

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

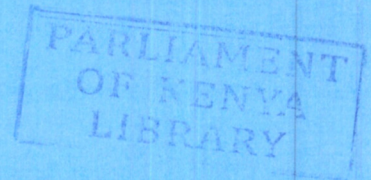
THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 07 MAY 2019

DAY: TUE

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REPORT

OF

THE AUDITOR-GENERAL

ON

FINANCIAL STATEMENTS OF
KENYA NATIONAL COMMISSION FOR
UNESCO

FOR THE YEAR ENDED
30 JUNE 2018





United Nations
Educational, Scientific and
Cultural Organization



Kenya National
Commission for UNESCO
(KNATCOM)

**KENYA NATIONAL COMMISSION
FOR UNESCO**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2018

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

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I. KEY COMMISSION INFORMATION AND MANAGEMENT

(a) Background information

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

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

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

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

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

(b) Principal Activities

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

(c) Key Management

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

- Chief Executive Officer / Secretary General

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- Deputy Secretary General, Corporate Affairs
- Deputy Secretary General, Technical Programmes
- Head of Programmes and Departments

(d) Fiduciary Management

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

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

(e) Fiduciary Oversight Arrangements

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

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

(f) Commission Headquarters

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

(g) Commission Contacts

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

(h) Commission Bankers

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

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


(i) Independent Auditors

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



(j) Principal Legal Adviser

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



II. THE BOARD OF DIRECTORS

NAME	DESCRIPTION
<p>Dr. Rashid Abdi Aman, BPharm, PhD</p> 	<p>Name: Dr. Rashid Abdi Aman Date of Birth: 8th June, 1958 Chairperson: Kenya National Commission for UNESCO</p> <p>EDUCATION BACKGROUND Dr. Rashid holds a Bachelor of Pharmacy degree from the University of Nairobi and PhD in Pharmaceutical Chemistry from University of California (1985). He also possess a post – doctoral Fellowship from Stanford University, USA (1985 -88)</p> <p>WORK EXPERIENCE</p> <ul style="list-style-type: none"> • Visiting Associate Fellowship at the National Cancer Institutes of the National Institute of Health, USA – (1988 – 1990). • Joined the National Museums in 1990 and served for 15 years in several senior positions such as Director, Deputy Director and Programmes Coordinator among others. He is a distinguished scientific researcher in many areas covering molecules and parasitology, environment and biodiversity. • While at the Museums, he was also a Visiting Scientist at the Case Western University, USA (1990 – 1994). <p>CURRENT POSITIONS:</p> <ul style="list-style-type: none"> • Honorary. Prof in molecular genetics and genomics at Strathmore University • Founding Director of Advanced Biotech Laboratories • Director and Chief of Operations of African Centre for Clinical Trials • Director of Laboratory Research and Operations Centre at Strathmore University


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	<ul style="list-style-type: none"> • Director, Centre for Drug Management and Policy • Senior Research Affiliate, National Museums of Kenya <p>Dr. Rashid has served and continues to serve in various national and international committees in his (areas) of expertise.</p>
<p>Prof. Frederick Gravenir</p> 	<p>Date of Birth: 10th July, 1947</p> <p>Education: PhD, M.A</p> <p>Work experience:</p> <ul style="list-style-type: none"> • 37 year of teaching and administration at the university level. • Served as Dean of Faculty of Education at Maseno University College. • Director Board of Postgraduate Studies at Kenyatta University. • Director Advancement, Kenyatta university • Currently serving as Deputy Vice Chancellor, Research, Innovation and Outreach, Kenyatta University.
<p>Mr. Gabriel Mathenge</p> 	<p>Date of Birth: 13th December, 1970</p> <p>Education: M.A, Educational Administration (UoN)</p> <p>Work experience:</p> <ul style="list-style-type: none"> • Over 20 years having risen from a classroom teacher to high school Principal to Senior Principal Officer. • Currently Ag. Deputy Director in-charge of teachers' performance appraisal, performance contracting and professional development at Teachers Service Commission.



