



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY  
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ON

KENYA INSTITUTE OF CURRICULUM  
DEVELOPMENT

FOR THE YEAR ENDED  
30 JUNE, 2019





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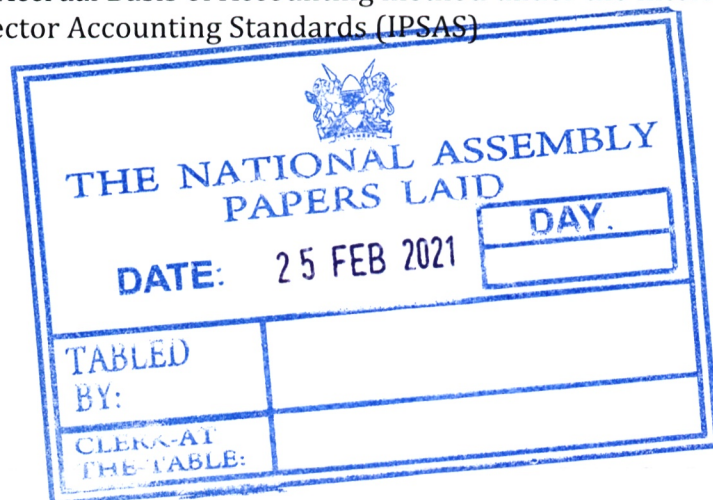
**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2019**

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background Information**

The Kenya Institute of Curriculum Development (KICD) is a State Corporation established by an Act of Parliament, the KICD Act No. 4 of 2013 (revised 2018). KICD is the successor of the Kenya Institute of Education (KIE), which was established in 1968 by Education Act, Cap 211, of the laws of Kenya. The headquarters of the Institute is in Nairobi.

The origin of the KICD dates as far back as 1957 when an English Special Centre (ESC) was set up in Nairobi for the purpose of coordinating and advising the Ministry of Education on the teaching of English. KIE was the education media service, which had started in 1963 as a School Broadcasting unit of the Ministry of Information and Broadcasting, and based at Mombasa House, Nairobi. In 1965, the unit was taken over by the Ministry of Education, and in July 1976 it was moved to KIE, and became the Educational Media Service (EMS) with expanded responsibilities of the production of multimedia learning resources.

The Institute's core function is to conduct research and develop curricula and curriculum support materials for all levels of education below the university. The Institute also initiates and conducts curriculum based research and collaborates with other organizations to conduct in-service and professional development programmes for curriculum implementers.

**(b) Principal Activities**

The Institute's core function is to develop research-based curricula and curriculum support materials for basic and tertiary education and training below university. The Institute also initiates and conducts curriculum based research, and organizes and conducts in-service and orientation programmes for curriculum implementers. The Institute's Vision is "A World Class Centre for Dynamic and Competitive Curricula" while the Mission is, "To provide research based Curricula and Curriculum Support Materials Responsive to the Needs of the Society."

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**(c) Governance and Management**

The Institute is governed by the Council that provides policy oversight and a Management team that conducts day to day operations.

**(d) Fiduciary Management**

The Senior Management personnel who held office during the financial year ended 30<sup>th</sup> June, 2019 and who had direct fiduciary responsibility were:

<b>Designation</b>	<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Exit</b>
Director/Chief Executive Officer	Julius Ouma Jwan, PhD, MBS	12 <sup>th</sup> November, 2014	
Senior Deputy Director Corporate Services	Mr. Charles Mugambi	1 <sup>st</sup> February, 2008	30 <sup>th</sup> April, 2019
Senior Deputy Director Media & Extension Services	Mr. John Kimotho	1 <sup>st</sup> February, 2008	
Senior Deputy Director Curriculum And Research Services	Mrs. Jacqueline Onyango	1 <sup>st</sup> July, 2017	

**(e) Fiduciary Oversight Arrangements**

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

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

The terms of reference of the Committee are to:

- review proposed annual budgets and annual procurement plans in line with the Institute's mandate, strategic objectives and goals and recommend to the Council for approval;
- advise the Council on resource mobilization strategies including utilization of existing facilities to generate more income;

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- review financial performance against budget and to report on implications of significant variances to the Council;
- review annual financial accounts of the Institute and to recommend to the Council for approval;
- review the management's procedures for procurement and the controls in place to ensure value for money;
- ensure that there are systems in place to safeguard the assets of the Institute;
- review all the financial policies including public private partnership framework and recommend them to the Council for approval;
- review the Institute's Strategic Plan to ensure that it is linked to its Mandate, Vision and Mission;
- ensure provision of adequate budgetary allocation for the implementation of the Strategic Plan;
- monitor and review the performance of the Institute in meeting its strategic objectives; and
- consider and make recommendations to the Council concerning new strategic opportunities and initiatives.

ii) **Human Resource and Governance Committee**

The terms of reference of the Committee are to:

- oversee that the recruitment of new employees done in line with the Law and the Institute's policies;
- review the organizational structure of the Institute to align it to its mandate and best practices and recommend any changes to the Council for approval;
- review and recommend employees compensation-including incentives, benefits, welfare programmes and retirement plans, to the Council for approval so as to ensure attraction, recruitment and retention of highly qualified employees;
- ensure that the organization has appropriate human resource policies in compliance with the law;
- ensure that the Institute has a succession management strategy and oversee its implementation;

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- handle any other human resource issues delegated to the Committee by the Council;
- review and recommend the Council Charter outlining the principles, policies and procedures by which the Council will operate;
- recommend to the Council any reports on corporate governance that may be required or considered advisable;
- review Council members' conflict of interest statements;
- undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Institute; and
- receive annual Governance audit report and report to the Council on areas that require improvement.

