recruitment and retention of highly qualified employees;
- ensure that the organization has appropriate human resource policies in compliance with the law;
- ensure that the Institute has a succession management strategy and oversee its implementation;
- handle any other human resource issues delegated to the Committee by the Council;
- review and recommend the Council Charter outlining the principles, policies and procedures by which the Council will operate;
- recommend to the Council any reports on corporate governance that may be required or considered advisable;
- review Council members' conflict of interest statements;
- undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Institute; and
- receive annual Governance audit report and report to the Council on areas that require improvement.

**iii) Curriculum Technical Committee**

The terms of reference of the Committee are to:

- review all curricula developed or vetted by the Institute and recommend to the Council for approval;
- receive a report of all curriculum support materials evaluated by the Institute and recommend to the Council for approval;
- review progress of all initiatives put in place by the Institute to implement KICD Act and Regulations; and
- review implementation of the Kenya Institute of Curriculum Development Act and Regulations and to recommend amendments where necessary to improve service delivery.

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**iv) Audit, Risk and Compliance Committee**

The terms of reference of the Committee are to:

- review the effectiveness of the Institute's internal control framework;
- monitor and review the effectiveness of the internal audit function and internal auditor's reports and to seek such assurance as it may deem appropriate that the function is independent;
- consider management's response to any recommendations made by the external auditor or internal audit and review with internal audit and the external auditor any fraudulent or illegal acts, deficiencies in internal control or other similar issue, including reviewing the results of management's investigation and follow up of any fraudulent acts;
- ensure that the Institute has adequate policies and procedures to manage risks;
- evaluate the internal processes for identifying, assessing, monitoring and managing key risk areas after considering the Risk Management Policy approved by the Council;
- receive and keep under review major risk assessments made by the Institute and the disaster recovery plan necessary to ensure business continuity;
- review the Institute's procedures for handling allegations from whistle-blowers from time to time;
- review the Institute's procedures concerning the prevention, mitigation and detection of fraud and economic crimes;
- evaluate the Institute's compliance with relevant Laws and Regulations relating to its operations including but not limited to, procurement, employment, occupational health and safety, and Finance laws; and
- evaluate the adequacy of the systems for ensuring that requisite statutory requirements are complied with.

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**(f) Headquarters**

Kenya Institute of Curriculum Development,  
P.O. Box 30231-00100,  
Desai Road, Off Murang'a Road,  
**Nairobi, Kenya.**

**(g) Contacts**

Kenya Institute of Curriculum Development  
Telephone: (020) 3749900-3  
Email: [info@kicd.ac.ke](mailto:info@kicd.ac.ke)  
Website: [www.kicd.ac.ke](http://www.kicd.ac.ke)

**(h) Bankers**

Kenya Commercial Bank,  
Moi Avenue Branch,  
P.O. Box 30081 - 00100,  
**Nairobi, Kenya.**

Co-operative Bank of Kenya,  
Stima Plaza Branch,  
P.O. Box 48231 - 00100,  
**Nairobi, Kenya.**

Equity Bank Limited,  
Ngara Branch,  
P.O. Box 33080-00600,  
**Nairobi, Kenya.**

National Bank of Kenya,  
Times Tower Branch,  
P.O. Box 72866 - 00200,  
**Nairobi, Kenya.**

**(i) Independent Auditors**

Auditor- General,  
Anniversary Towers, University Way,  
P.O. Box 30084-00100,  
**Nairobi, Kenya.**

**(j) Attorney General,**

P.O. Box 40112 - 00100,  
**Nairobi, Kenya.**

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**II. COUNCIL MEMBERS**



**DR. SARA RUTO**

**CHAIRPERSON**

Appointed on 6<sup>th</sup> October, 2016

**Dr. Ruto** (50 years), is the Chairperson, Kenya Institute of Curriculum Development (KICD) Council. She is a specialist in the area of Educational Research and school reform. Dr. Sara Ruto is currently the Director of the People's Action for Learning (PAL) Network a program hosted by Zizi Afrique. She previously served as the Regional Manager of Uwezo East Africa, and was a lecturer at Kenyatta University. She sits in several Committees, such as UNESCO Global Education Monitoring Report Committee, the SABER Technical Advisory Board, and INCLUDE Knowledge Platform.



**PROF. WINSTON AKALA**

**MEMBER**

Appointed on 1<sup>st</sup> September, 2016

**Prof. Akala** (52 years), is currently the Dean School of Education, Department of Educational Administration and Planning, University of Nairobi. He is a specialist in curriculum development, educational research, monitoring and evaluation with a PhD in Curriculum development from Moi University and another PhD in Education from the University of Illinois at Urbana- Champaign.

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**PROF. ORPHA ONGITI**

**MEMBER**

Appointed on 1<sup>st</sup> September, 2016

**Prof. Ongiti** (57 years), is currently the Principal of the Africa Nazarene University Nairobi CBD Campus. She is a specialist in Policy formulation and Leader/Manager in Educational Administration, especially higher education. She is a researcher in policy issues in higher education, especially gender equity in the STEM fields. She is a member of Women Educational Researchers of Kenya (WERK); Athens Institute for Education and Research (ATINER); African Network for Internationalization of Education (ANIE); American Educational Research Association (AERA); and Comparative and International Education Society (CIES).



**DR. KAMAU THUGGE**

**MEMBER**

Appointed on 1<sup>st</sup> September, 2016

**Dr. Thugge** (60 years), is currently the Principal Secretary at the National Treasury. He has previously worked in the Ministry of Finance as head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor.

Before joining the Ministry of Finance, he worked with the International Monetary Fund (IMF) as Economist, Senior Economist and Deputy Division Chief.

Dr. Thugge has played a major role in influencing the design of Kenya's current fiscal decentralization system and has coordinated the formulation of legislation for implementing devolution, including the Public Finance Management Act, 2012; The Commission on Revenue Allocation Act, 2011; The Independent Officer's (Appointment) Act, 2012; The County Government PFM Transition Act 2013; The County Allocation of Revenue Bill 2013; and, The Division of Revenue Bill 2013/2014.

Dr. Thugge is widely published and holds a Bachelor of Arts (Economics) degree from Colorado College, USA; Master's degree in Economics from John Hopkins University, USA; and a Doctor of Philosophy (PhD) degree in Economics also from John Hopkins University.

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**DR. RICHARD BELIO KIPSANG**  
**MEMBER**

Appointed on 1<sup>st</sup> September, 2016

**Dr. Kipsang** (51 Years), is currently the Principal Secretary Basic Education at the Ministry of Education. He holds a PhD degree in Education (Educational Administration and Planning), from the Catholic University of Eastern Africa. He has a Master of Arts degree in Economics and a Bachelors (Honours) degree in Education (Business and Economics) both from the University of Nairobi. He has had extensive professional training and commands numerous exposure to local and international conferences including prestigious institutions such as the London School of Economics (LSE) in the UK, Harvard University in the USA, State University of New York in the USA, among other institutions in Kenya, Germany, Belgium, Sweden, Denmark and Thailand. He is an Associate Member of the Association of Certified Fraud Examiners and also a member of the Institute of Directors of Kenya. He has authored highly competent academic and research papers in the areas of Higher Education in Financing and Planning.



**DR. NANCY NJERI MACHARIA**  
**MEMBER**

Appointed on 1<sup>st</sup> September, 2016

**Mrs. Macharia** (55 Years), is the Chief Executive Officer of the Teacher's Service Commission. She holds a Master of Education (Policy and Management) degree from Bristol University, UK and a Bachelor of Education degree in English/Literature from Kenyatta University. She has worked in the education sector for more than 28 years. She has trained both locally and internationally in Corporate Governance, Public Procurement, Policy Formation, Information Communication Technology (ICT), Proactive Management and Business Excellence Models, among others. She is a member of the Kenya Association of Public Administration Management (KAPAM) and Institute of Directors.

