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REPORT

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THE AUDITOR-GENERAL

ON

**KENYA NATIONAL COMMISSION
FOR UNESCO**

**FOR THE YEAR ENDED
30 JUNE, 2019**





United Nations
Educational, Scientific and
Cultural Organization



Kenya National
Commission for UNESCO
(KNATCOM)

KENYA NATIONAL COMMISSION FOR UNESCO

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2019

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya National Commission for UNESCO (KNATCOM) was established as a state corporation on 25th January 2013, following the enactment of the Kenya National Commission for UNESCO Act, 2013.

KNATCOM was established as a department under the Ministry of Education through a Cabinet Decision No. 170 of 1964. This establishment was subsequent to Kenya's Membership to UNESCO in April 7, 1964 as the 73rd Member and in line with UNESCO Constitution of 1945.

Over the years, KNATCOM had grown to be a Department with a massive profile that not only coordinated UNESCO's activities at the national level, but also contributed and often led initiatives of significance to Kenya's development. At the same time, KNATCOM became the point of contact and coordination for the African Union, Association for Development of Education for Africa (ADEA) and the Commonwealth. Initiatives of significance include the Education for All End of Decade Assessment, among other research undertakings that have informed policy nationally and internationally.

To enhance its efficiency and effectiveness in service delivery in line with its mandate, KNATCOM was transformed into a State Corporation from a department of the Ministry of Education on 25th January 2013 following the enactment of the Kenya National Commission for UNESCO Act 2013. This transformation was consistent with Article VII of the 1945 Constitution of UNESCO and provisions of the 1978 Charter of National Commissions for UNESCO which clearly defines the responsibilities vested in a national commission, the member state, and the conditions governing its operations.

According to the Constitution of UNESCO and the Charter of National Commissions, Members States are required to provide their national commissions with sufficient autonomy, structure, authority and resource mobilization capacity, to enable it to efficiently carry out the functions specified in the Constitution of UNESCO, the Charter for National Commissions and KNATCOM Act, 2013.

Principal Activities

KNATCOM's mission is to "promote building of peace, eradication of poverty, sustainable development and intellectual dialogue through education, sciences, culture, communication and information."

(b) Key Management

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

- Chief Executive Officer / Secretary General
- Deputy Secretary General, Corporate Affairs
- Deputy Secretary General, Technical Programmes
- Head of Programmes and Departments

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2017 and who had direct fiduciary responsibility were:

S/No	Designation	Name
1.	Chief Executive Officer/Secretary General	Dr. Evangeline Njoka
2.	Deputy Secretary General/ Corporate Support Services	Mr. David Otiato
3.	Director Social and Human Sciences Programme	Mr. Joel Ongoto
4.	Director Culture Programme	Mr. John Omare
5.	Director Communication and Information Programme	Ms. Christine Maingi
6.	Director Natural Science	Dr. Jaro Arero
7.	Director Education Programme	Ms. Mary Kangethe
8.	Manager, Human Resource	Mr. David Looremeta

(d) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements for the Commission are as follows:

- Board
- Audit and Risk Committee
- Finance and General Purpose Committee activities
- Parliamentary Committee activities
- Development Partner Oversight activities
- Other oversight activities

(e) Commission Headquarters

P.O. Box 72107- 00100
National Bank Building
Harambee Avenue
Nairobi, Kenya

(f) Commission Contacts

Telephone: (+254) 2229053/4
E-mail: sg@unesco.go.ke
Website: www.unesco.go.ke

(g) Commission Bankers

1. Kenya Commercial Bank
KICC Branch
P O Box 30081-00100
Nairobi

2. National Bank of Kenya
Harambee Avenue Branch
P O Box 72866-00200
Nairobi


(h) Independent Auditors

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

(i) Principal Legal Adviser

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

THE BOARD OF DIRECTORS

NAME	DESCRIPTION
<p>Dr. Amatsimbi Misigo (Chairman) June 24,2019- Date</p> 	<p>Date of Birth: 18th August, 1967 Chairperson: Kenya National Commission for UNESCO</p> <p>Education Background</p> <ul style="list-style-type: none"> • Dr. Misigo Amatsimbi holds BA, MA and PhD from the University of Nairobi. • He has also undertaken a number of governance courses from various institutions. <p>Work Experience</p> <ul style="list-style-type: none"> • 24 years of teaching, research, administration, consultancy and MA/PhD thesis supervision at the university level. • Member, Taskforce that drafted the National Lottery Bill, made Amendments to the Betting Lotteries and Gaming Act, CAP 131 Laws of Kenya, and prepared a draft National and Gaming Policy (2011-2012). • Board Member, Kenya National Library Service Board (2012 - 2014). • Chairperson, Governing Council (Board) of Multimedia University of Kenya (2013 - 2017). • Chairperson, Taskforce on Devolution Policy. The Taskforce was mandated to develop Kenya's national policy on devolution (2015 - 2017). • Currently serving as thematic head Conflict and Peace Studies Unit and Senior Lecturer Department of History and Archaeology, University of Nairobi.
<p>Dr. Rashid Abdi Aman, BPharm, PhD</p>	<p>Name:Dr. Rashid Abdi Aman</p>

Chairman June 24, 2016-June 23,2019



Date of Birth: 8th June, 1958

Chairperson: Kenya National Commission for UNESCO

Education Background

- Dr. Rashid holds a Bachelor of Pharmacy degree from the University of Nairobi and PhD in Pharmaceutical Chemistry from University of California (1985). He also possesses a post – doctoral Fellowship from Stanford University, USA (1985 -88)

Work Experience

- Visiting Associate Fellowship at the National Cancer Institutes of the National Institute of Health, USA – (1988 – 1990).
- Joined the National Museums in 1990 and served for 15 years in several senior positions such as Director, Deputy Director and Programmes Coordinator among others. He is a distinguished scientific researcher in many areas covering molecules and parasitology, environment and biodiversity.
- While at the Museums, he was also a Visiting Scientist at the Case Western University, USA (1990 – 1994).

Current Positions:

- Honorary. Prof in molecular genetics and genomics at Strathmore University
- Founding Director of Advanced Biotech Laboratories
- Director and Chief of Operations of African Centre for Clinical Trials
- Director of Laboratory Research and Operations Centre at Strathmore University
- Director, Centre for Drug Management and Policy
- Senior Research Affiliate, National Museums of Kenya

Dr. Rashid has served and continues to serve in various national and international committees in his (areas) of expertise.

Prof. Frederick Gravenir



Date of Birth: 10th July, 1947

Education: PhD, M.A

Work experience:

- 37 year of teaching and administration at the university level.
- Served as Dean of Faculty of Education at Maseno University College.
- Director Board of Postgraduate Studies at Kenyatta University.
- Director Advancement, Kenyatta university
- Currently serving as Deputy Vice Chancellor, Research, Innovation and Outreach, Kenyatta University.

Mr. Gabriel Mathenge






Date of Birth: 13th December, 1970

Education: M.A, Educational Administration (UoN)

Work experience:

- Over 20 years having risen from a classroom teacher to high school Principal to Senior Principal Officer.
- Currently Ag. Deputy Director in-charge of teachers' performance appraisal, performance contracting and professional development at Teachers Service Commission.