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

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	<ul style="list-style-type: none"> • The Director of Administration Ministry of Sports, Culture & Arts from 2012 to date. • Served as Regional Commissioner Upper North Eastern, Wajir from 2010 – 2012: • Appointed Regional Commissioner, Upper Eastern Region from August 2009–September 2010. <p>In August 2008 – July 2009:</p> <ol style="list-style-type: none"> 1. Deployed as Deputy Provincial Commissioner Eastern-Province – EMBU 2. Alternate Director, Mt Kenya Pilot Project 3. Alternate Director, TARDA 4. Member CAB <p>In August 2006 To July 2008</p> <ul style="list-style-type: none"> • Deployed as Deputy Provincial Commissioner – Central Province – NYERI. • Served as Deputy Secretary in the Ministry Of Lands in July 2005 – July 2006. • Served as Deputy Secretary in the Office Of The President from 2004 – June 2005. • Served as Undersecretary in the Office Of The President – (Police Headquarters) from 1999 – 2003. • Served as District Officer from 1983 – 1998 in several Districts.
<p>Mr. George Kariuki</p>	<p>Date of Birth: October 1969</p> <p>Education: BSc. Statistics and Computer Science (JKUAT). Accredited Fellow by the Macroeconomics and Financial Management Institute of Eastern and Southern Africa (MEFMI), a regional capacity building institution.</p> <p>Work experience:</p> <ul style="list-style-type: none"> • 1997-2001: Worked at the Ministry of Environment, Forestry Department. Was responsible for the management


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	<p>of the Forestry Information Systems (FIS).</p> <ul style="list-style-type: none"> • 2001-2004: Worked in the Ministry of Finance, Fiscal and Monetary Affairs department. Involved in automation of the budgetary processes within the department. Participated in the rollout of the Integrated Payroll and Personnel Database (IPPD). • 2004-2008: Joined Debt Management Department as an Administrator for the National Debt Database and a key personnel in automating debt process. • 2008-2011: Head of ICT Unit in the Ministry of Nairobi Metropolitan. Key resource person in the designing of the Nairobi Metropolitan Spatial Plan. • 2011-current: Head of ICT in the Public Debt Management Office (PDMO). As an Accredited Fellow, consulted by Eastern and Southern Africa MEFMI member countries on debt IT system
<p>Mr. Patrick Ochich</p> 	<p>Date of Birth: 9th October, 1959</p> <p>Education: M.Ed in Measurement and Evaluation (UoN); B.Ed</p> <p>Mr. Ochich has been trained at the Kenya School of Government for Strategic Leadership Development (SLDP) and Senior Management (SMC). Internationally, he has been trained at the University of Cambridge Assessment Network in the United Kingdom on Public Examinations Development and Administration.</p> <p>Work Experience:</p> <ul style="list-style-type: none"> • Director, Test Development at the Kenya National Examinations Council from August 2015.

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	<ul style="list-style-type: none">• Served the Teachers Service Commission for 17 years, where he held various positions in several high schools and national polytechnics.• He later served as a Senior Research Officer at the Kenya Institute of Curriculum Development.• He has participated, facilitated and presented papers in local and international Educational Assessment Workshops and Conferences.
<p>Ms. Josephine Muriuki</p> 	<p>Date of Birth: 13th October, 1959</p> <p>Education:</p> <ul style="list-style-type: none">• MA in Psychological Counselling (Daystar University)• BA in Sociology and Political Science (UoN)• Higher Diploma in Psychological Counselling (Kenya Institute of Psychological Counselling-Methodist University)• Trained in Strategic Leadership Development and Project Planning (Kenya School of Government).• Attended several project planning leadership management trainings course and also professional and technical training in areas of social development/social protection and safety nets both in and outside Kenya <p>Work Experience:</p> <ul style="list-style-type: none">• Director of Social Development from April, 2017 where she provided strategic direction in the implementation of social development.• Since 1982, she has worked in various capacities both at the District (Sub County) and Headquarters and was involved in matters of community mobilization and empowerment.




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	<ul style="list-style-type: none">• Coordinated the development and implementation of policies and strategies for the protection and promotion of Persons with Disabilities, older persons, family and volunteerism.• Involved in coordination of implementation of various community development and social protection programmes in liaison with various partners including World Bank/IFAD.• Participated as the Head of Delegation or participant in various international and regional foras in the field of social development and in particular, related to vulnerable groups (Persons with Disabilities (PWDs), older persons and the youth)
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III. MANAGEMENT TEAM