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**DR. NICHOLAS KIBIWOT LETTING'**

**MEMBER**

Appointed on 1<sup>st</sup> September, 2016

**Dr. Letting'** (47 years), PhD (UoN), FCPA (K), FKIM, HSC, FCS (K) is currently the Vice - Chancellor of The Management University of Africa (MUA). He is also the former Chairman of Institute of Certified Public Secretaries of Kenya and a Senior Lecturer at the University. Dr. Letting' has over 20 years of work experience in industry and academia in senior positions in the private sector, mainly in Capacity Building, Finance, Human Resources and Governance.

He holds a Doctor of Philosophy (PhD) in Business Administration (Strategic Management), Master of Business Administration (MBA) - Strategic Management and a Bachelor of Commerce (B.COM) in Marketing. Dr. Letting' is a member of Institute of Directors (IoD), Institute of Certified Public Secretaries of Kenya, ICPS (K), Institute of Certified Public Accountants of Kenya, (ICPAK), Kenya Institute of Management (KIM) and the Institute of Human Resources Management, (IHRM).



**MRS. PURITY KARABAI MBABU**

**MEMBER**

Appointed on 1<sup>st</sup> September, 2016

**Mrs. Mbabu** (50 years), is a practicing lawyer and an Advocate of the High Court of Kenya. and Commissioner for Oaths and Notary Public. She graduated with LLB Degree from UoN. She also has a Diploma in Law from the Kenya School of Law. She previously worked as a State Counsel at the Attorney General Chambers.

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**DR. MERCY KAROGO**

**MEMBER**

Appointed on 1<sup>st</sup> September, 2016

**Ms. Karogo** (62 years), is currently the Acting Chief Executive Officer, The Kenya National Examinations Council (KNEC). She was formally a Senior Deputy Director (Curriculum and Research Services) at KICD.

She holds a PhD in Business Administration and Management from Dedan Kimathi University, a Master of Science, Entrepreneurship degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Education degree from University of Nairobi.



**JULIUS OUMA JWAN, PhD, MBS**

**DIRECTOR/  
CHIEF EXECUTIVE OFFICER**

Appointed on 12<sup>th</sup> November, 2014

**Dr. Jwan** (53 years), Director/Chief Executive Officer of the Kenya Institute of Curriculum Development.

**Qualifications:** Bachelors of Education degree and Master of Philosophy degree in English language/linguistics from Moi University, Master of Philosophy degree (MPhil) in Education Communication and Management from NLA-Bergen, Norway, Master of Science (MSc) degree in Educational Research Methods and a PhD degree in Educational Leadership and Management from UK.

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**KICD Council Ethnic Distribution**

<b>S/NO</b>	<b>ETHNIC GROUP</b>	<b>MALE</b>	<b>FEMALE</b>	<b>TOTAL</b>	<b>%</b>
1.	KALENJIN	2	1	3	30
2.	KIKUYU	1	2	3	30
3.	KISII		1	1	10
4.	LUO	1		1	10
5.	LUHYA	1		1	10
6.	MERU		1	1	10
	<b>TOTAL</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>100</b>

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**III. SENIOR MANAGEMENT**



**JULIUS OUMA JWAN, PhD, MBS**

**DIRECTOR/  
CHIEF EXECUTIVE OFFICER**

Appointed on 12<sup>th</sup> November, 2014

**Dr. Jwan** (53 years), Director/Chief Executive Officer of Kenya Institute of Curriculum Development.

**Qualifications:** Bachelors of Education degree and Master of Philosophy Degree in English language/linguistics from Moi University, Master of Philosophy degree (MPhil) in Education Communication and Management from NLA-Bergen, Norway, Master of Science (MSc) degree in Educational Research Methods and PhD Degree in Educational Leadership and Management from UK.



**MR. CHARLES MUGAMBI**

**SENIOR DEPUTY DIRECTOR  
(CORPORATE SERVICES)**

**Mr. Mugambi** (59 years), is the Senior Deputy Director (Corporate Services).

**Qualifications:** BCOM (Acc.); EMBA; MA (PPM); PGDCDD; PGD (PPM); CPA (K); CPS

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**MR. JOHN G. KIMOTHO**

**SENIOR DEPUTY DIRECTOR  
(MEDIA AND EXTENSION  
SERVICES)**

**Mr. Kimotho** (57 years), is the Senior Deputy Director, Media and Extension Services.

**Qualifications:** Postgraduate Diploma in Leadership in ICT and Knowledge Society – Dublin City University, Masters Degree in Communication (Media Studies) and currently pursuing a PhD in Communication at Daystar University. He is a member of the Engineers Registration Board and Africa’s representative at the Global Digital Literacy Council.



**MRS. JACQUELINE ONYANGO**

**SENIOR DEPUTY DIRECTOR  
(CURRICULUM AND RESEARCH  
SERVICES)**

**Mrs. Onyango** (50 years), is the Senior Deputy Director Curriculum and Research Services.

**Qualifications:** Masters Degree in Curriculum Studies from University of Nairobi; Bachelor of Education Degree from Kenyatta University; Certificate in Education Planning from the International Institute of Education (IIEP-UNESCO).

She is currently undertaking a PhD degree in Curriculum Development at Moi University.

She is a member of Kenya Institute of Management and Forum for African Women in Education, Kenya (FAWEK).

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**KICD Management Ethnic Distribution**

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1.	EMBU	0	2	2	6.45
2.	KAMBA	2	0	2	6.45
3.	KIKUYU	4	11	15	48.39
4.	KISII	1	0	1	3.23
5.	LUHYA	1	0	1	3.23
6.	LUO	3	2	5	16.13
7.	MERU	2	3	5	16.13
	<b>TOTAL</b>	<b>13</b>	<b>18</b>	<b>31</b>	<b>100</b>

**KICD Other Staff Ethnic Distribution**

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1.	ASIAN	0	1	1	0.27
2.	EMBU	2	8	10	2.7
3.	KALENJIN	10	6	16	4.32
4.	KAMBA	23	18	41	11.08
5.	KIKUYU	53	88	141	38.11
6.	KISII	16	8	24	6.49
7.	LUHYA	28	23	51	13.78
8.	LUO	32	18	50	13.51
9.	MAASAI	1	0	1	0.27
10.	MERU	14	12	26	7.03
11.	SOMALI	4	0	4	1.08
12.	TAITA	3	2	5	1.35
	<b>TOTAL</b>	<b>186</b>	<b>184</b>	<b>370</b>	<b>100</b>

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**IV. CHAIRPERSON'S STATEMENT**

The Kenya Institute of Curriculum Development in its endeavor to fulfil its mandate under the leadership of the Council, has made tremendous achievements in the Financial Year 2017/2018. The Institute has put a lot of effort in the curriculum reforms activities in collaboration with the Ministry of Education and other stakeholders. To achieve this, the Basic Education Curriculum Framework was formulated to guide the curriculum reform process.

The new Competency Based Curriculum was envisaged to enable every Kenyan to become an engaged, empowered and ethical citizen. It emphasizes on the 21st century skills that will enhance graduates' capacity to acquire competences requisite for job and wealth creation. This will be achieved through nurturing every learner's potential, which is key to realization of Kenya's Vision 2030.

The financial year culminated with commencement of the Phase II National Pilot of the CBC in the 470 public and private primary schools across the country for pre-primary 1 and 2, and Grades 1 and 2. Some schools in the previous pilot were also selected for Grade 3 pilot. Thus a population of 40,205 learners were reached and also 2,000 teachers in the pilot schools trained. In the same financial year, the Institute signed a Performance Contract and achieved the set targets. The Institute continues to implement the strategic plan.

In addition, the construction of the Education Resource Centre (ERC) phase one is ongoing. The ERC is expected to help in the curriculum reform. Upon its completion, the curriculum development is set to be revolutionized in Kenya and beyond thereby pitching the Institute as a centre of excellence in curriculum development in East and Central Africa.

The Council embarked on strengthening human resource capacities by filling in various critical positions and completing the review of KICD organizational structure and staffing levels. The Council continues to support and promote professional and career growth of all staff in the Institute. In return, the the Council expects the management to be innovative and focused in enhancing team-work for better service delivery.

Finally, I wish to thank the Government of Kenya for the support it has accorded the Institute during the 2017/2018 financial year.