**iii) Curriculum Technical Committee**

The terms of reference of the Committee are to:

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

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

The terms of reference of the Committee are to:

- review the effectiveness of the Institute's internal control framework;
- monitor and review the effectiveness of the internal audit function and internal auditor's reports and to seek such assurance as it may deem appropriate that the function is independent;
- consider management's response to any recommendations made by the external auditor or internal audit and review with internal audit and the external auditor

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any fraudulent or illegal acts, deficiencies in internal control or other similar issue, including reviewing the results of management's investigation and follow up of any fraudulent acts;

- ensure that the Institute has adequate policies and procedures to manage risks;
- evaluate the internal processes for identifying, assessing, monitoring and managing key risk areas after considering the Risk Management Policy approved by the Council;
- receive and keep under review major risk assessments made by the Institute and the disaster recovery plan necessary to ensure business continuity;
- review the Institute's procedures for handling allegations from whistle-blowers from time to time;
- review the Institute's procedures concerning the prevention, mitigation and detection of fraud and economic crimes;
- evaluate the Institute's compliance with relevant Laws and Regulations relating to its operations including but not limited to, procurement, employment, occupational health and safety, and Finance laws; and
- evaluate the adequacy of the systems for ensuring that requisite statutory requirements are complied with.

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**(f) Headquarters**

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

**(g) Contacts**

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

**(h) Bankers**

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

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

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

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

**(i) Independent Auditors**

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

**(j) Attorney General,**

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

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**II. COUNCIL MEMBERS**



**DR. SARA RUTO**  
**CHAIRPERSON**

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

**Dr. Ruto** (52 years), is the Chairperson, Kenya Institute of Curriculum Development (KICD) Council. Her areas of specialisation are Educational Research and school reform. She is the Chief Executive Officer of the People's Action for Learning (PAL) Network a global south network of countries undertaking citizen led assessments and actions. Dr. Ruto also leads the Accelerated Learning Program that seeks to provide an evidence base to hasten learning outcomes for children. She previously served as the Regional Manager of Uwezo East Africa, and was a lecturer at Kenyatta University. She sits in several advisory boards, such as UNESCO's Global Education Monitoring Report, the INCLUDE Knowledge Platform and Brookings Millions Learning Advisory Group.



**PROF. WINSTON AKALA**  
**MEMBER**

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

**Prof. Akala** (53 years), is currently the Dean School of Education, Department of Educational Administration and Planning, University of Nairobi. He is a specialist in curriculum development, educational research, monitoring and evaluation with a PhD in Curriculum development from Moi University and another PhD in Education from the University of Illinois at Urbana- Champaign.

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



**PROF. ORPHA ONGITI**

**MEMBER**

**Prof. Ongiti** (58 years), Orpha K. Ongiti is a Professor of Educational Administration and Policy Studies. She is a Ford Foundation International Fellow (2002). Prof. Ongiti earned her PhD and MSc in Educational Administration and Policy Studies from the State University of New York (SUNY) at Albany NY. A Professional Teacher, Policy and Curriculum expert, Prof. Ongiti attained a Master's in Education (MED) Degree, specializing in Curriculum Studies from Kenyatta University, and a Bachelor of Education Degree from the University of Nairobi, Kenyatta University College. While pursuing her PhD at SUNY, she received the following awards: Dissertation Research Fellowship Award; Initiative for Women Award; Leadership Award, and The Bette Knowlton Roe Scholarship. Prof. Ongiti has served in various management/administrative roles, among them: Principal Africa Nazarene University, Nairobi CBD Campus; Deputy Principal, Nairobi School; Manager, Ngong Hills Adventist School; Board of Management, Kereri Girls High School. She is a renowned teacher/lecturer, having taught in high school for many years and now at the University. Prof Ongiti has presented various research papers in academic forums and published widely.

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



**DR. KAMAU THUGGE**

**MEMBER**

**Dr. Thugge** (61 years), is currently the Principal Secretary at the National Treasury. He has previously worked in the Ministry of Finance as head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor.

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

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

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

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

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

**Dr. Kipsang** (52 Years), is currently the Principal Secretary, State Department of Early Learning and Basic Education at the Ministry of Education. He holds a PhD degree in Education (Educational Administration and Planning), from the Catholic University of Eastern Africa. He has a Master of Arts degree in Economics and a Bachelors (Honours) degree in Education (Business and Economics) both from the University of Nairobi. He has had extensive professional training and commands numerous exposure to local and international conferences including prestigious institutions such as the London School of Economics (LSE) in the UK, Harvard University in the USA, State University of New York in the USA, among other institutions in Kenya, Germany, Belgium, Sweden, Denmark and Thailand. He is an Associate Member of the Association of Certified Fraud Examiners and also a member of the Institute of Directors of Kenya. He has authored highly competent academic and research papers in the areas of Higher Education in Financing and Planning.



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

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

**Dr. Macharia** (56 Years), is the Chief Executive Officer of the Teacher's Service Commission. She holds a Master of Education (Policy and Management) degree from Bristol University, UK and a Bachelor of Education degree in English/Literature from Kenyatta University. She has worked in the education sector for more than 28 years. She has trained both locally and internationally in Corporate Governance, Public Procurement, Policy Formation, Information Communication Technology (ICT), Proactive Management and Business Excellence Models, among others. She is a member of the Kenya Association of Public Administration Management (KAPAM) and Institute of Directors.

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**DR. NICHOLAS KIBIWOT LETTING'**

**MEMBER**

investments and financial analyst and transformative leader with over 20 years of work experience. He started his career back in 1998 with BAT Kenya where he worked for over 8 years in Leaf Operations, Finance, Human Resources and Administration. He later joined the Kenya Institute of Management (**KIM**) in 2006 where he served for over five (5) years as Deputy Executive Director/CEO in charge of Company of the Year Awards (**COYA**), capacity building, training, consultancy, membership, SME and Media services up to September 2011.

He served for over 7 years in MUA, first as a Lecturer from 2011 to 2014 and later as Senior Lecturer from 2014 up to April 2019 when he joined **KASNEB**. He was appointed to the position of Vice – Chancellor/CEO in 2013 and served for six (6) years heading finance, academic affairs (including research and examinations) and administrative functions where he led in the development of seven (7) academic degree programmes accredited by the Commission for University Education (CUE). He has successfully supervised six (6) PhD and thirty-six (36) Masters Students and has published widely in internationally refereed journals. He is an External Examiner in three Universities namely the University of Nairobi, JKUAT and Dedan Kimathi University. In addition, he has consulted with international organizations including the UNDP. He has presented papers in corporate governance, institutional development, performance management during conferences held in the US, the UK, Brazil, Tanzania, South Africa, Egypt, Rwanda, India, Thailand, the Netherlands and Belgium.