NAME	RESPONSIBILITY
 <p>1. Dr. Evangeline Njoka: PhD, MED, BED</p>	<p>Accounting Officer / CEO</p>
 <p>2. Mr. David Otiato: MBA, BA, CPA-K</p>	<p>Deputy Secretary General – Corporate Support services</p>
 <p>3. Ms. Christine Maingi: MED (on-going), BED</p>	<p>Communication and Information programme</p>

 <p>4. Mr. Joel Ongoto: PhD (on-going), MED, BED</p>	<p>Social and Human Science Programme</p>
 <p>5. John O. Omare: MA, BA</p>	<p>Culture Programme</p>
 <p>6. Ms. Mary Kangethe</p>	<p>Education programme Programme</p>

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 <p>7. Dr. Jaro Arero</p>	<p>Natural Science</p>
 <p>8. Mr. David Looremata: M.A, BA</p>	<p>Human Resources</p>

IV. CHAIRMAN’S STATEMENT

Dear valued shareholders, on behalf of the Board of the Commission, it is my honour and privilege to present the Kenya National Commission for UNESCO (KNATCOM)’s Annual Report and Financial Statements for the Year ended 30th June 2018.

During the reporting period, the Commission recorded fairly good performance despite a range of operational and financial challenges. For the fifth year running, the financial statements have been prepared in full compliance with International Public Sector Accounting Standards (IPSAS).

The Commission is playing a positive role towards realization of Vision 2030 through UNESCO’s five areas of competence namely: Education, Natural Sciences, Social and Human Sciences, Culture and Communication and Information. These areas inform significant components of Kenya’s socio-economic life.

During the past years, there has been a renewed focus on corporate governance and the Board has spent a significant proportion of its time examining and strengthening our processes throughout the year. Having a solid governance framework is key to rebuilding trust and transparency.

Across the Commission, we have continued with our wide ranging corporate renewal plans and I am pleased to state that these are very much on track. Through making hard decisions and putting our stakeholders’ interests at heart in all we do, we are rebuilding our brand as a Commission.

The Board and I we feel we have the right balance of skills set, experience and background to support and challenge the management team. The recent appointments of various staff both in Corporate and Technical Services Departments have further strengthened the management team as they bring with them the enormous wealth of skills and experience.

On behalf of the board, I take this opportunity to sincerely express my gratitude and appreciation to all stakeholders, the Government, and development partners, for their continued support, which has contributed to our tremendous achievement. I would also like to thank the Commission’s staff for their continued hard work and dedication. I believe that we have focused on the Commission’s right priorities as we continue to rebuild and strengthen the Commission.

As we embark in the New Year, I urge all Board Members and staff to relentlessly focus on meeting our stakeholders’ needs; as will help us achieve our goals for the long term success of the Commission.



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Chairman of the Board

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

Dear stakeholders, the Commission has done it again, ending another year on a great note. It was delightful to witness the strong progress achieved by KNATCOM long term agenda during 2017/2018 FY. We were able to make major improvements in *programme delivery*, continued positive development in *employee engagement* and motivation and continued to deliver our mandate at minimal cost.

The 2017 / 2018 Annual Report marks yet another milestone for the Kenya National Commission for UNESCO as we endeavour to fulfil our mandate of enhancing peace and sustainable development in Kenya. In this front, we strove to build our corporate reputation by embracing integrity.

As a Commission, we recognize employee experience as a core element of our success. Our Open Source culture strives to enhance employee experience and engagement; and to further support this, we also focus on continuously enhancing our digital tools and invest in modern working environments. Therefore, we actively encourage our employees to embrace a ‘Learning as a Lifestyle’ mind-set with initiatives and tools enabling everyone to keep up with the new demands and acquire new knowledge and skills. Knowledge sharing is also accelerated through active, cross-functional teamwork, and we intend to continue on this path in 2018.

The leadership team at the Commission has a clear understanding of the role that peace and sustainability development plays in the Commission’s strategic direction. The top management has ownership of our sustainability agenda, and the Board reviews our plans regularly.

Risk management

Risk management is essential for a wide variety of implementation of programmes because certain information about key programmes’ cost and performance are often unknown until late in the implementation stage. During the year, the Commission managed to develop Risk Management Policy Framework which will guide the Commission on managing the risks affecting the organization.

The Commission engages in continuous risk evaluation of its operative business environment and aims to protect itself from known risk factors. The goal of the Commission’s risk management is to secure the performance of the Commission, and to ensure the undisturbed continuation of the Commission’s programmatic operations. The Board’s Audit Risk and Management Committee evaluates the sufficiency and the appropriateness of the risk control in place and the processes related to it. The Audit Committee reports to the Board of the Commission.