<p>Mr. Ben Khadiagala</p> 	<p>Date of Birth: 15th December, 1957</p> <p>Education: M.B.A in Finance; B.A in Political Science and Economics</p> <p>Work Experience:</p> <ul style="list-style-type: none"> • Over 30 years' experience in the civil service, rising from position of District Officer in Provincial Administration to the current position of Senior Chief Finance Officer in the State Department of Basic Education.
<p>Ms. Esther Wanjau</p> 	<p>Date of Birth: 27th April, 1965</p> <p>Education: MSc. Management & Information Systems (University of Manchester); BSc in Mathematics and Computer Science (UoN)</p> <p>Work Experience:</p> <ul style="list-style-type: none"> • Over 25 years' experience in the civil service. • Worked at National Treasury as an ICT officer then moved to the directorate of personnel management in the same capacity. • Worked in the ministry of foreign affairs and ministry of information, communication and technology as head of ICT. • Moved to the department of information in the same ministry. • Appointed as Deputy Director of Information in 2015.
<p>Mr. Wenslas S.A Onga`yo, OGW</p>	<p>Date of Birth: 2nd June, 1958</p> <p>Education: Bachelor of Arts in Political Science (UoN)</p>

	<p>Work Experience:</p> <ul style="list-style-type: none"> • The Director of Administration Ministry of Sports, Culture & Arts from 2012 to date. • Served as Regional Commissioner Upper North Eastern, Wajir from 2010 – 2012: • Appointed Regional Commissioner, Upper Eastern Region from August 2009– September 2010. <p>In August 2008 – July 2009:</p> <ol style="list-style-type: none"> 1. Deployed as Deputy Provincial Commissioner Eastern-Province – EMBU 2. Alternate Director, Mt Kenya Pilot Project 3. Alternate Director, TARDA 4. Member CAB <p>In August 2006 to July 2008</p> <ul style="list-style-type: none"> • Deployed as Deputy Provincial Commissioner – Central Province – NYERI. • Served as Deputy Secretary in the Ministry of Lands in July 2005 – July 2006. • Served as Deputy Secretary in the Office of the President from 2004 – June 2005. • Served as Undersecretary in the Office of the President – (Police Headquarters) from 1999 – 2003. • Served as District Officer from 1983 – 1998 in several Districts.
<p>Mr. George Kariuki</p>	<p>Date of Birth: October 1969 Education: BSc. Statistics and Computer Science (JKUAT). Accredited Fellow by the Macroeconomics and Financial Management</p>



Institute of Eastern and Southern Africa (MEFMI), a regional capacity building institution.

Work experience:



- 1997-2001: Worked at the Ministry of Environment, Forestry Department. Was responsible for the management of the Forestry Information Systems (FIS).
- 2001-2004: Worked in the Ministry of Finance, Fiscal and Monetary Affairs department. Involved in automation of the budgetary processes within the department. Participated in the rollout of the Integrated Payroll and Personnel Database (IPPD).
- 2004-2008: Joined Debt Management Department as an Administrator for the National Debt Database and some key personnel in automating debt process.
- 2008-2011: Head of ICT Unit in the Ministry of Nairobi Metropolitan. Key resource person in the designing of the Nairobi Metropolitan Spatial Plan.
- 2011-current: Head of ICT in the Public Debt Management Office (PDMO). As an Accredited Fellow, consulted by Eastern and Southern Africa MEFMI member countries on debt IT system


Mr. Patrick Ochich

Date of Birth: 9th October, 1959

Education: M.Ed in Measurement and Evaluation (UoN); B.Ed

Mr. Ochich has been trained at the Kenya

	<p>School of Government for Strategic Leadership Development (SLDP) and Senior Management (SMC). Internationally, he has been trained at the University of Cambridge Assessment Network in the United Kingdom on Public Examinations Development and Administration.</p> <p>Work Experience:</p> <ul style="list-style-type: none"> • Director, Test Development at the Kenya National Examinations Council from August 2015. • Served the Teachers Service Commission for 17 years, where he held various positions in several high schools and national polytechnics. • He later served as a Senior Research Officer at the Kenya Institute of Curriculum Development. • He has participated, facilitated and presented papers in local and international Educational Assessment Workshops and Conferences.
<p>Ms. Josephine Muriuki</p> 	<p>Date of Birth: 13th October, 1959</p> <p>Education:</p> <ul style="list-style-type: none"> • MA in Psychological Counselling (Daystar University) • BA in Sociology and Political Science (UoN) • Higher Diploma in Psychological Counselling (Kenya Institute of Psychological Counselling-Methodist University) • Trained in Strategic Leadership Development and Project Planning (Kenya School of Government). • Attended several project planning leadership management trainings course and also professional and technical training in areas of social development/social protection and safety nets both in and outside Kenya <p>Work Experience:</p> <ul style="list-style-type: none"> • Director of Social Development from

	<p>April, 2017 where she provided strategic direction in the implementation of social development.</p> <ul style="list-style-type: none"> • Since 1982, she has worked in various capacities both at the District (Sub County) and Headquarters and was involved in matters of community mobilization and empowerment. • Coordinated the development and implementation of policies and strategies for the protection and promotion of Persons with Disabilities, older persons, family and volunteerism. • Involved in coordination of implementation of various community development and social protection programmes in liaison with various partners including World Bank/IFAD. <p>Participated as the Head of Delegation or participant in various international and regional foras in the field of social development and in particular, related to vulnerable groups.</p>
<p>CPA. Robert Osano Osano</p> 	<p>Date of Birth: 3rd February 1978</p> <p>Education:</p> <ul style="list-style-type: none"> • Masters of Arts in international Trade and Economic cooperation (concentrating in Korean Economy) in 2010 from Kyung Hee University, South Korean. • BA (Economics) UoN • CPA (K) <p>Work experience</p> <ul style="list-style-type: none"> • Over 15 years of experience in the public service • 2004 – Joined the treasury as an ICT officer and rose to the position of Chief ICT Officer • 2013 – 2016 – Director of budget, Kiambu County. <p>Currently posted to The State Department of Early learning and Basic Education under the Ministry of Education</p>
<p>Mr. Charles Onyango Wambia</p>	<p>Born on: 30th March 1965.</p> <p>Education:</p> <ul style="list-style-type: none"> • MBA (HRD Specialisation) Moi University

	<p>(2005)</p> <ul style="list-style-type: none"> • BA degree from UoN(1989) • Executive Diploma in Financial Management (2006), KCA University. • Strategic Leadership Development Programme (KSG) • Currently studying for PhD on Leadership and Governance at Jomo Kenyatta University <p>Work Experience:</p> <ul style="list-style-type: none"> • Joined Public Service in 1990 as an Executive Officer II and served in Mombasa and Kilifi Counties rising to the rank of Chief Gaming Officer in Malindi. • 2005 - Deputy Director Gaming, Betting control and licensing Board, (Ministry of Home Affairs). • 2013 – Director gaming • 2017 - State Department of correctional services as Ag. Director of Administration. • 2018 - Director of Administration, the State Department of culture and heritage in the Ministry of sports culture and heritage
<p>Ms. Agnes Gatere</p> 	<p>Date of Birth: 3rd May 1963</p> <p>Education:</p> <ul style="list-style-type: none"> • Master in Business Administration (Strategic Management) • Bachelor of Education (Home Economics) • Strategic Leadership Development Programme –SLDP • International Diploma in Education Planning and Administration <p>Experience:</p> <ul style="list-style-type: none"> • Currently she is the Senior Deputy Director (Field Services) at the Teachers Service Commission.