He is a member of the Public Sector Accounting Standards Board (PSASB), was a Council Member and Chairman of **ICPSK** now Institute of Certified Secretaries (**ICS**). He is Chairman, Board of Management of Karura Adventist School. He is currently a member of National Commission for Science Technology and Innovations (**NACOSTI**). He is a **Fellow** of ICPAK, ICS and KIM. He is a member of **IoD**, **ICIFA** and **IHRM**.

He holds a Doctor of Philosophy (PhD) in Business Administration (Strategic Management), MBA and Bcom degrees from the University of Nairobi. He is a Certified Public Accountant (CPA), Certified Secretary (CS) and Certified Investments and Financial Analyst (CIFA) holding Final Examinations Certificates from **KASNEB**.

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

**DR. NICHOLAS LETTING** (48 years), Ph.D, HSC, the current **kasneb Secretary/Chief Executive Officer** is the immediate past **Vice – Chancellor/Chief Executive Officer (CEO)** of the **Management University of Africa (MUA)**. He has served as Council Member and Chairman of Finance, Strategy and General Purposes Committee at the former Kenya Institute of Education (KIE), now Kenya Institute of Curriculum Development (**KICD**) since 2011 to 2019.

A respected scholar – industry practitioner, committed professional, facilitator in conferences, a well-trained corporate governance trainer, astute administrator,

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**MRS. PURITY KARABAI MBABU  
MEMBER**

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

**Mrs. Mbabu** (51 years), is a practicing lawyer and an Advocate of the High Court of Kenya and Commissioner for Oaths and Notary Public. She graduated with LLB Degree from UoN. She also has a Diploma in Law from the Kenya School of Law. She previously worked as a State Counsel at the Attorney General Chambers.



**DR. MERCY KAROGO  
MEMBER**

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

**Ms. Karogo** (63 years), is currently the Acting Chief Executive Officer, The Kenya National Examinations Council (KNEC). She was formally a Senior Deputy Director (Curriculum and Research Services) at KICD.

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

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**JULIUS OUMA JWAN, PhD, MBS**

**DIRECTOR/  
CHIEF EXECUTIVE OFFICER**

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

**Dr. Jwan** (54 years), Director/Chief Executive Officer of the Kenya Institute of Curriculum Development.

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

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**KICD COUNCIL DISTRIBUTION BY ETHNICITY**

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

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**III. SENIOR MANAGEMENT**



**JULIUS OUMA JWAN, PhD, MBS**

**DIRECTOR/  
CHIEF EXECUTIVE OFFICER**

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

**Dr. Jwan** (54 years), Director/Chief Executive Officer of Kenya Institute of Curriculum Development.

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



**MR. CHARLES MUGAMBI**

**SENIOR DEPUTY DIRECTOR  
(CORPORATE SERVICES)**

**Mr. Mugambi** (60 years), is the Senior Deputy Director (Corporate Services).

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

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**MR. JOHN G. KIMOTHO**

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

**Mr. Kimotho** (58 years), is the Senior Deputy Director, Media and Extension Services.

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



**MRS. JACQUELINE ONYANGO**

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

**Mrs. Onyango** (51 years), is the Senior Deputy Director Curriculum and Research Services.

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

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

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

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**KICD MANAGEMENT DISTRIBUTION BY ETHNICITY AS AT 30<sup>TH</sup> JUNE, 2019**

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1.	Embu	0	3	3	6.12
2.	Kamba	4	4	8	16.33
3.	Kikuyu	7	13	20	40.82
4.	Kisii	1	2	3	6.12
5.	Luhya	1	1	2	4.08
6.	Luo	4	2	6	12.24
7.	Meru	3	3	6	12.24
8.	Kalenjin	0	1	1	2.04
	<b>Total</b>	<b>20</b>	<b>29</b>	<b>49</b>	<b>100</b>

**NON MANAGERIAL STAFF DISTRIBUTION BY ETHNICITY AS AT 30<sup>TH</sup> JUNE, 2019**

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1.	Asian	0	1	1	0.36
2.	Embu	1	5	6	2.2
3.	Kalenjin	7	7	14	5.15
4.	Kamba	17	13	30	11.02
5.	Kikuyu	33	57	90	33.09
6.	Kisii	14	9	23	8.46
7.	Luhya	23	18	41	15.07
8.	Luo	29	11	40	14.71
9.	Maasai	2	0	2	0.74
10.	Meru	10	8	18	6.62
11.	Somali	3	0	3	1.1
12.	Taita	2	2	4	1.47
	<b>Total</b>	<b>141</b>	<b>131</b>	<b>272</b>	

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**IV. CHAIRPERSON'S STATEMENT**

The Kenya Institute of Curriculum Development in its endeavor to fulfil its mandate under the leadership of the Council, has made tremendous achievements in the Financial Year 2018/2019. The Institute has put a lot of effort in curriculum reforms activities in collaboration with the Ministry of Education and other stakeholders. To achieve this, the Basic Education Curriculum Framework (BECF) was formulated to guide the curriculum reform process.

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

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

The financial year culminated into the roll out of CBC nationally in pre-primary 1 and 2, Grade 1, 2 and 3. This was preceded by the completion of the implementation of the Phase II National Pilot of the CBC nationally in all public and private primary schools across the country for pre-primary 1 and 2, and Grades 1 and 2. During this period a population of over 1 million learners were reached and over 180,000 teachers in the pre-primary and primary schools trained. In the same financial year, the Institute signed a Performance Contract and achieved the set targets. The Institute continues to implement the strategic plan.

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

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

Finally, I wish to thank the Government of Kenya for the support it has accorded the Institute during the 2018/2019 financial year.

**Dr. Sara Ruto**



**KICD Council Chairperson**

**Date:** .....

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

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

In the 2018/2019 financial year, the Institute embarked on curriculum reform activities. The Institute in liaison with Ministry of Education launched the Curriculum Policy, a guiding document for the envisaged reform activities.

In the same financial year, the Institute completed Phase II of National Pilot for the Early Years Education curriculum in Pre- Primary 1 and 2, and Grades 1 and 2. The 470 pilot schools continued with the pilot for Grade 3 pilot. For effective implementation of the pilot and the roll out of the Competency Based Curriculum, the Institute continued with training of Head teachers, Curriculum Support Officers and teachers. Curriculum support materials (teachers guides, pupils work books and handbooks) were also developed in order to support the implementation process. Additionally, Radio and Television (TV) programmes, as well as digital content was developed in the various subjects and installed in the digital devices received by schools for the Digital Literacy Programme (DLP). The Institute lead the implementing partners of DLP to monitor the status of utilization of devices in schools..