Responsibility

As the Secretary General for Kenya National Commission for UNESCO, I am accountable for maintaining a sound system of internal controls aimed at ensuring the accomplishment of established objectives and goals of operations, the economical use of resources, the reliability and integrity of information, compliance with policies, plans, procedures, rules and regulations and the

safeguarding of the Commission's assets. This is in accordance with the responsibility assigned to me and in particular by the Public Finance Management (PFM) Act, 2012 and PFM Regulations, 2015.

Internal Control and Financial Risk Management

The primary objective of the Commission's internal control framework is to continuously put in place measures to attain accountability, programmatic and organizational objectives within an evolving organization while meeting stakeholders' expectations.

In the Commission, internal control means all actions and processes, principles, instructions and organizational structures that aim to increase the probability that all targets can be reached. Purpose of internal control is to ensure the success of operations, observance of legislation and contracts, proper administration of assets and validity of financial reporting. Internal control is not a separate function but elementary part of all functions and it is working in all levels of organization. Operational management has the main responsibility of control. Each manager is responsible for organizing the control of the functions, which he/she is responsible for, and to follow that the controls are continuously functional. Internal audit of the company is organized by Chair and CEO and the Audit Committee. Together they annually decide the focus, resourcing and actions of internal audit. Goal of Internal Audit is to evaluate and develop the risk management, control, management and administration processes. Internal audit is carried out as broadened external audit.

The Commission is accountable for maintaining a sound system of internal controls to ensure the accomplishment of established objectives and goals for operations; the economic use of resources; the reliability and integrity of information; compliance with policies, plans procedures, rules and regulations and the safeguarding of assets. Internal controls are designed to reduce and manage rather than eliminate the risk of failure to achieve the organizations aims, objectives and related policies. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. It is based on the on-going process designed to identify the principle risks, evaluate the nature and extent of those risks, and manage them efficiently, effectively and economically.

Review of Effectiveness

The review of the effectiveness of the system of internal controls is mainly informed by:

Control Activities – Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks to achieve the entity's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Communication and Information – Pertinent information must be identified, captured, and communicated in a form and timeframe that enables people to carry out their responsibilities.

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Information systems produce reports related to operational, financial, and compliance information that make it possible to run and control the business.

All staff must receive a clear message from top management that control responsibilities must be taken seriously. They must understand their own role in the internal control system, as well as how individual activities relate to the work of others. They must have a means of communicating significant information upstream. There also needs to be effective communication with external parties such as customers, suppliers, regulators and other stakeholders.

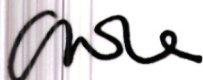
Monitoring – Internal control systems need to be monitored processes that assess the quality of the system's performance over time. This is accomplished through on-going monitoring activities, separate evaluations, or a combination of the two. On-going monitoring occurs in the course of operations. It includes regular management and supervisory activities and other actions personnel take in performing their duties. Internal control deficiencies should be reported upstream, with serious matters reported to top management and those in governance.

Control Environment – The control environment sets the tone of the Commission, influencing the control consciousness of its staff. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values, and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility and organizes and develops its people; and the attention and direction provided by those in governance.

Appreciation

I extend my appreciation to the Government including the National Treasury, Ministry of Education, Ministry of Devolution and Planning; Ministry of Culture, Sports and Arts; Ministry of Water and Irrigation; and Ministry of Environment for their continued support and insights. I would also wish to thank the KNATCOM Board for their enormous support as well as the Expert Committees for their selfless service.

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



.....
Secretary General/CEO

VI. CORPORATE GOVERNANCE STATEMENT

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

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

The Board of Directors

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

Board Composition

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

Board Diversity

The Board members comprises of: Accounts, Finance, Educationist, Administration, Human Resource Management expert, Child Protection Specialist and Information Specialist.

Meetings of the Board

Regular meetings of the Board shall be held at such times and places as determined by the Board and special meetings shall be held at other times as the Board may determine is appropriate.

Board Meeting Materials

To the extent practicable, the Board shall be provided with appropriate materials in advance of each meeting to permit prior review by the Directors.