I. TOP MANAGEMENT TEAM

TOP MANAGEMENT TEAM



**Dr. Evangeline Njoka, MBS: PhD, MED, BED
Accounting Officer/ CEO**



**Mr. David Otiato: MBA, BA, CPA-K
Deputy Secretary General – Corporate Support services**



**Ms. Christine Maingi: MED (on-going), BED
Director, Communication and Information
programme**



**Ms. Mary Kangethe:
Director, Education programme**



**1. Mr. Joel Ongoto: PhD (on-going), MED, BED
Director, Social and Human Science
Programme**



**John O. Omare: MA, BA
Director, Culture Programme**



**Mr. David Looremeta: M.A, BA, H. Dip, CHRC
Manager Human Resources**



**Dr. Jaro Arero:
Director, Natural Science Programme**

CHAIRMAN'S STATEMENT

Dear valued shareholder,

On behalf of the Board of the Commission, it is my honour and privilege to present the Kenya National Commission for UNESCO (KNATCOM)'s Annual Report and Financial Statements for the Year ended 30th June 2019. The commission was established to promote building of peace, eradication of poverty, sustainable development and intellectual dialogue through education, sciences, culture, communication and information.

The financial statements have been prepared in full compliance with International Public Sector Accounting Standards (IPSAS) as guided by the Public Sector Accounting Standards Board. During the reporting period, the Commission recorded fairly good performance despite a range of challenges. The Commission continue to play its significant role in Government development agenda towards achieving the Big Four pillars and Vision 2030 through UNESCO's five areas of competence namely: Education, Natural Sciences, Social and Human Sciences, Culture and Communication and Information. These areas inform significant components of Kenya's socio-economic life.

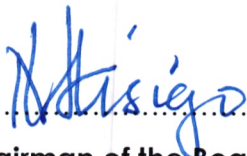
There is a renewed focus in Government corporate governance and the Board spent a significant proportion of its time examining and strengthening its processes. The Commission, have continued with its wide ranging corporate renewal plans and I am pleased to state that, these are very much on track. During the reporting period the Commission attained ISO: 9001:2015 Certification, commissioned its Strategic Plan for the period 2019-2024 and approved its risk management framework. These are critical milestones in corporate governance that were achieved during the reporting period through my leadership and the Board. The management remained committed to these achievements and I must commend them.

The commission continue to adopt a strategic approach to stakeholder management. The commission works closely with both international and national stakeholders, to deliver its mandate. The support we have received from the stakeholders cannot be

overemphasized, and we assure them of our commitment in our work and our adherence to legal requirements as required by the law.

Despite the achievements made, the Commission is still faced with a number of challenges one major one being budgetary support which has inhibited the commission growth and thereby the commission's visibility and impact is not felt. We shall continue to prevail to our shareholder for additional budgetary allocation.

We, the Board of Directors express gratitude to the Government of Kenya, Development Partners, the management, staff and all our stakeholders for their continued support as we strive to achieve our mandate



.....
Chairman of the Board

REPORT OF THE SECRETARY GENERAL /CHIEF EXECUTIVE OFFICER

Dear Shareholders,

I am pleased to once again present to you the annual report and financial statements for KNATCOM for financial year ending June 30, 2019 in compliance with Public Finance Management Act 2012. It was delightful to be part of stewardship of the commission and to lead the management during the reporting period. We witnessed and continue to record progress in *programme and service delivery* geared towards peace and sustainable development and enabling national development in the achievement of the Big Four agendas and vision 2030. During the year, KNATCOM implemented activities geared towards promoting building of peace, eradication of poverty, sustainable development and intellectual dialogue through education, sciences, culture, communication and information.

As a Commission, we recognize employee experience and professionalism as a core element of our success. We continue to develop our employees to acquire new knowledge and skills in their profession and experience with great emphasis on integrity and ethics. We also encourage our employees to embrace professional development with initiatives and tools enabling everyone to keep up with the new demands. With a lean work force, we have managed to deliver on the mandate. We however look forward to achieving optimum level of establishment in the near future.

In our endeavour to deliver our mandate, we undertook various programs across and outside the country. Key amongst the programmes include; sensitization to universities and ministry of education officials on sustainable development goals, continental education strategy as well as validating guidelines for Mainstreaming of the Global Citizenship Education.

We also implemented a joint project on youth and a culture of peace with the UNESCO/UNITWIN Chair at the University of Nairobi and conducted the Student Training Entrepreneurship Project (STEP4Y) in partnership with Kenyatta University and Strathmore University. We also carried out sensitization workshop on ethical issues in journalism, environment and health and continued to monitor and evaluate UNESCO Clubs in Central and Nyanza regions of Kenya.

During the period, we harnessed Science Technology and innovation I and knowledge for sustainable development through sensitization on STEM and promoting knowledge and capacity for protecting and sustainably managing the ocean and coasts through building capacities of Indian Ocean local community stakeholders on use of ocean resources for sustainable development.

We also promoted strengthening the role of ecological sciences and biosphere reserves through sensitization on the role of Man and Biosphere reserves and Geo-park in sustainable development and climate change mitigation.

Preparing for the future allows business leaders to consider the impact they would like the organization to have and to find a way to get there. When a team works together to set goals, it allows everyone to be on the same page, working toward a common, shared purpose. In this spirit, the Board and Management during the reporting period, engaged in reviewing its plans and therefore developing a strategic plan to steer the commission in the next five (5) years 2019-2024. The strategic plan 2019-2014 was therefore launched in June 2019. The development of the strategic plan was an involving exercise where most stakeholders were engaged and their input was greatly appreciated and I want to commend all the stakeholders, the Board and staff for their effort in this achievement.

During the reporting period the commission with the leadership of the Board embarked on improving the quality of its services and processes by seeking to attain **ISO 9001:2015** certification. The commission received its certificate of compliance to ISO Certification on June 20, 2019. The process was rigorous and quite involving but the team that oversaw the process did their best and I commend them for the effort.

Risk management remains as one of the primary role of the Board of the commission to ensure that risks to the commission are identified and managed. During the period, the Board and management engaged in developing the risk management framework for the commission, which culminated in the approval of risk management framework policy. The Management was therefore tasked to implement the framework in the financial year 2019/2020

I extend my appreciation to the Government of Kenya through the Ministry of Education which we have received immeasurable support. I would also wish to thank the KNATCOM Board for their strategic leadership and support as well as the Expert Committees for their selfless service.

Finally, I extend my sincere gratitude to all KNATCOM employees who have made it possible for the tremendous achievements this far. Over the year, the Commission will rely on this highly talented team to use all the skills and resources at our disposal to ensure that we meet our programmatic targets and contribute effectively to peace and sustainable development in Kenya.



.....
Secretary General/CEO

CORPORATE GOVERNANCE STATEMENT

The Commission is guided by its core values of integrity, professionalism, team spirit and safety culture which underpin the Commissions health and decision-making processes. KNATCOM has at all times endeavoured in its functions to take cognizance of the need for compliance with the relevant legal principles and the highest ethical standards. The Board recognizes its mandate to direct and be held accountable for the short and long-term sustainable plans of the Commission in the promotion of peace and sustainable development as outlined in Kenya's and UNESCO's Constitutions.

This Statement of Corporate Governance has been established by the Commission's Board and is intended, in conjunction with the Commissions Act and other corporate governance documents and all applicable laws, to be a flexible framework within which the Board may conduct its business.

The Board of Directors

The Board establishes broad corporate policies for the Commission and sets the strategic direction for the management with a focus on enhancing the interests of stakeholders. The Board is also responsible for the corporate governance of the Commission.