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

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

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

**Julius O. Jwan, PhD, MBS**  
**Director/Chief Executive Officer**  
**Date .....**



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**VI. CORPORATE GOVERNANCE STATEMENT**

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

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

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

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

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**VII. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A: OPERATIONAL AND FINANCIAL PERFORMANCE**

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

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

In addition, the Institute embarked on the curriculum reform activities and in liaison with Ministry of Education launched the Curriculum Policy which would be the guiding document for the envisaged curriculum reform activities.

The Ministry of Education launched the rollout of the Competency Based Curriculum in Pre-Primary 1 and 2, and Grades 1, 2 and 3. Additionally, the scope and sequence charts and curriculum designs for Grade 4-6 have been developed by the KICD subject panels. For effective implementation of the CBC, the Institute continued with training of Head teachers, Curriculum Support Officers and teachers Grades 1, 2 3 and 4. Curriculum support materials (teacher's guides, pupil's work books and handbooks) were developed in order to support the implementation process. Further, Radio and Television (TV) programmes as well as digital content were developed in the various subjects and installed in the digital devices that the schools have received for the digital literacy programme.

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

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

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

During the year, the Institute was appointed by the Ministry of Education to coordinate the distribution of text books to all primary and secondary schools. The distribution of the said books is approximately at 80% for phase 1. The Institute received a grant of KShs **7,229,684,784** during the financial year.

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

<b>Type of grant</b>	<b>2019 Ksh</b>	<b>2018 Ksh</b>
Operational grant- Normal	<b>803,358,540</b>	<b>803,358,540</b>
Operational Grant- Curriculum Reform	<b>145,329,029</b>	<b>265,000,000</b>
Development Grant	<b>116,000,000</b>	<b>58,000,000</b>

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

<b>Type of revenue</b>	<b>2019 Ksh</b>	<b>2018 Ksh</b>
Appropriation in Aid (A-I-A)	<b>483,912,758</b>	<b>448,732,911</b>

A-in-A increased by 5.3% from last financial year.

**SECTION B: COMPLIANCE WITH STATUTORY REQUIREMENTS**

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

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

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

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

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

**Risk Management**

A risk analysis conducted within the year as part of developing the new KICD 2019-2024 strategic plan identified potential risks that may affect the achievement of strategic objectives and the possibility of each occurring as highlighted below. Appropriate mitigation measures have also been developed to address each risk with the aim of minimising the possibility of the risk occurring and also to minimise its consequences if it does occur.

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**VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

The Kenya Institute of Curriculum Development undertakes Corporate Social Responsibility (CSR) as a way of giving back to society. The community activities enhance the existing mutual relationship with stakeholders besides, improving the institute's brand awareness locally and globally.

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

During the 2018/2019 financial year, the Institute participated in the Mater Hospital Heart Run.

As a Silver sponsor, the Institute's name featured in selected advertisements and was allowed to strategically place its banners during the event. KICD staff who participated in the activity interacted with other participants drawn from the public and private sector. The staff shared pertinent information about the Competency Based Curriculum especially on frequently asked questions.

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

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

The Council is therefore, responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the year ended June 30<sup>th</sup>, 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 Institute;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material mis-statements, whether due to error or fraud;

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- (iv) safeguarding the assets of the Institute;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable under circumstances.

The Council accepts responsibility for the Institute’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council is of the opinion that the Institute’s financial statements give a true and fair view of the state of Institute’s transactions during the financial year ended June 30<sup>th</sup>, 2019, and of the Institute’s financial position as at that date. The Council further confirms the completeness of the accounting records maintained by the Institute, which have been relied upon in the preparation of the Institute’s financial statements, as well as the adequacy of the systems of internal financial controls.

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


**Approval of the financial statements**

The draft annual Report and financial statements for the year ended 30<sup>th</sup> June, 2019 were presented to the Council and approved during the meeting held on .....


**Dr. Sara Ruto**  
**Chairperson**

  
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**Signature**

**Dr. Nicholas Letting’**  
**Member**

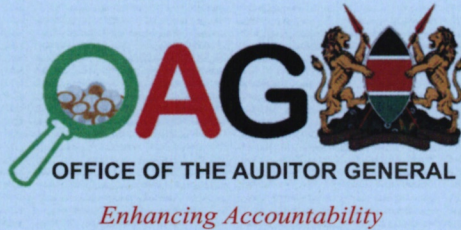
  
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**Signature**

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

  
-----  
**Signature**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF CURRICULUM DEVELOPMENT FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Kenya Institute of Curriculum Development set out on pages 29 to 54, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution 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 Institute of Curriculum Development 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 the Public Finance Management Act, 2012 and the Kenya Institute of Curriculum Development Act, 2013.

#### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Institute of Curriculum Development 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.

#### **Emphasis of Matter**

##### **Budget Control and Performance**

The statement of comparative budget and actual amounts for the year ended 30 June, 2019 reflects actual expenditure of Kshs.9,240,351 against final expenditure

budget of Kshs.7,812,081 resulting in an over expenditure of Kshs.1,428,270 or 18% of the total budget. Management has not provided any explanation on the over expenditure.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There are no other key audit matters to report in the year under review.

### **Other Matter**

### **Prior Year Audit Matters**

In the audit report of the previous year, issues on work in progress and budget control and performance were raised under the Report on Financial Statements. However, although the Management has indicated that the issues have been responded to, the matters have remained unresolved as the National Assembly has not deliberated on the same.

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

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

### **Basis for Conclusion**

#### **Compliance with the National Cohesion and Integration Act, 2008**

A review of the staff data for the Institute as at 30 June, 2019 revealed that one ethnic community accounted for 40.82% of the senior management staff as was the case in the previous year. This is contrary to paragraph 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community. The Institute has failed to improve the regional balance as similar percentages remain relatively un-changed compared to last years.

The Institute is therefore in breach of the law.