**Dr. Sara Ruto**

**KICD Council Chairperson**

**Date: 21<sup>st</sup> September, 2018**

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**V. REPORT FROM THE CHIEF EXECUTIVE OFFICER**

The Kenya Institute of Curriculum Development (KICD) is a service delivery State Corporation charged with the critical mandate of developing curricula and curriculum support materials for all levels of education below the university. The Institute relies on the Government grant to support its activities. The grant is mostly used to cater for staff salaries and to undertake core activities.

In the 2017/2018 financial year, the Institute embarked on the curriculum reform activities. The Institute in liaison with Ministry of Education developed the Curriculum Policy, a guiding document for the envisaged reform activities. A Needs Assessment Study for Early Childhood Education, Primary Education, Special Needs Education and Secondary Education was carried out. A comprehensive Basic Education Curriculum Framework was developed to provide guidance on the principles governing the curriculum reforms, as well as the learning areas for different levels. Subsequently, the scope and sequence charts and curriculum designs for Early Years Education were developed.

In the same financial year, the Institute launched the Phase II National Pilot of the Early Years Education curriculum in Pre- Primary 1 and 2, and Grades 1 and 2. Some schools were also selected for Grade 3 pilot. For effective implementation of the pilot, the Institute carried out training of Head teachers, Curriculum Support Officers and teachers in 470 selected pilot schools for the Competency Based Curriculum. Curriculum support materials (teachers guides, pupils work books and handbooks) were also developed in order to support the implementation process. Additionally, Radio and Television (TV) programmes, as well as digital content was developed in the various subjects and installed in the digital devices received by schools for the digital literacy programme.

A monitoring and mentorship programme was undertaken within the pilot period. The exercise was undertaken by the Curriculum Support Officers under the supervision of KICD staff to ensure that teachers are supported in areas where they required help. The Institute further developed monitoring tools that were used by the teachers and Curriculum Support Officers to gather information that could help in improving the curriculum designs, and also inform the preparation for the continuation of the pilot phase for the third term. The Research Monitoring and Evaluation team carried out a mid-evaluation of the pilot. The main purpose of this exercise was to find out how the teachers were relating with the new curriculum and to gauge the extent to which the gains envisaged by the Competency Based Curriculum were being met.

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The Institute collaborated and partnered with various institutions and organizations, which play a critical role in the curriculum reform process by providing both technical and financial assistance. These included UNESCO, UNICEF and World Bank.

During the same period the Institute was actively involved in the Digital Literacy Programme (DLP). Curriculum for teachers on ICT integration in teaching and learning was developed and is still being used to train teachers. The Institute packaged the standard 1 and 2 digital content in the HTML format so that it can be universally used in different devices for teaching and learning. The digital content was installed in the learners' and teachers' tablets and piloted in 150 schools; 3 schools per county and special needs institutions. The digital content was also adapted for children with special needs. The Institute has been involved in capacity building of teachers to be able to utilise the acquired ICT knowledge in the delivery of learning in various subjects.



**Julius O. Jwan, PhD, MBS**  
**Director/Chief Executive Officer**  
**Date 21<sup>st</sup> September, 2018**

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**VI. CORPORATE GOVERNANCE STATEMENT**

Good corporate governance is integral in enabling the Institute to interact with both internal and external stakeholders. Corporate governance entails the systems, processes and structures used to direct and manage the affairs of the Institute and delineate the respective roles of the Council and management and the framework of internal controls. The Council and the management regard good corporate governance as pivotal to the success of the Institute, and is committed to ensuring there is strict adherence to these processes.

The Institute achieves good corporate governance by using a risk-based approach to establish a system of internal controls and by reviewing the effectiveness of the system on a regular basis. The Kenya Institute of Curriculum Development has formulated and implemented sound internal corporate governance guidelines, which spell out the responsibilities of management and the Council.

The Council has established Committees to assist in the implementation of its policy guidelines and strategy. These Committees meet regularly and are chaired by non-executive Council members. The Committees submit their report to the full Council for adoption and approval. All the non-executive Council members are independent of management and free from any business or other relationship, which may materially interfere with the exercise of their judgment.

The Council meets regularly and has a formal schedule of its matters. Currently, the Council comprises of nine (9) non-executive members and the KICD Director/Chief Executive Officer. The full Council meets at least four times in a year.

**VII. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A: OPERATIONAL AND FINANCIAL PERFORMANCE**

The Kenya Institute of Curriculum Development (KICD) is a service delivery State Corporation charged with the critical mandate of developing curricula and curriculum support material. The Institute heavily relies on the Government grant to support its activities. The grant is mostly used to cater for staff salaries and undertake core activities. The provision has been decreasing in recent years making it impossible to undertake all the major activities, some of which are core. The enactment of the Kenya Institute of Curriculum Development Act No. 4 of 2013 gave authority to the Institute to engage in Income generating activities in a bid to supplement the grant. The amount of income to be generated cannot be predetermined and this has made it difficult to plan and offer better services.

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With regard to performing its core mandate of curriculum development, the Institute developed curricula and curriculum support materials (print and electronic). The curricula developed were based on client needs. The curriculum support materials were radio lessons, television programmes, digital content and handbooks in different subjects. During this period, the Institute orientated teachers in different counties on the issues of curriculum implementation. The Institute also carried out curriculum-based research in various areas.

In addition, the Institute embarked on the curriculum reform activities and in liaison with Ministry of Education developed the Curriculum Policy which would be the guiding document for the envisaged curriculum reform activities. The Institute carried out a Needs Assessment Study for Early Childhood Education, Primary Education, Special Needs Education and Secondary Education. A comprehensive Basic Education Curriculum Framework was developed to provide guidance on the principles governing the curriculum reform as well as the learning areas for different levels.

Subsequently, the scope and sequence charts and curriculum designs for Early Years Education have been developed by the KICD subject panels. The Institute also launched the pilot of the Early Years Education curriculum in Pre- Primary 1 and 2, and Grades 1 and 2. For effective implementation of the pilot, the Institute carried out training of Head teachers, Curriculum Support Officers and teachers in 470 selected pilot schools. The training was on the Competency Based Curriculum. Curriculum support materials (teacher's guides, pupil's work books and handbooks) were developed in order to support the implementation process. Further, Radio and Television (TV) programmes as well as digital content were developed in the various subjects and installed in the digital devices that the schools have received for the digital literacy programme.

A monitoring and mentorship programme was undertaken within the pilot of the curriculum. This was undertaken by the Curriculum Support Officers under the supervision of KICD staff to ensure that the teachers are supported in areas where they required help. The Institute further developed monitoring tools that were used by the teachers and Curriculum Support Officers to gather information that could help in improving the curriculum designs, and also inform the preparation for the continuation of the pilot phase for term three. The Research

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Monitoring and Evaluation team carried out a mid-evaluation of the pilot. The main purpose of this exercise was to find out how the teachers are relating with the new curriculum and to gauge whether the gains envisaged by the Competency Based Curriculum are being realized.

The Institute has created collaboration and partnership with various institutions and organizations which have played a critical role in the curriculum reform process by providing both technical and financial assistance. These include UNESCO, UNICEF, Aga-Khan Foundation, Educate, Canadian Embassy, Korean Embassy, National Aids Control Council and the Anti-FGM Board

During the same period, the Institute was actively involved in the Digital Literacy Programme (DLP). A curriculum for teachers on integration of ICT was developed and it is being used to train teachers. The Institute packaged the standard 1 and 2 digital content in the HTML format so that it can be universally used in different devices for learning. The digital content was installed in the learners' and teachers' tablets which were piloted in 150 schools, 3 schools per county and special needs institutions. The digital content was also adapted for learners with special needs. The Institute has been involved in capacity building of teachers to enable them utilise ICT in the delivery of learning in various subjects.

During the year, the Institute was appointed by the Ministry of Education to coordinate the distribution of text books to all primary and secondary schools. The distribution of the said books is approximately at 80% for phase 1. The Institute received a grant of KShs **8,137,752,861.65** during the financial year.