Responsibility of Board members

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

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

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

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

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

Director Access to Management and Independent Advisors

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

Ethical Standards

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

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This is communicated to all employees of the Commission. The standards of professional conduct deal with the following main areas:

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

Other areas include:

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

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

Board Committees

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

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

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

Finance and General Purposes Committee

The functions of this Committee entail: -

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

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

Audit and Risk Management Committee

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

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

Policy and Strategy Committee

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

The functions of this Committee entail: -

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

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

Communication with Third Parties

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

Board Members Tenure and Retirement

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

VII. MANAGEMENT DISCUSSION AND ANALYSIS

EDUCATION PROGRAMME

Main Objective: Education for Peace and Sustainable Development

The education programme in the Commission promotes focuses on the UNESCO priorities in Education as the lead UN agency on matters education. In particular, the programme aims at promoting SDG4 in Kenya, mainstreaming global best practices in Kenya as well as popularizing good practices in Kenya at all levels of education, promoting engagement of academia and practitioners to enhance education quality, promoting responsiveness of education to the needs of Kenyans and responding to contemporary global challenges through education. The education programme has three divisions namely:

- Basic Education and Learning
- Higher Education and TIVET
- Global Education Priorities

The following is a breakdown of the activities undertaken during the period under review:

UNESCO emergency assistance on capacity building and psychosocial support for stakeholders, displaced persons and victims of conflict in Baringo County

This activity was executed jointly by KNATCOM-UNESCO (Education and SHS Programmes), Ministry of Education (MoE), Teachers Service Commission (TSC) as well as volunteers of the Red Cross in Baringo County. KNATCOM-UNESCO also played a supervisory role, supported by the National Steering Committee for Peace and Conflict Management to coordinate the various teams. The trainings for teachers and community members were also executed by teams comprising of KNATCOM-UNESCO and World Vision.

The following activities were implemented: psycho-social support for learners targeting 1000 children; peace education training for teachers targeting 66 teachers; and peace building and intercultural dialogue training for community members targeting 45 community members.

International World Day of Peace celebrations on 21st September, 2017

The celebrations were attended by over 600 participants including local administrators, community members, parents, pupils and students, teachers and head teachers from primary, secondary and other institutions in Baringo County. The theme was *'Together for Peace: Respect, Safety and Dignity for All'*.

The celebrations entailed the following activities: peace procession in Marigat town, presentations of skits, songs and dances with a theme on peace and tree planting at Kapsoi primary school.

Monitoring and evaluation of ASPnet activities by regional coordinators of education

The Associated Schools Project Network (ASPnet) activities in the registered 50 TVET ASPnet institutions were monitored and evaluated with the assistance of the 8 ASPnet trained County Regional Directors of TVET. This was done from **20th to 24th November, 2017** and the analysis of the reports will assist ASPnet TVET institutions to improve the activities and award the best overall top three institutions.

The evaluation of UNESCO's Associated Schools Project network (ASPnet) is aimed at guiding the strategic direction and initiate reform process of the ASPnet. It helped KNATCOM-UNESCO -UNESCO to effectively manage and better utilize one of its largest and most powerful global networks with the aim of improving the quality of the education that is in practice. The programme is broadly based on three main working mechanisms - creating, teaching and learning, and interacting that determine how ASPnet shall contribute to improving the quality of education.

A workshop was also conducted from **18th to 21st December, 2017** to train ASPnet Patrons from TVET institutions. 50 were trained at the Kenya Education Management Institute and their institutions registered as ASPnet centers. ASPnet network in TVET Institutions is well spread except in the following counties: Turkana, Baringo, Lamu, West Pokot, Elgeyo Marakwet, Samburu, Wajir, Mandera and Moyale.

Efforts will be made to ensure at least these counties have an ASPnet center and hence advance the theme of ASPnet on Peace and Education for Sustainable Development.

World Teachers' Day celebrations, 2017

World Teachers' Day 2017 was celebrated on **5th October, 2017** under the theme, "**Teaching in Freedom, Empowering Teachers**", echoing the 2015 theme that followed the adoption of the new Sustainable Development Goals (SGDs) in September 2015, when teacher empowerment was reaffirmed as a top priority in all education and development strategies. On 5th October, 2017 Kenyatta University (KU) celebrated the world teachers' day where KNATCOM-UNESCO was provided with space to display organizational materials and 10 minutes during the plenary to highlight the organizational vision. KNATCOM-UNESCO supported the printing of conference programmes, certificates, publication of conference proceedings and publicity which involved banners, materials and marketing.