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

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

### **Conclusion**

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

### **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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Council**

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

In preparing the financial statements, Management is responsible for assessing the ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or to cease operations.

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

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

The Council is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 Institute'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 Institute 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 Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**04 February, 2021**

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**IX. STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June, 2019**

	Note	2019 KSH '000'	2018 KSH '000'
<b>Revenue from non-exchange transactions</b>			
Funding from donors/partners	3	8,404,332	4,345,564
Transfers from Governments	4	<u>803,358</u>	<u>803,358</u>
		<b>9,207,690</b>	<b>5,148,922</b>
<b>Revenue from exchange transactions</b>			
Net surplus from NRC	5	43,447	55,642
Rental revenue from staff quarters	6	99	100
Finance income - external investments	7	396,827	307,595
Other income	8	43,541	85,396
		<u>483,913</u>	<u>448,733</u>
<b>Total revenue</b>		<b>9,691,603</b>	<b>5,597,655</b>
<b>Expenses</b>			
Employee costs	9	529,725	532,561
Expenses of the Council	10	13,607	9,919
Depreciation and amortization	11	59,542	56,194
Repairs and maintenance	12	22,650	30,480
Programme areas services	13	26,585	59,777
Donors/partners expenditure	14	8,404,332	4,345,564
General expenses	15	183,909	159,006
<b>Total expenses</b>		<u>9,240,351</u>	<u>5,193,501</u>
<b>(Deficit)/surplus for the period</b>		<u>451,252</u>	<u>404,154</u>

The notes set out on pages 35 to 54 form an integral part of the Financial Statements.

**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT  
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**X. STATEMENT OF FINANCIAL POSITION**  
As at 30 June, 2019

<b>Assets</b>		<b>2019</b>	<b>2018</b>
<b>Current assets</b>		<b>KSH '000'</b>	<b>KSH '000'</b>
Cash and cash equivalents	16	4,842,871	5,746,750
Receivables from exchange transactions	17	53,065	45,035
Inventories	18	<u>67,358</u>	<u>59,224</u>
		<b>4,963,294</b>	<b>5,851,009</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	2,226,006	2,116,435
Intangible assets	20	11,225	7,870
		<b>2,237,231</b>	<b>2,124,305</b>
<b>Total assets</b>		<b>7,200,525</b>	<b>7,975,314</b>
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	159,143	103,114
Refundable deposits from customers	22	972	972
Deferred income – donors/partners	23	3,267,404	4,665,474
<b>Total liabilities</b>		<b>3,427,519</b>	<b>4,769,560</b>
<b>Net assets</b>			
Capital reserves	24	2,157,977	2,041,977
Accumulated surplus	25	1,615,029	1,163,777
		<b>3,773,006</b>	<b>3,205,754</b>
<b>Total net assets and liabilities</b>		<b>7,200,525</b>	<b>7,975,314</b>

The Financial Statements set out on pages 29 to 54 were signed on behalf of the Council by:

**Dr. Sara Ruto**  
Chairperson

  
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Signature

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

  
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Signature

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

  
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Signature

**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT  
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**XI. STATEMENT OF CHANGES IN NET ASSETS  
For the year ended 30 June, 2019**

	Notes	Capital reserve KSH '000'	Accumulated surplus Restated KSH '000'	Total KSH '000'
<b>Balance as at 30 June 2017</b>		<b>1,948,985</b>	<b>759,623</b>	<b>2,708,608</b>
Surplus/(deficit) for the period	25	-	404,154	404,154
Capital Grant- ERC	24	58,000	-	58,000
Development Grant- Curriculum Reform	<b>24</b>	34,992	-	34,992
<b>Balance as at 30 June 2018</b>		<b>2,041,977</b>	<b>1,163,777</b>	<b>3,205,754</b>
Surplus/(deficit) for the period	25	-	451,252	451,252
Capital Grant – ERC	24	116,000	-	116,000
<b>Balance as at 30 June 2019</b>		<b>2,157,977</b>	<b>1,615,029</b>	<b>3,773,006</b>

**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT  
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**XII. STATEMENT OF CASH FLOWS**  
**For the year ended 30 June, 2019**

	Note	2019 KSH '000'	2018 KSH '000'
<b>Cashflows from Operating Activities</b>			
(Deficit)/surplus for the year		451,252	404,154
Add back Depreciation- Note 11	11	70,049	56,194
less: loss on Translation foreign Exchange	15		99
<b>Operating surplus before working capital changes</b>		<b>521,301</b>	<b>460,447</b>
<b>Working Capital Adjustments</b>			
Decrease/ (Inc) in Receivables	17	(8,031)	41,519
Increase/(Decrease) in Deferred Income	23	(1,398,070)	4,304,782
(Decrease)/Increase in Payables	21	56,029	(26,559)
Decrease in refundable deposits from customers	22	-	(10,184)
Decrease/(Increase) in Inventory	18	(8,133)	(7,714)
<b>Net cashflows from operating activities</b>		<b>(1,358,205)</b>	<b>4,301,844</b>
<b>Cashflow from Investing Activities</b>			
Work in Progress (ERC)	19	(106,256)	(145,497)
Purchase of property, Plant and Equipment	19	(76,720)	(70,033)
Proceeds from Disposal of Property plant & Equipment		-	-
<b>Net Cashflows from investing activities</b>		<b>(182,976)</b>	<b>(216,951)</b>
<b>Cash from Financing Activities</b>			
Development Grant for ERC		116,000	58,000
Assets Financed from Reform grant		-	34,992
<b>Net Cashflows from Financing Activities</b>		<b>116,000</b>	<b>92,992</b>
<b>Net Increase</b>		<b>(903,880)</b>	<b>4,638,331</b>
Cash and cash equivalents at the beginning of the Year		5,746,751	1,108,419
<b>Cash and cash equivalents at the end of the year</b>		<b>4,842,871</b>	<b>5,746,750</b>