During this financial year, the Institute received transfers from the ministry of education as follows;

<b>Type of grant</b>	<b>2018 Ksh</b>	<b>2017 Ksh</b>
Operational grant- Normal	<b>803,358,540</b>	<b>803,724,600</b>
Operational Grant- Curriculum Reform	<b>265,000,000</b>	<b>284,010,718.70</b>
Development Grant	<b>58,000,000</b>	<b>232,000,000</b>

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During the financial year, the Institute internally raised revenue as follows:

<b>Type of revenue</b>	<b>2018 Ksh</b>	<b>2017 Ksh</b>
A in A	<b>448,568,950</b>	<b>209,025,985</b>

A-in- A increased by 13.5% compared to the same quarter last financial year.

**SECTION B: COMPLIANCE WITH STATUTORY REQUIREMENTS**

During the financial year the Institute complied with all the statutory requirements which included tax compliance, pension deduction and remittance, medical deductions among others.

**SECTION C: KEY PROJECTS AND INVESTMENT DECISIONS THE ENTITY IS  
PLANNING/IMPLEMENTING**

During the financial year, the Institute has been carrying out one Capital project, namely, Educational Resource Centre, which is solely funded by the Government of Kenya and is at phase 1.

**SECTION D: MAJOR RISKS FACING THE ENTITY**

The Institute is in the process of developing Risk Framework Policy to be followed in its operations.

**VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

The Kenya Institute of Curriculum Development undertakes Corporate Social Responsibility (CSR) in order to enhance mutual relationship with stakeholders and the public by being involved in various community activities. This is geared towards appreciation of the community.

Over the years, KICD has endeavoured to partner with stakeholders to champion a cause that is likely to have a positive impact in the society.

During the 2017/2018 financial year, the Institute participated in the Mater Hospital Heart Run and gave a cash donation worth Kshs. 100,000.

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As a Silver sponsor, the Institute's corporate image was enhanced by having its name featured in selected advertisements and having its banners at the event site. Besides, the KICD team created awareness about the mandate of the Institute by interacting with various participants from the public and private sector. Those who participated in the event, among them teachers, students, corporate bodies and other Kenyans shared information on the Competency Based Curriculum with the team.

The Institute was issued with a certificate of appreciation as evidence of participation at the event, which happened on May 26<sup>th</sup>, 2018.

**IX. STATEMENT OF COUNCIL'S RESPONSIBILITIES**

Section 14 of the State Corporations Act requires the Institute to prepare financial statements in respect of the Institute, which give a true and fair view of the state of affairs of the Institute at the end of the year, and the operating results of the Institute for that year. The Council is also required to ensure that the Institute keeps proper accounting records which disclose, with reasonable accuracy the financial position of the Institute. The Council is also responsible for safeguarding the assets of the Institute.

The Council is therefore, responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the year ended June 30<sup>th</sup>, 2018. 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 Institute;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Institute;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable under circumstances.

The Council accepts responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting

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Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council is of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30th, 2018, and of the Institute's financial position as at that date. The Council further confirms the completeness of the accounting records maintained by the Institute, which have been relied upon in the preparation of the Institute's financial statements, as well as the adequacy of the systems of internal financial controls.

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

**Approval of the financial statements**

The draft annual Report and financial statements for the year ended 30th June, 2018 were presented to the Council and approved during the meeting held on 21<sup>st</sup> September, 2018.

**Dr. Sara Ruto  
Chairperson**

  
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Signature

**21<sup>st</sup> September, 2018**

**Dr. Nicholas Letting'  
Member**

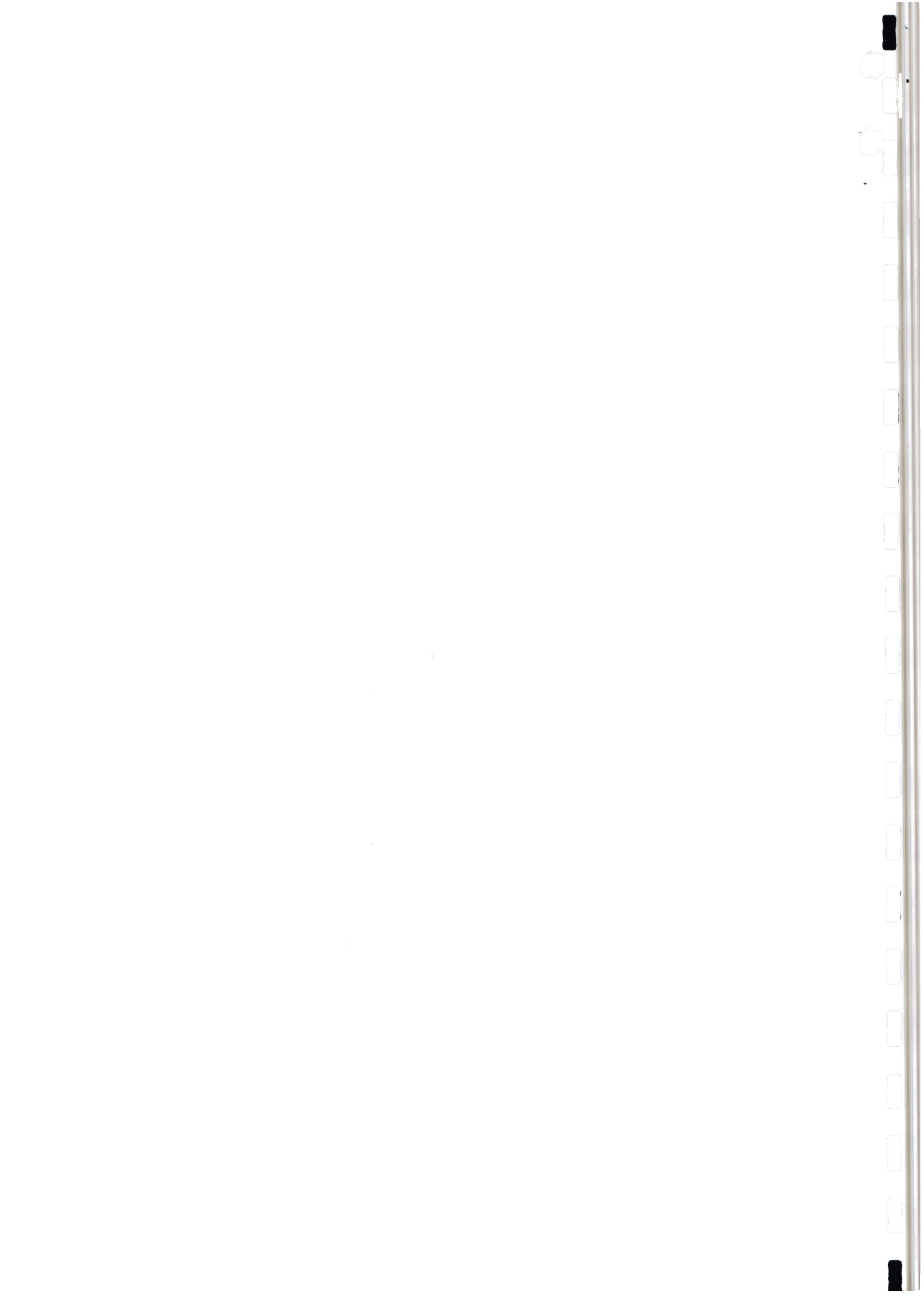
  
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Signature

**21<sup>st</sup> September, 2018**

**Dr. Julius O. Jwan  
Director/Chief Executive Officer**

  
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Signature

**21<sup>st</sup> September, 2018**



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### DRAFT REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF CURRICULUM DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Opinion

I have audited the accompanying financial statements of Kenya Institute of Curriculum Development set out on pages 26 to 52, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of cash flows, statement of changes in net assets and 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 Institute of Curriculum Development as at 30 June 2018 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Institute of Curriculum Development Act, 2013.

##### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Institute of Curriculum Development in accordance with ISSAI 30 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 judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other Key Audit Matters to communicate in my report.