Dissemination of the research findings on factors contributing to drug and substance abuse among the youth in Lamu County, Kenya

The meeting, which was co-hosted by Lamu's Deputy Governor, was well attended. Others present included the deputy County Commissioner, the area's magistrate, police chiefs, the County Executive Committee (CEC) in charge of Health, MCAs, Civil Society (MEWA, Aga Khan, Red Cross) and Community Leaders (imams and sheiks). One of the learning points was that the county had prioritized the fight against drug abuse in the islands. The County Government has also agreed to support the rolling out of the medically assisted therapy for opioid addicts, which has greater reach than a rehabilitation center. The project was given a go ahead by both the County Government and the National Government.

Needs assessment for peace building initiatives in learning institutions in Kenya

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This activity entailed development of a concept note, desk review on peace building initiatives through education in Kenya, development and validation of data collection tools, data collection in diploma teacher training colleges and secondary schools, data analysis and report writing. The findings of the assessment informed the peace building interventions under the teacher training and development for peace building in Kenya.

World AIDS Day celebrations on 1st December, 2017 in Thika town

A one day sensitization programme and provision of Volunteer Counselling and Testing (VCT) Services took place at Mount Kenya University in Thika on **1st December, 2017**. This was organized in conjunction with Ministry of Education through the Guidance and Counselling Unit and Mount Kenya University. The National theme of the World AIDS Day Celebration, 2017 was ***“Step up for HIV Prevention: Youth na plan.”***

The objectives of the celebrations included; to create awareness among the youth, parents and other community members on the current issues related to HIV and AIDS in Kenya; to provide aspects of comprehensive knowledge on HIV and AIDS to young people; to provide a platform for Voluntary Counselling and Testing; and to distribute the KNATCOM-UNESCO HIV and AIDS Workplace Policy to the KNATCOM-UNESCO staff.

The celebrations were attended by 297 participants from Mount Kenya University. 76 participants tested their HIV and AIDS status and 1,440 male and 30 female condoms were distributed. Various HIV and AIDS materials were distributed e.g. 5,000 flyers on HIV& AIDS message and 20 books on frequent asked questions on HIV and AIDS.

Teacher training and development for peace building in the horn of Africa and surrounding countries workshop at Machakos University from 4th to 9th December, 2017

A workshop on teacher training and development for peace building in the Horn of Africa and surrounding countries was held at Machakos University from **4th to 9th December, 2017**. The project was based on Education 2030 Agenda funded by Japan government through UNESCO IICBA. The overall objective of the workshop was to enhance delivery of peace initiatives through education. The project aim was to create a critical mass of teachers who can implement effective teaching and learning, essential for preparing productive and peace-loving youth. Through the workshop, participants were informed and empowered on why and how to educate for peace building.

Development of IEC materials for sensitization of and capacity development of Ministry of Education officers on SDG 4.7 held from 5th to 7th March at Gelian Hotel, Machakos

The Ministry of Education in collaboration with UNESCO and KNATCOM-UNESCO, through the support of the Government of Japan developed and launched the ESD policy for the education sector in 2017. A policy implementation action was also drafted and is ready for stakeholder validation. In order to support the implementation of the policy, there has been deliberate efforts towards enhancing the technical capacity of the MoE through capacity building & sensitization of the ESD- TWG, MoE officers, county directors of education, regional coordinators of education as well as appointment and training of county ESD focal point persons who will support in cascading ESD training at the county, sub-county & school levels.

Training of teachers and tutors workshop as part of the teacher training and development for peace-building in the horn of Africa and surrounding countries programme

The project is based on Education 2030 Agenda and is funded by the Japan government through UNESCO IICBA. The project objective/impact is to contribute to the provision of peace-loving and productive youth through quality teacher training and development in Eritrea, Ethiopia, Kenya, Somalia, South Sudan and Uganda.

The workshops were held at Kagumo Teachers' Training College, Lugari Diploma Teachers' Training College and St. Paul's Kibabii Diploma Teachers' Training College. The overall objective of the workshops was to enhance delivery of peace initiatives through education. The specific objectives of the training included; to enhance the capacity of teacher trainers and officers for delivery of peace education at the classroom level; to strengthen the establishment of effective out of school initiatives; and to foster effective monitoring and evaluation of peace building initiatives in learning institutions.