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**XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018- 2019	2018-2019	2018-2019	2018-2019	2018-2019
	KSH '000'	KSH '000'	KSH '000'	KSH '000'	KSH '000'
<b>Revenue</b>					
Funding from donors/partners	6,913,881	-	6,913,881	8,404,332	1,490,451
Government grants and subsidies	803,358	-	803,358	803,358	-
Income Generating Activities	<u>503,000</u>	-	<u>503,000</u>	<u>483,913</u>	<u>(19,087)</u>
<b>Total income</b>	<b>8,220,239</b>	<b>-</b>	<b>8,220,239</b>	<b>9,691,603</b>	<b>1,471,364</b>
<b>Expenses</b>					
Compensation of employees	586,100	-	586,100	529,725	56,375
Expenses of the Council	15,000	-	15,000	13,607	1,392
Depreciation and amortization	56,300	-	56,300	59,542	(3,242)
Repair and maintenance	25,000	-	25,000	22,650	2,350
Programme areas	35,000	-	35,000	26,585	8,415
Donor expenditure	6,913,881	-	6,913,881	8,404,332	(1,490,451)
General expenses	180,800	-	180,800	183,909	(3,109)
<b>Total expenditure</b>	<b>7,812,081</b>	<b>-</b>	<b>7,812,081</b>	<b>9,240,351</b>	<b>(1,428,270)</b>
<b>Surplus for the period</b>	<b>408,158</b>	<b>-</b>	<b>408,158</b>	<b>451,252</b>	<b>43,094</b>

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**Budget notes**

- i) The performance on (donor funded activities) distribution of primary and secondary school books depended on delivery of the books to schools, presentation of claims by the publishers/suppliers and verification.
- ii) Income Generating Activities- the variance is due to increased income from short term investments.
- iii) Compensation to employees- the variance is due to vacant posts and exit of staff.
- iv) Depreciation and Amortisation – The variance is due to acquisition of property plant and equipment from the donor funded project that is curriculum reform.
- v) Programme areas – the variance is due to support by World bank through SEQIP in the development and implementation of Competency Based Curriculum (CBC) as more human resource and time was needed for the Competency Based Curriculum thus slow implementation of planned programme activities.

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**XIV. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2019**

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

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

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

**2. Summary of significant accounting policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably.

**ii) Revenue from exchange transactions**

***Rendering of services***

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

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

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

***Income from NRC***

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

***Interest income***

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

**b) Budget information**

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

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred.

**d) Intangible assets** Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

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

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

**e) Provisions**

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

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

**f) Inventories**

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

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

**1. Depreciation**

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

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

**Amortization**

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

**a) Nature and purpose of reserves**

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

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

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

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

**c) Employee benefits**

**Retirement benefit plan**

The Institute provides Defined contribution retirement benefits plan for its employees. This is a post-employment benefit plan under which the Institute pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Institute and the employees contribute 20% and 10% of the basic pay respectively. It also contributes to the statutory National Social Security Fund (NSSF) whose rates are determined by Kenyan statutes. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**d) Gratuity**

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

**e) Foreign currency transactions**

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

**f) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash book balances, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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

**g) Comparative figures**

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

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

The preparation of the Institute's financial statements in conformity with IPSAS requires the Institute's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

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

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

**i) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30<sup>th</sup>, 2018.

**3. Funding from Donors/Partners**

	<b>2019</b>	<b>2018</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
MoE/Partners of Curriculum Reform	198,819	265,000
MoE - Digital Literacy Programme	-	-
Kenya Future Leaders	-	110,266
SEQIP (Secondary Quality Impr. Programme)	370,869	138,000
MoE Text Books	6,402,169	8,137,753
Other Donors/Partners	34,405	7,158
<b>Total Funding from Donors/Partners</b>	<b>7,006,262</b>	<b>8,658,177</b>
<b>Reconciliation of public contributions and donations</b>		
<b>Balance unspent at beginning of year</b>	4,665,474	352,861
Current year receipts	7,006,262	8,658,177
Conditions met - transferred to revenue	(8,404,332)	(4,345,564)
<b>Conditions to be met - remain liabilities</b>	<b>3,267,404</b>	<b>4,665,474</b>

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

**4. Transfers from Government**

	<b>2019</b>	<b>2018</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
<b>Unconditional grants</b>		
Operational grant	803,358	803,358
<b>Total government grants and subsidies</b>	<b>803,358</b>	<b>803,358</b>

**5. Segment Information**

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

<b>Revenues</b>		
Accommodation	83,171	39,138
Hiring	60	1,624
Food and Beverages	62,692	114,703
Business Centre	103	343
Other Incomes	7,937	2,384
	<b><u>153,963</u></b>	<b><u>158,192</u></b>
<b>Less. Expenditure</b>		
Staff Cost	15,270	17,365
Administration Expenses	8,594	7,949
Operating Expenses	88,895	73,644
Provision for bad debts	-	-
Depreciation charge	10,507	11,454
<b>Total Operating Expenses</b>	<b><u>123,266</u></b>	<b><u>110,412</u></b>
<b>Operating Surplus</b>	<b><u>30,697</u></b>	<b><u>47,780</u></b>
Interest Income	12,750	7,862
<b>Net Income</b>	<b><u>43,447</u></b>	<b><u>55,642</u></b>

**6. Rental Revenue from Staff Quarters**

Rent receipts	99	100
<b>Total rentals</b>	<b>99</b>	<b>100</b>

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

	<b>2019</b>	<b>2018</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
<b>7. Finance Income - External Investments</b>		
Interest on Fixed Deposit Receipts	295,370	247,547
Interest on Call and Current Account	101,457	60,048
<b>Total finance income – external investments</b>	<b>396,827</b>	<b>307,595</b>
<b>8. Other Income</b>		
Sale of Curriculum Support Materials	28,653	24,501
Royalties	60	671
Income from Book review	10,158	39,468
Consultancy	3,371	12,701
Gain from Foreign Exchange/Disposal	46	-
Income from printing /photocopying	450	4,501
Miscellaneous Revenue	751	317
Increase in provision for doubtful debts	-	193
Hire of EMS Equipment	52	3,044
<b>Total Other Income</b>	<b>43,541</b>	<b>85,396</b>
<b>9. Employee Costs</b>		
Employee related costs - salaries and wages	299,010	312,060
Employee related costs - contributions to pensions	58,041	60,912
Medical Cover	38,565	28,354
Commuter Allowances	28,666	28,197
Leave Allowances	2,431	2,372
Housing Benefits and Allowances	97,336	94,977
Ex-gratia	1,032	1,071
Gratuity	1,757	1,339
Travelling Expenses	2,887	3,279
<b>Employee costs</b>	<b>529,725</b>	<b>532,561</b>
<b>10. Expenses of the Council</b>		
Honoraria	960	960
Sitting Allowance/Travel	12,587	8,899
Airtime	60	60
<b>Total Councils' Remuneration</b>	<b>13,607</b>	<b>9,919</b>