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*Report of the Auditor-General on the Financial Statements of Kenya Institute of Curriculum Development for the Year Ended 30 June 2018*

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

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

### **Basis for Conclusion**

#### **Diversity in Employment of Staff**

A review of the Institute staff data as at 30 June 2018 revealed that one ethnic community accounted for 48.3% of the senior management and 38.11% of the other staff as was the case in the previous year. This is contrary to paragraph 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from same ethnic community. The Institute has failed to improve the ethnic balance as similar percentages remain relatively un-changed compared to last years. The Institute is therefore in breach of the law.

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

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

### **Conclusion**

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

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 Those Charged with Governance**

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

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 policies and procedures may deteriorate.

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

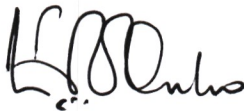
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

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

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

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

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



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**16 April 2019**

**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT  
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**IX. STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June, 2018**

	Note	2018 KSH '000'	2017 KSH '000'
<b>Revenue from non-exchange transactions</b>			
Funding from donors/partners	3	4,345,564	487,900
Transfers from other Governments	4	<u>803,358</u>	<u>803,725</u>
		<b>5,148,922</b>	<b>1,291,625</b>
<b>Revenue from exchange transactions</b>			
Net surplus from NRC	5	55,642	94,358
Rental revenue from staff quarters	6	100	788
Finance income - external investments	7	307,595	50,418
Other income	8	85,396	63,462
		<u>448,733</u>	<u>209,026</u>
<b>Total revenue</b>		<b>5,597,655</b>	<b>1,500,651</b>
<b>Expenses</b>			
Employee costs	9	532,561	538,099
Expenses of the Council	10	9,919	6,357
Depreciation and amortization	11	56,194	46,246
Repairs and maintenance	12	30,480	17,081
Programme areas services	13	59,777	54,908
Donors/partners expenditure	14	4,345,564	487,900
General expenses	15	159,006	128,092
<b>Total expenses</b>		<u>5,193,501</u>	<u>1,278,683</u>
<b>(Deficit)/surplus for the period</b>		<u>404,154</u>	<u>221,968</u>

The notes set out on pages 31 to 52 form an integral part of the Financial Statements.

**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT  
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**X. STATEMENT OF FINANCIAL POSITION  
As at 30 June, 2018**

<b>Assets</b>		<b>2018</b>	<b>2017</b>
<b>Current assets</b>		<b>KSH '000'</b>	<b>KSH '000'</b>
Cash and cash equivalents	16	5,746,750	1,108,419
Receivables from exchange transactions	17	45,035	86,554
Inventories	18	59,224	51,511
		<b>5,851,009</b>	<b>1,246,484</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	2,116,435	1,963,645
Intangible assets	20	7,870	-
		<b>2,124,305</b>	<b>1,963,645</b>
<b>Total assets</b>		<b>7,975,314</b>	<b>3,210,129</b>
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	103,114	129,674
Refundable deposits from customers	22	972	11,156
Deferred income – donors/partners	23	4,665,474	360,692
<b>Total liabilities</b>		<b>4,769,560</b>	<b>501,521</b>
<b>Net assets</b>			
Capital reserves	24	2,041,977	1,948,985
Accumulated surplus	25	1,163,777	759,623
		<b>3,205,754</b>	<b>2,708,608</b>
<b>Total net assets and liabilities</b>		<b>7,975,314</b>	<b>3,210,129</b>

The Financial Statements set out on pages 26 to 52 were signed on behalf of the Council by:

**Dr. Sara Ruto**  
Chairperson

  
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Signature

**21<sup>st</sup> September, 2018**

**Dr. Julius O. Jwan**  
Director/Chief Executive Officer

  
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Signature

**21<sup>st</sup> September, 2018**

**Solomon M. Kathuo**  
Head of Finance & Accounts

  
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Signature

**21<sup>st</sup> September, 2018**

**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT  
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**XI. STATEMENT OF CHANGES IN NET ASSETS  
For the year ended 30 June, 2018**

	Notes	Capital reserve KSH '000'	Accumulated surplus Restated KSH '000'	Total KSH '000'
<b>Balance as at 30 June 2016</b>		<b>1,701,313</b>	<b>537,655</b>	<b>2,238,968</b>
Surplus/(deficit) for the period	25	-	221,968	221,968
Capital Grant- ERC		232,000	-	232,000
Development Grant- Digital Literacy Program		15,672	-	15,672
<b>Balance as at 30 June 2017</b>		<b>1,948,985</b>	<b>759,623</b>	<b>2,708,608</b>
Surplus/(deficit) for the period	25	-	404,154	404,154
Capital Grant – ERC	24	58,000	-	58,000
Development Grant-Curriculum Reform	24	34,992	-	34,992
<b>Balance as at 30 June 2018</b>		<b>2,041,977</b>	<b>1,163,777</b>	<b>3,205,754</b>

**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT  
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**XII. STATEMENT OF CASH FLOWS**  
**For the year ended 30 June, 2018**

	Note	2018	2017
		KSH '000'	KSH '000'
<b>Cashflows from Operating Activities</b>			
(Deficit)/surplus for the year		404,154	221,968
Add back Depreciation- Note 11	11	56,194	53,596
less: loss on Translation foreign Exchange	15	99	257
<b>Operating surplus before working capital changes</b>		<b>460,447</b>	<b>275,312</b>
<b>Working Capital Adjustments</b>			
Decrease/ (Inc) in Receivables	17	41,519	330,939
Increase/(Decrease) in Deferred Income	23	4,304,782	(601)
(Decrease)/Increase in Payables	21	(26,559)	(169,810)
Decrease in refundable deposits from customers		(10,184)	(31,647)
Decrease/(Increase) in Inventory	22	(7,714)	(1,159)
<b>Net cashflows from operating activities</b>		<b>4,301,844</b>	<b>127,725</b>
<b>Cashflow from Investing Activities</b>			
Work in Progress (ERC)	19	(145,497)	(194,605)
Purchase of property, Plant and Equipment	19	(71,454)	(70,033)
Proceeds from Disposal of Property plant & Equipment		-	257
<b>Net Cashflows from investing activities</b>		<b>(216,951)</b>	<b>(264,387)</b>
<b>Cash from Financing Activities</b>			
Development Grant for ERC		58,000	232,000
Assets Financed from Reform grant		34,992	15,673
<b>Net Cashflows from Financing Activities</b>		<b>92,992</b>	<b>247,673</b>
<b>Net Increase</b>		<b>4,638,331</b>	<b>386,320</b>
Cash and cash equivalents at the beginning of the Year		1,108,419	722,099
<b>Cash and cash equivalents at the end of the year</b>		<b>5,746,750</b>	<b>1,108,419</b>

**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT  
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**XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage Variance
	2017- 2018	2017-2018	2017-2018	2017-2018	2017-2018	
	KSH '000'	KSH '000'	KSH '000'	KSH '000'	KSH '000'	
<b>Revenue</b>						
Funding from donors/partners	8,650,188	-	8,650,188	4,345,564	(4,304,624)	(50)%
Government grants and subsidies	803,359	-	803,359	803,359	-	0%
Income Generating Activities	<u>160,000</u>	-	<u>160,000</u>	<u>448,733</u>	<u>288,733</u>	180%
<b>Total income</b>	<b>9,613,546</b>	<b>-</b>	<b>9,613,546</b>	<b>5,597,656</b>	<b>(4,015,891)</b>	
<b>Expenses</b>						
Compensation of employees	616,000	-	616,000	532,561	83,439	14%
Expenses of the Council	10,000	-	10,000	9,919	81	1%
Depreciation and amortization	50,000	-	50,000	56,194	(6,194)	(12)%
Repair and maintenance	31,000	-	31,000	30,480	520	2%
Programme areas	91,000	-	91,000	59,777	31,223	34%
Donor expenditure	8,650,188	-	8,650,188	4,345,564	4,304,624	50%
General expenses	161,300	-	161,300	159,006	2,294	1%
<b>Total expenditure</b>	<b>9,609,488</b>	<b>-</b>	<b>9,609,488</b>	<b>5,193,501</b>	<b>4,415,986</b>	
<b>Surplus for the period</b>	<b>4,058</b>	<b>-</b>	<b>4,058</b>	<b>404,154</b>	<b>400,096</b>	

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**Budget notes**

- i)* The performance on (donor funded activities) distribution of primary and secondary school books depended on delivery of the books to schools, presentation of claims by the suppliers and verification by the independent verifier.
- ii)* Income Generating Activities- the variance is due to windfall income from short term investment of donor funds.
- iii)* Compensation to employees- the variance is due to vacant post and retirement of staff.
- iv)* Depreciation and Amortisation – The variance is due to acquisition of property plant and equipment from the donor funded project that is curriculum reform.
- v)* Programme areas – the variance is due to the development and implementation of competency-based curriculum (CBC) as more human resource and time was needed for the Competence Based Curriculum thus the programme areas was not implemented as planned.
- vi)* Donor expenditure – the variance is due to the fact that the performance on (donor funded activities) distribution of primary and secondary school books depended on delivery of books to schools, presentation of claims by the suppliers and verification by the independent verifier.