Board Composition

The Board consists of eight (8) members led by a non-executive and independent Chairman, the Principal Secretary responsible for Education and Training, Principal Secretary responsible for Culture, Principal Secretary responsible for Gender, Youth, Children and Social Development, Principal Secretary responsible for Information and Technology, Principal Secretary responsible to the National Treasury and three members comprising representatives of the organization specified in the First Schedule of the KNATCOM for UNESCO Act and appointed by the Cabinet Secretary from amongst three persons nominated by the organization.

Meetings of the Board

The board are expected to meet at least three times in a year and four (4) months should not lapse between meetings.

**Kenya National Commission for UNESCO
Annual Reports and Financial Statements
For the year ended 30 June 2019**

During the period, the board meet six (6) time to transact the business of the commission. The attendance of the directors to the board meetings is as shown below.

FULL BOARD MEETINGS HELD IN FY2018/2019							
Name	20/5/2019	17/6/2019	20/02/2019	30/01/19	20/12/2018	27/09/2018	Meeting attendance
Dr. Misigo Amatsimbi							He was appointed just before the end of the FY
Dr. Rashid A. Aman							is appointed as a CAS in the ministry of Health in early 2018
Prof. Fredrick Gravenier							6/6
Ms. Esther Wanjau							6/6
Mr. Josephine Muriuki							4/6
Mr. Patrick Ochich							4/6
Mr. Robert Osano							3/6
Ms. Dorothy Oselu							1/6
Mr. Charles Wambia							4/6
Mr. Gabriel Mathenge							1/6
Dr. Reuben							3/6

Nthamburi							
Ms. Agnes Gatere							2/6
Mr. George Kariuki							5/6
CPA Denish Osodo							0/6

Responsibility of Board members

The responsibilities of members of the Board are clearly spelt out in KNATCOM Act 2013 as follows:

- a. The Board sets the strategic intent of the Commission, its objectives, and values.
- b. It ensures that the procedures and practices and guidelines are in place to protect the commission's assets and reputation.
- c. The Board reviews the strategic direction and adopts plans proposed by management, reviews processes for delivering them and management of core business of the Commission and compliance with key regulatory and legal provisions.

The Board retains full and effective control over the Commission, and monitors managements implementation of plans and strategies, ensures ethical behaviour and compliance with relevant law and regulations, audit and accounting principles, corporate policies and procedures and the code of conduct and ethics. It strives to act above and beyond the minimum requirements and benchmark the performance against the best international practices and not only in practice, but be seen to comply.

In accordance with the principles of good corporate governance, each Board member undertakes at all times, to act in the best interest of the Commission and exercise his/her power in the execution of duties in good faith and act with care and prudence.

Each board member is fully aware that the Board is responsible for determining the Commissions vision, mission and values, deciding its strategic objectives, ensuring effective control over the Commission and accounting to its stakeholders and the public.

Director Access to Management and Independent Advisors

The Board receives operating and financial reports of the Commission and has access to senior management at Board and Committee meetings. The Board shall have the authority to retain, terminate and determine the fees and terms of consultants, legal counsel and other advisors to the Board as the Board may deem appropriate in its discretion.

Ethical Standards

The Board and Management recognize that a strong ethical culture is very important in our vision to provide world class services that delight our customers. The Code of Ethics is a public statement that clarifies our expectations and holds us accountable for our business conduct. The standards of professional conduct will confirm the Commission's policy to conduct its affairs in compliance with all applicable laws and regulations and observe the highest standards of professional ethics. This is communicated to all employees of the Commission. The standards of professional conduct deal with the following main areas:

- The Commission's assets and information:
 - a) Commission's funds and property;
 - b) Commissions records and accounting;
 - c) Confidential and proprietary information;
 - d) Legal disputes;
 - Conflicts of interest;
 - Dealings with others;
 - e) Government officials;
 - f) Business hospitality;
 - g) Prohibited payments;

Other areas include:

Equal opportunity and unlawful harassment; safety of the workplace and environmental protection; relationships with stakeholders; anti-bribery and anti-corruption; improper benefit; financial records and public communications; and political activities and lobbying.

Employees are encouraged to raise any matters of concern with their supervisor or the Board. The standards of professional conduct also apply to ensure accountability at a senior management level for compliance.

Board Committees

Three standing committees of the Board assist to effectively discharge various business functions and responsibilities. Ad hoc committees are constituted to deal with pertinent issues as they arise. Each committee operates within the ambit of defined terms of reference assigned to it by the Board. The committees submit reports of their activities to the Board.

The Board has established the following committees in accordance with Section 13 of the Act:

- a) Finance and General Purposes
- b) Audit and Risk Management Committee.
- c) Policy and Strategy Committee

Finance and General Purposes Committee

The functions of this Committee entail: -

1. To inquire into and advise the Board on any matter concerning;
 - i. financial management
 - ii. human resource management and development
 - iii. procurement
 - iv. administrative functions

2. To exercise the powers and perform on behalf of the Board the following functions;
 - i. ensure that the annual operating budgets are developed;
 - ii. approve the budget within the finance and general purpose committee;
 - iii. monitor adherence to the budget;
 - iv. ensure approved financial, procurement and human resource policies and procedures are being followed;
 - v. create and update (as necessary) policies that help ensure the finances, assets and staff of the organization are protected and well managed;
 - vi. consider and make recommendations to the full board on financial, material and human resources goals, proposals and reports; and
 - vii. Perform any other duties as may be assigned to it by the board.

Audit and Risk Management Committee

The Committee's mandate is to ensure that the Commission's assets are safeguarded and that there exist adequate operating and control processes for this purpose. The Committee regularly invites the CEO, Finance Manager and the Internal Audit Manager to its meetings. The Audit Committee is charged with the following responsibilities:

- a) examining quarterly, half-year and annual financial statements;
- b) discussing the audit plan with the external auditors before commencement of the annual audit;
- c) consideration of audit findings by the external auditors;
- d) recommending to the Board engagement of external auditors and their audit fees;
- e) reviewing the function, independence, operations and findings of the Internal Audit Department,
- f) reviewing risks affecting the Commission and management strategies in addressing them;
- g) ensuring adherence to the code of ethics and integrity in financial transactions of the Commission; and
- h) perform any other duties as may be assigned by the Board.

Policy and Strategy Committee

The mandate of the Policy and Strategy Committee is to advise the Board on policies and strategies to enhance performance of the Commission.

The functions of this Committee entail: -

1. To inquire into and advise the Board on any matter concerning;
 - i. UNESCO programmes and activities management
 - ii. Partnerships, protocols and agreements
 - iii. Programme and Expert Committees affairs
2. To exercise the powers and perform on behalf of the Board the following functions;
 - i. ensure annual programmes and work plans are developed;
 - ii. approve the programmes and work plans within the committee;
 - iii. monitor adherence to the programmes, work plans, strategic plans and performance contracts;

- iv. to consider and make recommendations to the full board on received proposals, reports and submissions related to UNESCO policies, legislations, programmes, projects and activities; and
- v. Perform any other duties as may be assigned to it by the board

Communication with Third Parties

The Board believes that it is, in general, the responsibility of Secretary General/CEO to speak on behalf of the Commission to outside parties (e.g. stakeholders and the press). The Board should only engage in such communications at the request of or after consultation with Management.

Board Members Tenure and Retirement

Subject to the provisions of KNATCOM for UNESCO Act, the Chair Person and Members of the Board shall hold office for a term of four years and shall be eligible for re-appointment for one further and final term.

Remuneration of the board

The board are paid allowance based on a number of sittings as prescribed by the salaries and remuneration commission. The Chairman of the board receive monthly honoraria as also as per the recommendations of the Salaries and remuneration commission.