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

**11. Depreciation and Amortization**

	<b>2019</b>	<b>2018</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
Property, plant and equipment	63,793	64,275
Intangible assets	6,256	3,373
<b>Total depreciation and amortization</b>	<b>70,049</b>	<b>67,648</b>
Property, plant and equipment- Accounted under note 5	(10,507)	(11,454)
<b>Depreciation and amortization for KICD</b>	<b>59,542</b>	<b>56,194</b>

**12. Repairs and Maintenance**

Property	6,652	15,294
Equipment	11,980	11,007
Vehicles	4,018	4,179
<b>Total repairs and maintenance</b>	<b>22,650</b>	<b>30,480</b>

**13. Programme Areas Services**

Basic Education	2,161	8,356
Corporate Communication	2,403	1,173
Technical, Vocational, Entrepreneurship Training	1,682	2,309
Educational Resources	1,457	1,720
Electronic and Emerging Media	17,295	14,536
Text Book Evaluation	995	30,420
Research Monitoring and Evaluation	592	1,263
<b>Total Programme Areas Services</b>	<b>26,585</b>	<b>59,777</b>

**14. Donors/Partners Expenditure**

MoE -Curriculum Reform	269,866	289,216
MoE -Digital Literacy Program	12,557	71,911
SEQIP	45,626	53,491
MoE Text Books	7,998,006	3,864,932
Kenya Future Leaders(G-United)	44,750	57,422
Other Donors/ Partners' Expenses	33,527	8,592
<b>Total Donors/Partners Expenditure</b>	<b>8,404,332</b>	<b>4,345,564</b>

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<b>15. General Expenses</b>	<b>2019 KSH '000'</b>	<b>2018 KSH '000'</b>
Advertising	4,074	1,905
Admin Expenses	37,486	21,005
Audit Fees	928	928
Computer Expenses and Software Licence	18,052	18,218
Loss on Translation of Foreign Exchange	-	99
Library Expenses	585	270
Electricity	7,187	7,215
Fuel and Oil	10,885	8,118
Insurance	2,220	2,691
Legal Expenses	1,397	2,578
Corporate Social Responsibility	328	350
Fungicides	493	1,675
Water	94	60
Postage	9	223
Printing and Stationery	12,739	10,114
Schools Broadcast	54,653	50,460
Maintenance of VCT Services	787	930
Artists' Fees	-	298
KICD Broadcasting Channel	14,966	16,199
Purchase of Supplies for Production	5,653	4,670
Bank Charges	1,073	731
Telecommunication	3,018	2,903
Training	4,948	5,153
Others	2,334	2,211
<b>Total General Expenses</b>	<b>183,909</b>	<b>159,006</b>

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

**16. Cash and Cash Equivalents**

		<b>2019</b>	<b>2018</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KSH.</b>	<b>KSH.</b>
		<b>'000'</b>	<b>'000'</b>
<b>a) Current account</b>			
Kenya Commercial Bank	1109284373	617,052	306,982
Kenya Commercial Bank	1109287607	29,513	69,398
Co-operative Bank	01136069386401	405,055	101,355
Co-operative Bank	01136069386402	299,783	119,032
Co-operative Bank	01136069386405	377	4,831
Co-operative Bank	02120069386400	4,296	3,774
Co-operative Bank	01136069386403	1,682	1,686
Equity Bank	0910299125863	1,041	1,041
National Bank of Kenya	01071205024200	421,020	137,999
<b>Sub- total</b>		<b>1,779,819</b>	<b>746,098</b>
<b>b) On - call deposits</b>			
Kenya Commercial Bank	1109284373	-	2,005,063
Co-operative Bank	01150069386400/1	3,062,706	2,995,077
<b>Sub-total</b>		<b>4,842,526</b>	<b>5,000,140</b>
<b>c) Others(specify)</b>			
M-pesa	341600	72	72
Equity Agency		274	274
<b>Subtotal</b>		<b>346</b>	<b>346</b>
<b>Grand total</b>		<b>4,842,871</b>	<b>5,746,750</b>

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

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

	<b>2019</b>	<b>2018</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
<b>Current receivables</b>		
Exchange Debtors	89,606	86,930
Non-exchange Debtors	-	-
Staff Imprest	269	1,535
Staff Advances	-	-
Bank Guarantee	5,522	5,522
Prepayments	6,937	5,855
Deposits	1,132	374
Deposit with Continental Credit Bank	4,923	4,923
Deposit with Bank Indosuez	120	120
Less: Provision for doubtful debts ( <b>note 27</b> )	(55,444)	(60,224)
Donor Receivables		-
<b>Less: Provisions for doubtful debts</b>		(501)
<b>Total current receivables</b>	<b>53,065</b>	<b>45,035</b>

**18. Inventories**

Technical stores	13,785	17,094
Bookshop stores	35,861	32,297
Main stores	13,718	9,833
NRC stores	3,994	-
	<b>67,358</b>	<b>59,224</b>