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**XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**1. Statement of compliance and basis of preparation**

The Institute's financial statements have been prepared in accordance and compliance to International Public Sector Accounting Standards (IPSAS), Public Finance Management Act, 2012 and State Corporations Act CAP 446. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Institute and all values are rounded to the nearest thousand (KSH 000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

**2. 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 Institute and can be measured reliably.

**ii) Revenue from exchange transactions**

***Rendering of services***

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the

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

***Income from NRC***

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

***Interest income***

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

**b) Budget information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Institute. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Institute differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**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 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.

**d) 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.

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**1. Depreciation**

Depreciation is calculated using the straight line method to write down the cost or the valued amount of each asset to its residual value over its estimated useful life using the following annual rates. Work-in-progress is not subjected to depreciation.

<b>Asset</b>	<b>Depreciation Rate (%)</b>
Buildings	2.5%
Motor Vehicles	25%
Furniture and Fittings	20%
Computers and Printers	30%
Studio Equipment	5%
Digital Equipment	10%
Hotel Equipment	10%
Tools and Equipment	20%
Office Equipment	20%
Printing Machinery	5%
Generators	10%

**Amortization**

Amortisation is calculated using straight-line method to write down the cost of each licence or item of software to its residual value over its estimated useful life using an annual rate of 30%.

**a) Nature and purpose of reserves**

The Institute creates and maintains reserves in terms of specific requirements. The Institute maintains revenue reserve and capital reserves. The revenue reserves are made up of the accumulated surpluses and deficits carried forward over the period of time. The revenue reserves consists of development grant received for the construction of Education Resource Centre and the valuation amounts of fixed assets when the Institute valued the assets in 2011.

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

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

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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.

**e) Provisions**

Provisions are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The Institute effects specific and general provisions on doubtful debts. A specific provision for bad debts shall be made when the debtor is deceased, declared bankrupt, cannot be traced debtors or if the debt is outstanding for more than two years. A general provision of 5% of the remaining debtors shall be made.

**f) Inventories**

Inventories (curricula and curriculum support materials) are measured at Current replacement cost as they are held for distribution to the learning institutions at a nominal charge.

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**c) Employee benefits**

**Retirement benefit plan**

The Institute provides Defined contribution retirement benefits plan for its employees. This is a post-employment benefit plan under which the Institute pays fixed contributions into a separate entity (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 Institute and the employees contribute 20% and 10% of the basic pay respectively. It also contributes to the statutory National Social Security Fund (NSSF) whose rates are determined by Kenyan statutes. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**d) Gratuity**

Entitlements to gratuity are recognized when they accrue to qualifying employees at 31 % of the basic pay.

**e) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Closing balance of bank account held in foreign currency is reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the translation of the closing bank balance at rates different from those at which transactions were initially recorded during the period, is recognized as income or expense in the period in which they arise.

**f) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash book balances, 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.

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**Notes to the Financial Statements (continued)**

**g) Comparative figures**

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

**h) Significant judgments and sources of estimation uncertainty**

The preparation of the Institute's financial statements in conformity with IPSAS requires the Institute's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and 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 Institute based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Institute. Such changes are reflected in the assumptions when they occur( IPSAS 1.140)

**Useful lives and residual values**

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

- i) the condition of the asset based on the assessment of experts employed by the Institute;

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**4. Transfers from Government**

	2018 KSH '000'	2017 KSH '000'
<b>Unconditional grants</b>		
Operational grant	803,358	803,725
<b>Total government grants and subsidies</b>	<b>803,358</b>	<b>803,725</b>

**5. Segment Information**

The Institute operates National Resource Centre (NRC) to generate income. Income from NRC operations in the Statement of Financial Performance were arrived as follows:

**Revenues**

Accommodation	39,138	77,818
Hiring	1,624	2,616
Food and Beverages	114,703	197,405
Business Centre	343	800
Other Incomes	2,384	143
	<b>158,192</b>	<b>278,782</b>

**Less. Expenditure**

Staff Cost	17,365	16,788
Administration Expenses	7,949	9,646
Operating Expenses	73,644	148,021
Provision for bad debts	-	8,716
Depreciation charge	11,454	7,350
<b>Total Operating Expenses</b>	<b>110,412</b>	<b>190,521</b>

**Operating Surplus**

Interest Income	7,862	6,097
<b>Net Income</b>	<b>55,642</b>	<b>94,358</b>

**6. Rental Revenue from Staff Quarters**

Rent receipts	100	787
<b>Total rentals</b>	<b>100</b>	<b>787</b>

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- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- iii) The nature of the processes in which the asset is deployed;
- iv) Availability of funding to replace the asset; and
- v) Changes in the market in relation to the asset.

**i) 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<sup>th</sup>, 2018.

**3. Funding from Donors/Partners**

	<b>2018</b>	<b>2017</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
MoE/Partners of Curriculum Reform	265,000	284,011
MoE - Digital Literacy Programme	-	-
Kenya Future Leaders	110,266	-
SEQIP (Secondary Quality Impr. Programme)	138,000	-
MoE Text Books	8,137,753	-
Other Donors/Partners	7,158	26,248
<b>Total Funding from Donors/Partners</b>	<b>8,658,177</b>	<b>310,259</b>

**Reconciliation of public contributions and donations**

<b>Balance unspent at beginning of year</b>	352,861	530,502
Current year receipts	8,658,177	310,259
Conditions met - transferred to revenue	(4,345,564)	(487,900)
<b>Conditions to be met - remain liabilities</b>	<b>4,665,474</b>	<b>352,861</b>

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	2018	2017
	KSH '000'	KSH '000'
<b>7. Finance Income - External Investments</b>		
Interest on Fixed Deposit Receipts	247,547	44,592
Interest on Call and Current Account	60,048	5,826
<b>Total finance income - external investments</b>	<b>307,595</b>	<b>50,418</b>
<b>8. Other Income</b>		
Sale of Curriculum Support Materials	69,496	43,220
Royalties	671	933
Printing/Photocopying Services	2,018	13,269
Miscellaneous Revenue	317	436
Consultancy	12,701	5,092
Gain from Foreign Exchange/Disposal	-	320
Decrease in Provision for Doubtful Debts	193	192
<b>Total Other Income</b>	<b>85,396</b>	<b>63,462</b>
<b>9. Employee Costs</b>		
Employee related costs - salaries and wages	312,060	311,372
Employee related costs - contributions to pensions	60,912	60,808
Medical Cover	28,354	34,907
Commuter Allowances	28,197	28,805
Leave Allowances	2,372	2,639
Housing Benefits and Allowances	94,977	95,757
Ex-gratia	1,071	292
Gratuity	1,339	1,287
Travelling Expenses	3,279	2,232
<b>Employee costs</b>	<b>532,561</b>	<b>538,099</b>
<b>10. Expenses of the Council</b>		
Honoraria	960	720
Sitting Allowance	8,235	4,650
Travel and Accommodation	664	957
Airtime	60	30
<b>Total Councils' Remuneration</b>	<b>9,919</b>	<b>6,357</b>

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**11. Depreciation and Amortization**