Conflict of interest

There is a system in place to manage conflict of interest in conducting the affairs of the Board. The Commission maintains a register where all personal interest on any particular matter before the board is disclosed and recorded in the register.

Existence of a board's charter

The commission has a board charter that was developed and approved by the board as prescribed by the Mwongozo code of governance

MANAGEMENT DISCUSSION AND ANALYSIS

KEY ACHIEVEMENTS

Natural Sciences Programme

As part of sensitization of girls to improve STEM uptake, 300 girls were mentored during the African Engineering Week and 477 during STEM Scientific camps of excellence held in Kakamega and Kericho Counties during which students were drawn from nine counties. This ensured that the Commission surpasses the 300 girls targeted for 2018/2019.

The Commission coordinated the World Oceans Day celebrations on 7th-8th June 2019. This event brought together over 1200 participants in two days. A sensitization forum was organized to discuss issues affecting ocean adjacent communities and the role of gender in ocean science, conservation and management, threats facing this ecosystem, opportunities that the ocean ecosystem has to offer and a call for interventions at all levels.

Kenya is in the process of designating its first UNESCO Global Geo-park in Baringo, which would be the third in Africa. The Commission constituted the National Geo-park Committee. Members were trained by German NATCOM experts, mapped potential geo-sites, local stakeholders sensitized and a draft dossier prepared. In addition, the Commission sensitized 30 Chief Officers of Environment/Natural Resources and County Directors of Environment and Tourism on role of Man and Biosphere (MAB) reserves and Geo-park in sustainable development and climate change mitigation. The goal of this activity was to promote continuous development of a critical mass of change makers through imparting skills and understanding for a constituency who can initiate change through increased mainstreaming of conservation programmes (MAB and Geo-park) in the planning and implementation of programmes at County levels.

The Commission working with experts from the Ministry of Water and Sanitation undertook a study on mapping water quality, access and security in Marsabit County. Results from this study have been shared and will continue to be shared widely to inform policy formulation, management and health and safety interventions.

Social and Human Sciences Programme

In the 2018/2019 financial year, a workshop targeting 70 UNESCO Clubs patrons in Kisii County was conducted to promote a culture of peace and non-violence from 27th - 28th August 2018. On the promotion of the right to peace a two-day conference to mark the International Day of Peace was held from 8th - 9th October 2018 at United States International University – Africa (USIU-A). UNESCO 41 Clubs patrons were also trained on the Big 4 Agenda at the Kenya Education Management Institute on 19th February 2019. To popularize the marking of the International Day for the remembrance of slave trade and its abolition on 6th December 2018 in Kenya, an activity was organised for the very first time in Kenya to discuss the various forms of slavery and their impact on social development. A capacity building workshop for youth on leadership, values and civic engagement was conducted and shared the UNESCO Operational Strategy for Youth 2014- 2021, the Big Four Agenda and integrity from 1st - 8th January 2019 at Maria Polis in Juja. One hundred and seven (107) youth in sports training camps in Eldoret were trained on the UNESCO convention against doping in sports, entrepreneurship and investment skills from 11th - 14th February 2019. To further support youth empowerment, a training under the Student Training Entrepreneurship Promotion (STEP4Y) programme was conducted in Isiolo County between the months of April - June 2019. STEP4Y is a training which seeks to transform youth from job seekers to job creators. To promote the General History of Africa (GHA) various stakeholders were sensitized on the works of the GHA and its importance that led to the GHA incorporation into Grade 5 and 6 curriculum by KICD. A stakeholder's sensitization exercise on the importance of establishment of Hospital Ethics Committees (HECs) targeting level 4, 5 and 6 and hospital administrators was conducted and finally, a two-day bioethics sensitization workshop for practitioners in the area of environment, journalism and health sectors was conducted at the ARC hotel, Egerton University from 17th to 18th June 2019.

Education Programme

The education programme comprises three (3) Divisions namely; Basic Education and Learning, Higher Education and TVET and Global Education Priorities. Some of the main programmes implemented by programmes include: capacity development of ECDE teachers on ICT, promotion of mother language and building capacity of 'inmate teachers' on teaching and learning.

During the financial year the programme received a grant for a participation Programme on a study on Female Genital mutilation (FGM) and Early marriage in Kajiado and Narok counties. A proposal, data collection tools were developed and data collection was carried out in June 2019 and a draft report was developed.

In collaboration with the SHS programme, 78 teachers from primary and secondary schools in Nairobi were trained on Physical Education (PE). This is in preparation for the development of the Physical Education Policy.

The programme also implemented activities towards strengthening Global Citizenship Education (GCED) and Education for Sustainable Development (ESD) through ASPnet institutions, development of model institutions for ESD, development of guidelines for mainstreaming of ESD and GCED in Universities and capacity development on peace building in universities and schools. Towards enhancing the implementation of CESA 2016-25 and SDG4, the Education Programme supported the development of a monitoring and measurement framework to facilitate tracking of progress and reporting at the local and National level.

Culture Programme

The Kenya National Commission for UNESCO, in collaboration with Kisumu County hosted the 3rd KNATCOM National Cultural Celebrations at Jomo Kenyatta Sports Ground in Kisumu County, from 19th to 23rd September, 2018. The activity provided a platform to interact and appreciate our diverse cultural expressions as well as enhanced National Cohesion, Identity and Pride.

The Commission in collaboration with UNESCO International Centre of Martial Arts (UNESCO ICM) organized the 1st African Regional Martial Arts Congress at Hilton hotel, Nairobi, Kenya, from 23rd to 24th October 2018. The purpose of the Congress was to share the current status of African Martial Arts and to provide a platform for dialogue as well as to discuss solutions for safeguarding and promoting martial arts in Africa.

The Commission in collaboration with the Mijikenda communities and other stakeholders organized for the 2nd award of the best managed and well conserved sacred Kaya forests of the Mijikenda on 24th May, 2019. The award enhanced capacity of the communities in

terms of materials required for the continued conservation as well as provided for the motivation of volunteer site caretakers and served as an incentive and motivation for conservation of the Kaya cultural and natural heritage.

The Commission also in collaboration with National Cohesion and Integration Commission organized the second National Youth Workshop on Culture and Heritage at Jumuia Conference and Beach Resort, Kilifi County from 28th to 30th May, 2019. The workshop aimed at raising awareness of the 1972 World Heritage Convention as well as the 2003 UNESCO Convention on the Safeguarding of the Intangible Cultural Heritage among the youth.

Communication and Information Programme

A Monitoring and Evaluation workshop was held in Mombasa from 22nd -26th October 2018 where 23 journalists who had previously been trained on the UN Plan of Action on the Safety of Journalists and the Issue of Impunity (UNPOA) convened and shared their experiences and instances of surviving security breaches by employing skills and tactics taught during the previous workshops. The insights and lessons learnt in this workshop have been utilised to improve the delivery and execution of other UNPOA trainings.

The Commission has been building capacities of accredited journalists on the UN Plan of Action on Safety of Journalists and the Issue on Impunity in Kenya since 2014. As a result, the Programme made a strategic decision to monitor the extent to which journalists are utilising the knowledge and skills learn in past workshops to remain safe when in duty and to minimise insecurity incidences to themselves. The commission also worked with Media Council of Kenya and other relevant agencies that are committed to freedom of expression and press freedom to train Kenyan journalists, on the UN Plan of Action on the Safety of Journalists and the Issue of Impunity.