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

**19. Property, Plant and Equipment**

	LAND	BUILDINGS	FURN & FITTINGS	MOTOR VEHICLES	COMPUTERS	STUDIO EQUIP	DIGITAL EQUIP	HOTEL EQUIP	TOOLS & EQUIP	OFFICE EQUIP	PRINTING MACHINE	GENERATORS	WIP	TOTAL
	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000	KSH. 000
<b>COST 2017/2018</b>														
As at 1st July 2017	416,000	477,395	33,729	86,651	71,943	166,089	28,083	33,909	12,176	7,950	103,068	9,765	844,087	2,290,843
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	6,430	13,823	21,812	9,273	-	12,609	3,859	3,721	40	-	-	145,497	217,065
As at 30th June 2018	416,000	483,825	47,551	108,462	81,216	166,089	40,692	37,769	15,897	7,990	103,068	9,765	989,584	2,507,908
As at 1st July 2017	-	68,111	28,368	59,606	57,490	39,054	8,624	10,956	11,322	7,318	30,490	5,859	-	327,198
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deprec charge	-	12,096	5,380	15,997	7,304	8,304	4,069	3,780	744	524	5,155	977	-	64,330
Acc. Depreciation	-	80,206	33,748	75,553	64,794	47,359	12,693	14,733	12,066	7,842	35,644	6,836	-	391,474
As at 30th June 2018	416,000	403,619	13,803	32,909	16,422	118,730	27,999	23,036	3,831	148	67,424	2,929	989,584	2,116,434
As at 1st July 2018	416,000	477,395	33,729	86,651	71,943	166,089	28,083	33,909	12,176	7,950	103,068	9,765	844,087	2,290,843
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	53,992	5,106	-	4,718	1,020	-	1,386	708	178	-	-	106,257	173,365
As at 30th June 2019	416,000	537,817	52,657	108,462	85,934	167,109	40,692	39,155	16,605	8,168	103,068	9,765	1,095,841	2,681,273
As at 1st July 2018	-	68,111	28,368	59,606	57,490	39,054	8,624	10,956	11,322	7,318	30,490	5,859	-	327,198
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deprec charge	-	13,446	5,601	13,728	7,606	8,355	4,069	3,915	886	57	5,153	977	-	63,793
Acc. Depreciation	-	93,652	39,349	89,281	72,400	55,714	16,762	18,648	12,952	7,899	40,797	7,813	-	455,267
As at 30th June 2019	416,000	444,165	13,308	19,181	13,534	111,395	23,930	20,507	3,653	269	62,271	1,952	1,095,841	2,226,006
As at 30th June 2018	416,000	403,619	13,803	32,909	16,422	118,730	27,999	23,036	3,831	148	67,424	2,929	989,584	2,116,435

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**20. Intangible Assets - Software**

	KSH '000'
<b>Cost 2017/2018</b>	
As at 1 July 2017	12,247
Additions	11,242
<b>As at 30 June 2018</b>	<b>23,490</b>
<b>Amortization and impairment 2017/2018</b>	
As at 1 July 2017	12,247
Amortization during the year	3,373
<b>As at 30 June 2018</b>	<b>15,620</b>
<b>Net book value as at 30 June 2018</b>	<b>7,870</b>
<b>Cost 2018/2019</b>	
As at 1 July 2018	23,490
Additions	9,611
<b>As at 30 June 2019</b>	<b>33,101</b>
<b>Amortization and impairment 2017/2018</b>	
As at 1 July 2018	15,620
Amortization during the year	6,256
<b>As at 30 June 2019</b>	<b>21,876</b>
<b>Net book values as at 30 June 2019</b>	<b>11,225</b>

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

	2019 KSH '000'	2018 KSH '000'
Trade Payables from Exchange Transactions	107,241	50,920
Retention	44,092	43,765
Provision for Gratuity	5,799	4,460
Provision for Salaries	-	-
Third-party Payments	-	1,958
Continental Credit Bank (under Receivership)	2,011	2,011
<b>Total payables from Exchange Transactions</b>	<b>159,143</b>	<b>103,114</b>

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

The retention of **KSHS 44 million** is due to; Dinesh construction Co. for the construction of Educational Resource Centre among others.

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**22. Refundable Deposits from Customers**

	<b>2019</b>	<b>2018</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
Customer Deposits	972	972
<b>Total refundable deposits</b>	<b>972</b>	<b>972</b>

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

MoE Curriculum Reform	49,354	120,401
MoE-Digital Literacy Program	107,499	120,056
SEQIP	409,752	84,509
MoE Text Books	2,676,985	4,272,821
Kenya Future Leaders	262	45,012
Donors Partners	23,552	22,675
<b>Total Deferred Income</b>	<b>3,267,404</b>	<b>4,665,474</b>

**24. Capital Reserve**

Opening Balance	2,041,977	1,948,985
Development Grant	116,000	58,000
Assets Capitalised- Curriculum Reform		34,992
<b>Total Capital Reserve</b>	<b>2,157,977</b>	<b>2,041,977</b>

**25. Accumulated Surplus**

Opening Balance	1,163,777	759,623
Surplus/(Deficit) for the year	451,252	404,154
<b>Total Accumulated Surplus</b>	<b>1,615,029</b>	<b>1,163,777</b>

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**26. Related Party**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

**Transactions with related parties**

	<b>2019</b>	<b>2018</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
<b>a) Grants from the Government</b>		
Grants from National Govt- Recurrent	948,687	1,068,358
Grants from National Govt- development	116,000	58,000
Grants from National Govt- conditional grants	6,402,169	8,248,019
<b>Total</b>	<b>7,466,856</b>	<b>9,374,377</b>
<b>b) Expenses incurred on behalf of related party</b>		
Distribution of text books to Schools	7,998,006	3,864,932
Kenya Future Leaders	44,750	57,423
<b>Total</b>	<b>8,042,726</b>	<b>3,922,355</b>

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<b>c) Key management compensation</b>	<b>2019</b>	<b>2018</b>
	<b>KSH</b>	<b>KSH</b>
	<b>'000'</b>	<b>'000'</b>
Expenses of the Board	13,607	9,919
Compensation to the CEO	5,940	5,940
Compensation to key management	11,443	10,898
<b>Total</b>	<b>30,990</b>	<b>26,757</b>

**27. Provisions for Doubtful Debts**

	<b>2019</b>	<b>2018</b>
	<b>KSH '000'</b>	<b>KSH '000'</b>
General Provisions (NRC)	1,548	1,170
Specific Provisions (NRC)	48,352	53,511
<b>Sub-total</b>	<b>49,900</b>	<b>54,681</b>
General Provisions (KICD)	501	501
Specific Provisions (KICD Bank Deposit)	*5,043	5,043
<b>Total</b>	<b>55,444</b>	<b>60,225</b>

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

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

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

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

**Chief Executive Officer**

Date.....  


**Chairperson of the Council**

Date .....  


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

**Project**

**Status of Project Completion**

*The Education Resource Centre project is ongoing.*

	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
1	Construction of Education Resource Centre Phase 1	Ksh1.433B	Kshs. 1,095,840,913	86	Ksh1.433B	Kshs. 1,095,840,913	GoK