	<b>2018</b>	<b>2017</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
Property, plant and equipment	64,275	53,032
Intangible assets	3,373	564
<b>Total depreciation and amortization</b>	<b>67,648</b>	<b>53,596</b>
Property, plant and equipment- Accounted under note 5	(11,454)	(7,350)
<b>Depreciation and amortization for KICD</b>	<b>56,194</b>	<b>46,246</b>

**12. Repairs and Maintenance**

Property	15,294	4,419
Equipment	11,007	9,105
Vehicles	4,179	3,557
<b>Total repairs and maintenance</b>	<b>30,480</b>	<b>17,081</b>

**13. Programme Areas Services**

Basic Education	8,356	991
Corporate Communication	1,173	3,767
Technical, Vocational, Entrepreneurship Training	2,309	1,792
Educational Resources	1,720	3,630
Electronic and Emerging Media	14,536	9,899
Text Book Evaluation	30,420	31,696
Research Monitoring and Evaluation	1,263	3,133
<b>Total Programme Areas Services</b>	<b>59,777</b>	<b>54,908</b>

**14. Donors/Partners Expenditure**

MoE -Curriculum Reform	289,216	314,598
MoE -Digital Literacy Program	71,911	127,002
SEQIP	53,491	-
MoE Text Books	3,864,932	-
Kenya Future Leaders(G-United)	57,422	28,929
Other Donors/ Partners' Expenses	8,592	17,371
<b>Total Donors/Partners Expenditure</b>	<b>4,345,564</b>	<b>487,900</b>

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<b>15. General Expenses</b>	<b>2018 KSH '000'</b>	<b>2017 KSH '000'</b>
Advertising	1,905	1,001
Admin Expenses	21,005	14,503
Audit Fees	928	928
Computer Expenses and Software Licence	18,218	14,449
Loss on Translation of Foreign Exchange	99	
Library Expenses	270	270
Electricity	7,215	5,779
Fuel and Oil	8,118	8,267
Insurance	2,691	2,958
Legal Expenses	2,578	-
Corporate Social Responsibility	350	149
Fungicides	1,675	98
Water	60	35
Postage	223	28
Printing and Stationery	10,114	7,368
Schools Broadcast	50,460	42,543
Maintenance of VCT Services	930	803
Artists' Fees	298	730
KICD Broadcasting Channel	16,199	13,051
Purchase of Supplies for Production	4,670	1,030
Bank Charges	731	401
Telecommunication	2,903	3,053
Training	5,153	7,497
Others	2,211	3,151
<b>Total General Expenses</b>	<b>159,006</b>	<b>128,092</b>

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**16. Cash and Cash Equivalents**

		2018	2017
Financial institution	Account number	KSH.	KSH.
		'000'	'000'
<b>a) Current account</b>			
Kenya Commercial Bank	1109284373	306,982	82,919
Kenya Commercial Bank	1109287607	69,398	57,873
Co-operative Bank	01136069386401	101,355	100,133
Co-operative Bank	01136069386402	119,032	56,329
Co-operative Bank	01136069386405	4,831	3,379
Co-operative Bank	02120069386400	3,774	3,339
Co-operative Bank	01136069386403	1,686	1,690
Equity Bank	0910299125863	1,041	1,041
National Bank of Kenya	01071205024200	137,999	82,919
<b>Sub- total</b>		<b>746,098</b>	<b>306,703</b>
<b>b) On - call deposits</b>			
Kenya Commercial Bank	1109284373	2,005,063	400,814
Co-operative Bank	01150069386400/1	2,995,077	400,326
<b>Sub-total</b>		<b>5,000,140</b>	<b>801,140</b>
<b>c) Others(specify)</b>			
cash in hand		167	230
M-pesa	341600	72	72
Equity Agency		274	274
<b>Subtotal</b>		<b>513</b>	<b>576</b>
<b>Grand total</b>		<b>5,746,750</b>	<b>1,108,419</b>

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**17. Receivables from Exchange and Non-exchange Transactions**

	<b>2018</b>	<b>2017</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
<b>Current receivables</b>		
Exchange Debtors	32,250	59,558
Non-exchange Debtors	-	220
Staff Imprest	1,535	802
Staff Advances	-	8
Bank Guarantee	5,522	5,522
Prepayments	5,855	12,641
Deposits	374	474
Deposit with Continental Credit Bank	4,923	4,923
Deposit with Bank Indosuez	120	120
Less: Provision for doubtful debts ( <b>note 27</b> )	(5,043)	(5,043)
Donor Receivables	-	7,831
<b>Less: Provisions for doubtful debts</b>	<b>(501)</b>	<b>(502)</b>
<b>Total current receivables</b>	<b>45,035</b>	<b>86,554</b>

**18. Inventories**

Technical stores	17,094	12,790
Bookshop stores	32,297	29,550
Main stores	9,833	9,171
	<b>59,224</b>	<b>51,511</b>

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**19. Property, Plant and Equipment**

	LAND	BUILDING	FURN & FITTINGS	MOTOR VEHICLES	COMPUTERS	STUDIO EQUIP	DIGITAL EQUIP	HOTEL EQUIP	TOOLS & EQUIP	OFFICE EQUIP	PRINTING MACHINE	GENERATORS	WIP	TOTAL
	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000
<b>COST 2016/2017</b>														
As at 1st July 2016	416,000	469,225	32,938	54,100	55,764	165,899	22,321	28,086	12,176	7,930	103,068	9,765	649,482	2,026,755
Disposal	-	-	-	550	-	-	-	-	-	-	-	-	-	550
Additions	-	8,170	791	33,101	16,179	190	5,762	5,822	-	19	-	-	194,605	264,639
As at 30th June 2017	416,000	477,395	33,729	86,651	71,943	166,089	28,083	33,909	12,176	7,950	103,068	9,765	844,087	2,290,843
As at 1st July 2016	-	56,176	25,326	49,662	51,454	30,750	5,966	7,565	10,828	6,771	25,337	4,883	-	274,716
Disposal	-	-	-	550	-	-	-	-	-	-	-	-	-	550
Deprec charge	-	11,935	3,042	10,494	6,036	8,304	2,658	3,391	494	547	5,153	977	-	53,032
Acc. Depreciation	-	68,111	28,368	59,606	57,490	39,054	8,624	10,956	11,322	7,318	30,490	5,859	-	327,198
<b>COST 2017/2018</b>														
As at 30th June 2017	416,000	409,284	5,361	27,044	14,453	127,035	19,459	22,953	854	632	72,578	3,906	844,087	1,963,645
As at 1st July 2017	416,000	477,395	33,729	86,651	71,943	166,089	28,083	33,909	12,176	7,950	103,068	9,765	844,087	2,290,843
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	6,430	13,823	21,812	9,273	-	12,609	3,859	3,721	40	-	-	145,497	217,065
As at 30th June 2018	416,000	483,825	47,551	108,462	81,216	166,089	40,692	37,769	15,897	7,990	103,068	9,765	989,584	2,507,908
As at 1st July 2017	68,111	28,368	59,606	57,490	39,054	8,624	10,956	11,322	7,318	30,490	5,859	-	327,198	68,111
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deprec. charge	-	12,096	5,380	15,997	7,304	8,304	4,069	3,780	744	524	5,155	977	-	64,275
Acc. Depreciation	-	80,206	33,748	75,553	64,794	47,359	12,693	14,733	12,066	7,842	35,644	6,836	-	391,473
As at 30th June 2018	416,000	403,618	12,803	32,909	16,422	118,730	27,999	23,035	3,831	148	67,424	2,930	989,584	2,116,435
As at 30th June 2017	416,000	409,284	5,361	27,044	14,453	127,035	19,459	22,953	854	632	72,578	3,906	844,087	1,963,645

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**20. Intangible Assets - Software**

	KSH '000'
<b>Cost 2015/2016</b>	
As at 1 July 2015	12,247
Additions	-
<b>As at 30 June 2016</b>	<b>12,247</b>
<b>Amortization and impairment 2016/2017</b>	
As at 1 July 2016	11,683
Amortization	564
<b>As at 30 June 2017</b>	<b>12,247</b>
 <b>Net book value as at 30 June 2017</b>	 -
<b>Cost 2016/2017</b>	
As at 1 July 2017	12,247
Additions	11,243
<b>As at 30 June 2018</b>	<b>23,490</b>
<b>Amortization and impairment 2017/2018</b>	
As at 1 July 2017	12,247
Amortization during the year	3,373
<b>As at 30 June 2018</b>	<b>15,620</b>
 <b>Net book values as at 30 June 2017</b>	 <u><u>7,870</u></u>

**21. Trade and Other Payables from Exchange and Non-exchange Transactions**

	2018 KSH '000'	2017 KSH '000'
Trade Payables from Exchange Transactions	50,920	69,272
Retention	43,765	43,138
Provision for Gratuity	4,460	3,120
Provision for Salaries	-	2,774
Third-party Payments	1,958	9,358
Continental Credit Bank (under Receivership)	2,011	2,011
<b>Total payables from Exchange Transactions</b>	<u><u>103,114</u></u>	<u><u>129,674</u></u>

The amount of **KSHS 2,011,474** owing to Continental Credit bank was an overdraft on KICD current account held with the bank which went into receivership in the 1980's.