Kenya has a vibrant mobile industry coupled with creativity and innovation among the youth. To develop on this the commission trained youth on Mobile Applications Development for Sustainable Development. The objective of this training was to promote universal access to information through open and inclusive solutions and innovative use of ICTs for sustainable development. Therefore, building the capacity of youth in Mobile Apps development will foster universal access to information and propel them to tap into the

opportunities in the techie eco system. The training provided young people with basic technical skills and the confidence to develop and promote Mobile Apps. The initiative aims to create employment opportunities and at the same time create solutions for sustainable development as well as address the Big Four Agenda.

A sensitization Workshop for Preservation/Archivists/Documentation Officers was held in Mombasa for the Coast based counties of, Kwale, Kilifi, Mombasa, Lamu, Tana River and Taita Taveta. The overall objective was to sensitize the preservation officers on the **“UNESCO 2015 Recommendation Concerning the Preservation of, and Access to, Documentary Heritage Including in Digital Form”** In order to address the loss and destruction of unique documentary heritage in Kenya, The Memory of the World Programme aims at facilitating preservation of, and access to Kenya's documentary heritage. This is done by direct practical assistance, by the dissemination of advice and information and training those working within Archives Departments at national and county governments. This will lead to the development of the National Memory of the World Register. Further, Kenya aims to be inscribed in International Memory of the World Register and this will only be realized through the efforts by the National Memory of the World Committee.

During the period, the commission organized a workshop on Bioethics for Journalists. The workshop aimed to determine the most pertinent issues in the discipline of environment, **journalism** and health ethics in order to educate and develop recommendations that can adequately engage complex questions of ethical practice. Journalists encounter ethical dilemmas in their jobs. Potential harm posed by news accounts, the use of deceptive tactics to secure stories, and the increasing preference of information that is entertaining are all examples of journalism ethical issues. In addition to specific practices, the field of journalism ethics also addresses broader theoretical issues such as what roles the news media should play in society.

Corporate Support Services

The board and management during the reporting period engaged in reviewing its plans and therefore developing a strategic plan to steer the commission in the next five (5) years 2019-2024. The process involved all the stakeholders and the commissioned managed to develop a strategic plan and was launched on June 20, 2019.

During the reporting period the commission with the leadership of the Board embarked on improving the quality of its services and processes by seeking to attain **ISO 9001:2015** certification. The board received its certificate of compliance to ISO 9000:2015 Certification on June 20, 2019.

During the period the Board and management engaged in developing the risk management framework policy for the commission, which culminated in the approval of risk management framework. The Management was therefore tasked to implement the framework in the financial year 2019/2020

The commission during the period complied with all statutory requirements that includes submission of statutory reports, timely payments of taxes and other statutory deductions. All circulars and directives that were received were implemented where applicable and practicable.

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

The Commission did not undertake any corporate social responsibility during the financial year 2018/2019. The commission however has embarked on development of corporate social responsibility policy that will enable the activity to be allocated resources in future. The commission therefore appreciates the importance of the activity and will implement in the coming financial year.

REPORT OF THE DIRECTORS

The Board submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Commission's affairs.

Principal activities

In line with the mandate of UNESCO to its Member states and the Kenya National Commission for UNESCO Act, 2013, KNATCOM's main functions are to:

- a) ensure permanent presence of UNESCO in Kenya;
- b) involve in UNESCO's activities the relevant line ministries, departments, agencies, organizations and individuals dealing in UNESCO's areas of competence;
- c) implement UNESCO activities and budgeted programs;
- d) disseminate information and innovations on the activities of UNESCO;
- e) foster liaison between UNESCO and State agencies and organs concerned with Education, Science, Culture, Communication and Information;
- f) collaborate with other national commissions in UNESCO member states, UNESCO headquarters and field offices;
- g) coordinate participation in international meetings on education, science, culture, and communication and information;
- h) disseminate information on UNESCO prizes and awards to potential candidates and ensure their participation;
- i) disseminate information on UNESCO fellowships and study grants to potential applicants and facilitate their participation;
- j) co-ordinate ratification of UNESCO related conventions and protocols;
- k) coordinate capacity building in education, science, culture and communication;
- l) participate in the formulation of UNESCO's programmes and activities;
- m) participate in mobilization of resources for implementation of UNESCO programmes and activities; and
- n) provide expert advisory service to the government in education, science, culture, and communication and information.

These functions are all geared towards promoting Kenya's development agenda.

Results

The results of the Commission for the year ended June 30, 2019 are set out on page 1 to 5.

The Board

The members of the Board who served during the year are shown on page V to XII in accordance with the Commission's Act. They serve for one term of four years and are eligible for the second term which is final. During the year the Board members who retired are Rashid A. Aman (former Chairman), Mr. Benn Khadiagala and Mr. Wenslas Onga'yo, MBS. The new Board Members were Mr. Charlies Wambia, CPA Robert Osano and Mrs. Agnes Gatere.

Auditors

The Auditor General is responsible for the statutory audit of the *Commission* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Office of the Auditor General (OAG) to carry out the audit of the *Commission* for the year/period ended June 30, 2019 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.


Chairman

Director

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - and section 40 of Kenya National Commission for UNESCO act 2013) require the Directors to prepare financial statements in respect of KNATCOM, which give a true and fair view of the state of affairs of the KNATCOM at the end of the financial year/period and the operating results of the Commission for that year/period. The Directors are also required to ensure that the KNATCOM keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Directors are also responsible for safeguarding the assets of the Commission.

The Directors are responsible for the preparation and presentation of the KNATCOM financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2019. 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 KNATCOM (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the KNATCOM 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 Standards (IPSAS), and in the manner required by the PFM Act, 2012 section 81 and the State Corporations Act section 14. The Directors are of the opinion that the KNATCOM financial statements give a true and fair view of the state of KNATCOMS transactions during the financial year ended June 30, 2019, and of the KNATCOMS financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for KNATCOM, which have been relied upon in the preparation of the KNATCOMS financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the KNATCOM 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 KNATCOM financial statements were approved by the Board on September 26, 2019 and signed on its behalf by:



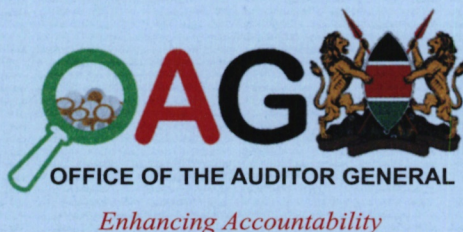
Chairman

Director

Director

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL COMMISSION FOR UNESCO FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya National Commission for UNESCO set out on pages 1 to 44, which comprise of the statement of financial position as at 30 June, 2019, 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 the Kenya National Commission for UNESCO as at 30 June, 2019, 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 Kenya National Commission for UNESCO Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Commission for UNESCO 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, 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.