The retention of **KSH 43,764,917** is due to; Dinesh construction Co. for the construction of Educational Resource Centre Kshs.43,027,004, Kacevo Enterprises Kshs. 76,211 Chloride Oxide ltd Kshs. 475,298, Marang Building Construction of Kshs 114,980 and Digital Vision E A Ltd of Kshs. 71,424.

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**Notes to the Financial Statements (continued)**

**22. Refundable Deposits from Customers**

	2018	2017
	KSH '000'	KSH '000'
Customer Deposits	972	11,156
<b>Total refundable deposits</b>	<b>972</b>	<b>11,156</b>

**23. Deferred Income: Donors/Partners**

MoE Curriculum Reform	120,401	144,616
MoE-Digital Literacy Program	120,056	191,967
SEQIP	84,509	-
MoE Text Books	4,272,821	-
Kenya Future Leaders	45,012	-
Donors Partners	22,675	24,109
<b>Total Deferred Income</b>	<b>4,665,474</b>	<b>360,692</b>

**24. Capital Reserve**

Opening Balance	1,948,985	1,701,313
Development Grant	58,000	232,000
Assets Capitalised	34,992	15,672
<b>Total Capital Reserve</b>	<b>2,041,977</b>	<b>1,948,985</b>

**25. Accumulated Surplus**

Opening Balance	759,623	537,655
Surplus/(Deficit) for the year	404,154	221,968
<b>Total Accumulated Surplus</b>	<b>1,163,777</b>	<b>759,623</b>

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**Notes to the Financial Statements (continued)**

**26. Related Party**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have ability to exercise control or significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The Institute does not have any associate entity and therefore does not have related party arising from its management personnel or associate or close family members. The Institute's Council comprises members drawn from Ministry of Education and National Treasury, and who have significant influence over its operating and financial decisions.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the Institute. And holds 100% of the Institute's Equity interest. The Government of Kenya can provide full guarantees to all long-term lenders of the Institute, both domestic and external. Other related parties include:

- i The National Government;
- ii Ministry of Education, State Department of Early Learning and Basic Education.

**Transactions with related parties**

	2018 KSH '000'	2017 KSH '000'
<b>a) Grants from the Government</b>		
Grants from National Govt- Recurrent	1,068,358	1,087,736
Grants from National Govt- development	58,000	232,000
Grants from National Govt- conditional grants	8,248,019	-
<b>Total</b>	<b>9,374,377</b>	<b>1,319,736</b>
<b>b) Expenses incurred on behalf of related party</b>		
Distribution of text books to Schools	3,864,932	-
Kenya Future Leaders	57,423	28,929
<b>Total</b>	<b>3,922,355</b>	<b>28,929</b>

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**Notes to the Financial Statements (continued)**

<b>c) Key management compensation</b>	<b>KSH</b>	<b>KSH</b>
	<b>'000'</b>	<b>'000'</b>
Expenses of the Board	9,919	6,357
Compensation to the CEO	5,940	5,760
Compensation to key management	10,898	10,717
<b>Total</b>	<b>26,757</b>	<b>22,834</b>

**27. Provisions for Doubtful Debts**

	<b>2018</b>	<b>2017</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
General Provisions (NRC)	1,170	2,606
Specific Provisions (NRC)	53,511	54,291
<b>Sub-total</b>	<b>54,681</b>	<b>56,897</b>
General Provisions (KICD)	501	694
Specific Provisions (KICD Bank Deposit)	*5,043	5,043
<b>Total</b>	<b>60,225</b>	<b>62,634</b>

\*The specific provision of Kshs. **5,042,864.50** comprises of deposit with Continental Credit Bank of Kshs. 4,922,864.50 and deposit with bank Indosuez of Kshs. 120,000 all under receivership. The bank went under receivership in the 1980's.

**Notes to the Financial Statements (continued)**

**28. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and the management's response that was provided to the auditor. Focal persons have been nominated to resolve the various issues as shown below. The time frame within which the issues are expected to be resolved is also indicated.

<b>Reference No. on the External Audit Report</b>	<b>Issue/Observations from Auditor</b>	<b>Management Response</b>	<b>Focal point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / not resolved)</b>	<b>Time frame: (Put a date when you expect the issue to be resolved)</b>
KICD/389/216-17/03	<b>Inclusivity (Ethnicity)</b> During the year of audit, it was noted that the entity did not adhere to Chapter 7 of the National Cohesion and Integration Act, 2008. The Management team and other staff distribution was not ethnically balanced since both categories had more than one third of its staff from the same ethnic community.	The Institute had 38% of its members of staff from one ethnic community contrary to the provisions of chapter 7 of the National Cohesion and Integration Act, 2008. This is a historical issue and it is being addressed progressively in subsequent recruitments without adversely affecting meritocracy. During the audit year, the Institute recruited staff from other ethnic groups in order to address the issue of inclusivity.	Senior Management	Not resolved	Progressively

**Chief Executive Officer.**

  
Date.....

**Chairperson of the Council.**

  
Date .....

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Notes to the Financial Statements (continued)

**APPENDIX II: Projects Implemented By Kenya Institute of Curriculum Development**

**Project**

**Status of Project Completion**

*The Education Resource Centre project is ongoing.*

	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
1	Construction of Education Resource Centre Phase 1	Ksh1.433B	ksh989,584,304.31	80	Ksh1.433B	Ksh989,584,304,31	GoK

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Notes to the Financial Statements (continued)

**APPENDIX III: Inter-Entity Transfers**

Entity Name:	Kenya Institute Of Curriculum Development		
<b>i.</b>	<b>Break down of Transfers from the State Department of Early Learning and Basic Education</b>		
<b>FY 2017/18</b>			
<b>a.</b>	<b>Recurrent Grants</b>		
	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>FY to which the amounts relate</b>
	18/09/2017	267,089,635.00	2017-2018
	08/12/2017	267,089,635.00	2017-2018
	11/04/2018	267,089,635.00	2017-2018
	09/05/2018	267,089,635.00	2017-2018
	<b>Total</b>	<b>1,068,358,540</b>	
<b>b.</b>	<b>Development Grants</b>		
	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>FY to which the amounts relate</b>
	11/12/2017	58,000,000	2017-2018
	<b>Total</b>	<b>58,000,000</b>	
<b>c.</b>	<b>Direct Payments</b>		
	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>FY to which the amounts relate</b>
	04/07/2017	49,815,625.00	2017-2018
	22/02/2018	60,450,000.00	2017-2018
	06/01/2018	4,952,509,969.00	2017-2018
	02/05/2018	55,058,082.25	2017-2018
	10/05/2018	3,130,184,810.40	2017-2018
	<b>Total</b>	<b>8,248,018,486.65</b>	
<b>d.</b>	<b>Donor Receipts</b>		
	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>FY to which the amounts relate</b>
	21/06/2018	138,000,000	2017-2018
	<b>Total</b>	<b>138,000,000</b>	

The above amounts have been communicated to and reconciled with the Ministry of Education which is the Institute's parent Ministry.

Assistant Director- Finance and Accounting

KICD

Signature 

Head of Accounting and Finance

KICD

Signature 