Basis for Conclusion

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

Responsibilities of Management and Board of Directors

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Commission'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 dissolve the Commission 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 Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Commission 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 control 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 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 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 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 applicable 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 Commission'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 Commission 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 Commission 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

29 January, 2021

Kenya National Commission for UNESCO
Annual Reports and Financial Statements
For the year ended 30 June 2019

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Public contributions and donations	6	14,658,825	4,814,071
Transfers from other governments – gifts and services-in-kind	7	307,800,000	349,228,425
		322,458,825	354,042,496
Revenue from exchange transactions			
Rendering of services	8	-	19,000
Finance income	9	-	572,962
Other income	10	4,306,945	9,836,065
		4,306,945	10,428,027
Total revenue		326,765,770	364,470,523
Expenses			
Use of goods and services	11	2,276,429	8,204,513
Employee costs	12	86,749,656	74,795,066
Remuneration of directors	13	14,581,786	6,740,141
Depreciation and amortization expense	14	8,607,849	10,175,421
Repairs and maintenance	15	10,995,100	40,303,768
General expenses	16	190,556,643	199,281,821
Finance charges	17	398,473	253,536
Total expenses		314,165,936	339,754,266
Net Surplus for the year		12,599,834	24,716,257

The notes set out on pages 7 to 43 form an integral part of these Financial Statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Ksh	Ksh
Assets			
Current assets			
Cash and cash equivalents	19	131,413,495	135,029,771
Receivables from exchange transactions	20	61,356	-
Inventories	21	3,173,919	3,474,591
Pre-payments	22	19,319,630	2,909,440
		153,968,400	141,413,802
Non-current assets			
Property, plant and equipment	23	27,368,727	34,903,739
Intangible assets	24	1,072,840	1,341,051
		28,441,567	36,244,790
Total assets		182,409,967	177,658,592
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25	36,158,336	43,734,849
Deferred income	26	1,654,202	1,926,148
Total current liabilities		37,812,538	45,660,997
Non-Current liabilities			
Accumulated surplus		144,597,429	131,997,595
Total liabilities		182,409,967	177,658,592

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

C.E.O/M. D

Dr. Evangeline Njoka



.....

Date 01/02/2021

Head of Finance

Mr. Marona Cheplel

ICPAK Member Number: 11111

for 
.....

Date 01/02/2021

Chairman of the Board

Dr. Amatsimbi Misigo


.....

Date 01/02/2021

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to the owners of controlling Commission			
	Reserves			
	Capital Reserve	Revaluation reserve	Accumulated surplus	Total
			KShs.	KShs.
At July 1, 2017			107,281,338	107,281,338
Surplus/deficit for the period			24,716,257	24,716,257
At June 30, 2018			131,997,595	131,997,595
At July 1, 2018			131,997,595	131,997,595
Surplus/deficit for the period			12,599,834	12,599,834
At June 30, 2019			144,597,429	144,597,429

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

		2018-2019	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		14,658,825	4,814,071
Government grants and subsidies		307,800,000	349,228,425
Rendering of services		-	19,000
Finance income		-	572,962
Other income, rentals and agency fees		4,085,304	9,836,065
Total Receipts		326,544,129	364,470,523
Payments			
Compensation of employees		86,749,656	74,795,066
Goods and services		2,892,044	8,204,513
Finance cost		398,473	253,536
Remuneration of directors		14,581,786	6,740,141
Repairs and Maintenance		19,221,613	40,303,768
General Expenses		189,906,643	199,281,821
Total Payments		313,750,215	339,754,266
Net cash flows from operating activities		12,793,914	68,956,719
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		0	-28,951,195
Purchase of intangible assets		0	-1,483,251
Decrease in non-current receivables		-16,410,190	10,413,862
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Increase in deposits		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		-3,616,276	
Cash and cash equivalents at 1 JULY	28	135,029,771	86,093,636
Cash and cash equivalents at 30 JUNE 2019	28	131,413,495	135,029,771

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	
	KShs	KShs	KShs	KShs.	KShs	
Revenue						
Public contributions and donation	0	14,658,825	14,658,825	14,658,825	0	6
Government grants and subsidies	310,000,000	-2,200,000	307,800,000	307,800,000	0	7
Other income	500,000	3,806,945	4,306,945	4,306,945	0	10
Total income	310,500,000	16,265,770	326,765,770	326,765,770		
Expenses						
Compensation of employees	72,937,240	10,000,000	82,937,240	86,749,656	-3,812,416	
Goods and services	3,000,000	0	3,000,000	2,276,429	723,571	11
Finance cost	500,000	0	500,000	398,473	101,527	17
Remuneration of directors	15,000,000	0	15,000,000	14,581,786	418,214	13
Depreciation and Amortization	5,000,000	4,000,000	9,000,000	8,607,849	392,151	14
Repairs and Maintenance	7,880,000	3,138,100	11,018,100	10,995,100	23,000	15
General Expenses	206,182,760	-770,803	205,411,957	189,906,643	15,505,314	16
Total expenditure	310,500,000	16,367,297	326,867,297	313,515,936	13,351,361	
Surplus for the period				13,249,834		

Budget notes

1. *The movement was due to funds received from various partner (German, International Centre for Martial Art, and UNESCO)*
2. *The movement is due funds received from the Ministry of Education for School Audit rent and sale of exhibition booth.*

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya national Commission for UNESCO is established by and derives its authority and accountability from Kenya national Commission for UNESCO Act 2013 (Revised 2014). The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to promote Kenya's national interests in UNESCO and UNESCO's international interests in Kenya, regionally and globally in the areas of education, sciences, culture, and communication and information

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>(State the impact of the standard to the entity if relevant)</i>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</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>(State the impact of the standard to the entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a</p>

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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>(State the impact of the standard to the entity if relevant)</i></p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

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

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comprehensive income over the useful life of the assets that has been acquired using such funds

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

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. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods 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 entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield 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 each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly in June 2018. 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. Accordingly, the entity recorded additional appropriations of 19,338,100.00 on the 2018-2019 budget following the governing body's approval.

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 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 section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) 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.

Depreciation

Depreciation on assets is calculated using the reducing balance method to allocate their cost to their residual values over their estimated useful lives, as follows:

The annual depreciation rates in use are:

Buildings 2.5%

Computers & computer accessories 30%

Plant & machinery 12.5%

Furniture, fittings and office equipment 20%

Motor vehicles 25%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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.

6 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 either finite or indefinite.

7 Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

8 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) 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.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.
Entity to state the reserves maintained and appropriate policies adopted.

l) 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.

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity 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 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. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) 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.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Comparative figures

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

f) 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, 2019.

9 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 values

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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 11.

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.

6. Public Contribution and Donations

Description	2018-2019	2017-2018
	KShs	KShs
Donor funds(UNESCO)	7,008,169	4,814,071
Donor funds Germany	4,895,250	
Donor funds International centre for martial arts	2,755,409	
Total	14,658,825	4,814,071

7. a) TRANSFERS FROM OTHER GOVERNMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants		
Operational grant-Gok (MoE)	307,800,000	310,000,000
Other grants	0	39,228,425
Total government grants and subsidies	307,800,000	349,228,425

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2018-2019
	KSh	KSh	KShs	KShs	KShs
Ministry of Education /State Department Basic and Early learning	307,800,000	0	0	0	307,800,000
Total	307,800,000	0	0	0	307,800,000

8. RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Sale of tenders	0	19,000
Total revenue from sale of tenders	0	19,000

9. FINANCE INCOME – INTERESTS

Description	2018-2019	2017-2018
	KShs	KShs
Cash investments and fixed deposits (Interest income from fixed deposits in KCB account.	0	572,962
Total finance income – external investments	0	572,962

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Income from sale of exhibition	1,625,000	7,200,000
Differed income	271,945	326,065
Rent from Kenya school audit	2,310,000	2,310,000
receipt from Jubilee insurance (claim)	100,000	-
Total other income	4,306,945	9,836,065

11. USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KSh	KShs
Professional services	1,814,815	1,568,596
Subscriptions	461,614	6,635,917
Total good and services	2,276,429	8,204,513

12. EMPLOYEE COSTS

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	51,962,229	64,830,059
Commuter allowance	4,253,988	-
Domestic Servant allowance	187,200.00	-
Entertainment allowance	1,200,000	-
Extraneous allowance	960,000.00	-
House allowance	16,442,761.33	-
Leave allowance	336,000	597,739
Non-Practising allowance	215,000.00	-
Responsibility allowance	1,200,000	-
Special duty allowance	202,512	-
Pension	3,475,750.00	3,765,684

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NSSF	89,200	
Gratuity	6,134,659.00	4,876,911
Mortgage relief	90,357	724,674
Employee costs	86,749,656	74,795,066

The unfilled field arises from change of format from 2018/19 where it allowed combining various fields. The 2018/19 formats as prescribed by Public Sector Accounting standards board-Kenya require to separate the expenditure as above.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. REMUNERATION OF DIRECTORS

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria		880,000
Directors emoluments	8,581,786	3,196,200
Other allowances	6,000,000	2,663,941
Total director emoluments	14,581,786	6,740,141

14. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	Ksh	Ksh
Property, plant and equipment	7,535,009	9,840,158,
Intangible assets	1,072,840	335,263
Total depreciation and amortization	8,607,849	10,175,421

15. REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KSh	KSh
Refurbishment	10,192,118	39,355,708
Computers	150,800	0
Furniture	35,887	0
Vehicles	616,295	948,060
Total repairs and maintenance	10,995,100	40,303,768

There is a huge drop of refurbishment cost from Ksh 39,355,708 to Ksh 10,192,118 in 2018/19 because it was a one-off expenditure.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. GENERAL EXPENSES

Description	2018-2019	2017-2018	
	KSh	KSh	
Advertising	3,216,755	1,726,381	
Committee allowances	11,125,600	5,146,653	1
Hospitality Supplies	21,434,840	37,871,704	2
Office and General supplies	3,266,700	3,975,329	
Specialised Materials	227,999	881,700	
Internet services	1,527,720	3,100,000	
Fuel and oil	3,201,976	6,419,700	
Insurance	8,888,947	7,178,544	
Audit fees	650,000	0	
Newspaper and periodicals	311,634	257,440	
Postage	488,220	339,476	
Printing and stationery	5,824,609	4,549,002	
Rental	26,410,630	24,846,016	
Telecommunication	1,966,373	1,828,071	
Training	49,315,253	50,431,929	
Travel and Accommodation	52,699,387	50,729,876	
Total general expenses	190,556,643	199,281,821	

Notes

1. **Committee expenses.** There was a sharp increase in Committee expenses because of national conference and Kenya week in Paris

2 **Hospitality Supplies** budget reduced and austerity measures

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCE CHARGES

Description	2018-2019	2017-2018
	KShs	KShs
Bank Interest	398,473	253,536
Total finance costs	398,473	253,536

18. CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Kenya Commercial Bank-1146209630	115,574,815	127,309,915
National Bank of Kenya – KSH 0100103282700	10,854,518	7,338,594
National Bank of Kenya – (USD) - 0200103282700	4,984,161	381,262
Total cash and cash equivalents	131,413,495	135,029,771

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

19. (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2018-2019	2017-2018
		KShs	KShs
a) Current account			
Kenya Commercial bank	1146209630	33,412,591	127,309,915
National Bank of Kenya – KSH	0100103282700	10,854,518	7,338,594
National Bank of Kenya – (USD)	0200103282700	4,984,161	381,262
Sub- total		49,251,270	
b) Staff car loan/ mortgage			
Kenya Commercial bank	1146209630	82,162,224	0
Sub- total		82,162,224	0
Grand total		131,413,495	135,029,771

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Salary advance	61,356	0
Total receivables	61,356	0

21. INVENTORIES

Description	2018-2019	2017-2018
	KShs	KShs
Consumable stores	3,173,919	3,474,591
Total inventories at the lower of cost and net realizable value	3,173,919	3,474,591

22. PREPAYMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Insurance	5,085,038	2,909,440
Rent	14,234,592	
Total	19,319,630	2,909,440

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23 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles (25%)	Furniture and fittings (20)	Computers (33.3%)	Plant and equipment (12.5)	Total
Cost	Shs	Shs	Shs	Shs	Shs
At 1 July 2017	22,789,653	1,168,000	3,684,415	3,653,628	31,304,696
Additions	20,555,045	4,902,850	-	3,493,300	28,951,195
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2018	43,353,698	6,070,850	3,684,415	7,146,926	60,255,889
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2018	43,353,698	6,070,850	3,684,415	7,146,926	60,255,889
Depreciation and impairment					
At 1 July 2018	(11,510,218)	(483,340)	(2,160,208)	(1,358,228)	(15,511,993)
Depreciation	(7,960,870)	(698,439)	(457,262)	(723,588)	(9,840,158)
Impairment	-	-	-	-	-
At 30 June 2018	(19,471,088)	(1,181,779)	(2,617,470)	(2,081,815)	(25,352,152)
Depreciation	(5,970,653)	(611,134)	(320,084)	(633,139)	((7,535,009)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2019	(25,441,741)	(1,792,913)	(2,937,554)	(2,714,955)	(32,887,162)
Net book values					
At 30th June 2019	17,911,958	4,277,937	746,862	4,431,971	27,368,727
At 30th June 2018	23,882,610	4,889,071	1,066,915	5,065,113	34,903,709

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 INTANGIBLE ASSETS-SOFTWARE

Description	2018-2019	2017-2018
	KShs	KShs
Cost		
At beginning of the year	1,779,539	296,288
Additions	-	1,483,251
At end of the year	1,779,539	1,779,539
Additions-internal development	-	-
At end of the year	1,779,539	1,779,539
Amortization and impairment		
At beginning of the year	438,489	103,225
Amortization	268,210	335,263
At end of the year	706,699	438,489
Impairment loss	-	-
At end of the year	706,699	438,489
NBV	1,072,840	1,341,051

25 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Other Payable	24,868,155	43,734,849
Gratuity	10,640,181	-
Total trade and other payables	35,508,336	43,734,849

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 DEFERRED INCOME

Description	2018-2019	2017-2018
	KShs	KShs
National government	1,654,202	1,926,148
Total deferred income	1,654,202	1,926,148

27 SEGMENT INFORMATION

Kenya National Commission for UNESCO does not have branches.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 RELATED PARTY BALANCE (Continued)

Government of Kenya (Continued)

- i) The National Government;
- ii) The Parent Ministry Key management;
- iii) Board of directors;
- iv) CEO

	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to –N/A	0	0
Sales of services –N/A	0	0
Total	0	0
b) Grants from the Government		
Grants from National Govt	307,8000,000	310,000,000
Grants from County Government	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees –N/A	0	0
Payments for goods and services for N/A	0	0

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Total		
d) Key management compensation		
Directors' emoluments	14,581,786	0
Compensation to the CEO	6,964,992	0
Compensation to key management	23,702,893	0
Total	45,249,671	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

There is no pending audit issue

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

Secretary General

Sign *MSK*

Date 01/02/2021

Chairman of the Board

Sign *NTisigo*

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

There is no project implemented by KNATCOM

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of EDUCATION				
FY 2018/2019				
a.	Recurrent Grants			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which</u>
		<u>Date</u>		<u>the amounts relate</u>
		22/08/2019	77,500,000	2018/2019
		07/12/2018	74,400,000	2018/2019
		28/03/2019	75,950,000	2018/2019
		16/05/2019	75,950,000	2018/2019
		Total	303,800,000	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
KNATCOM entity

Head of Accounting Unit
Ministry

Sign

Sign-----