The Pan African High Level Conference on Education (PACE 2018) Held from 25th -27th April, 2018 at Safari Park Hotel, Nairobi

The Pan African High Level Conference on Education was held from 25th to 27th April, 2018 at Safari Park Hotel, Nairobi in collaboration with UNESCO and other partners. The meeting brought together ministers of education and senior ministry of education officials from all the African countries as well as key officials from the Africa Union, UNESCO, other United Nation Agencies, representatives of African regional blocks, members of the civil society in the education sector from across the continent and the private sector.

Monitoring and evaluation of peace building initiatives at the institution level

UNESCO IICBA in collaboration with KNATCOM-UNESCO and the Ministry of Education implemented a programme on teacher training and development for peace-building in the Horn of Africa and surrounding countries. The programme was funded by the Government of Japan and aimed at empowering teachers to enhance their development of skills, values and attitudes for peace building among learners. A two day monitoring exercise was carried out on 7th and 8th June, 2018.

Universities workshop on the role of universities in the realisation of Sustainable Development Goals (SDGs) and global citizenship education from 11th to 13th June, 2018 at the KICD

The Universities are expected to play very specific roles in promoting sustainable development through their traditional functions of teaching, research and knowledge dissemination. There is a growing consensus that our current paradigms are inadequate for addressing the long term needs of a sustainable future. Therefore, the function of academic circles is very important to the accomplishment of any arrangement or policy for sustainably developed society. Universities are expected to provide leadership, partnership and the much needed networking for the realization of SDGs.

The main objectives of the workshop was to sensitize universities on the role they play in the realization of Sustainable Development Goals (SDGs); assess integration of targets of SDGs into

universities' curricula; create synergy and strengthen communication, coordination and collaboration among universities who have been conducting their activities on SDGs; and mitigate gaps in accessibility to latest information and knowledge on SDGs.

NATURAL SCIENCES PROGRAMME

Main Objective: Promote sciences in the interest of peace and sustainable development

Since its inception in 1945, UNESCO through its mandate has aimed to forge a culture of peace by fostering the generation and exchange of knowledge, including scientific knowledge, through international cooperation, capacity building and technical assistance to its member states. It works to create the conditions for genuine dialogue between civilizations, cultures and peoples based upon mutual respect and respect for shared values. The programme contributes to UNESCO's mission by using science to build peace, eradicate poverty and promote sustainable development.

The two relevant strategic objectives include:

- Strengthening science, technology and innovation systems and policies - nationally, regionally and globally; and
- Promoting international scientific cooperation on critical challenges to sustainable development.

The programme has two main divisions namely:

- Basic Science and Engineering
- Environment and Biodiversity

The achievements for the year have been outlined as follows:

KNATCOM-UNESCO held a stakeholders' meeting on **20th July, 2017** where Kenya's Capacity Action Plan for the Future Earth Initiative project was developed. The plan was forwarded to SIDA, the donor of the project, through UNESCO. The aim of the project was to assess the capacity of the national institutions and the preparedness to the changing climate and environment.

STEM scientific camps of excellence were organized from **9th to 14th April, 2018** where 150 secondary school girls in Machakos attended. The participants were drawn from the counties of Machakos, Kitui, Makueni and Kajiado. The activities undertaken included: mentorship by distinguished women scientists and engineers, introduction to coding and robotics and sensitization of teachers on gender responsive pedagogy.

A stakeholder engagement for the nomination of Malindi-Watamu Arabuko Sokoke Biosphere Reserve was organized from **6th to 12th June, 2018**. The nomination dossier and zonation were done after concurrence by the community, county government, Kenya Wildlife Service and Kenya Forest Service.

A visit to the proposed Great Rift UNESCO Global Geopark by Kenya and representatives from the National Commissions for UNESCO from the United Kingdom and Canada was undertaken

from 22nd to 24th June, 2018. This enabled the Kenyan counterparts to acquire technical advice and financial support towards the establishment of Geopark.

A combined activity of capacity building, branding and a survey on enhancing biodiversity conservation through reduced human wildlife conflict in Mt. Elgon Biosphere Reserve was carried out from 25th to 29th June, 2018.

SOCIAL AND HUMAN SCIENCES PROGRAMME

Main Objective: Foster social inclusion and intercultural dialogue through the social and human sciences

This programme has two divisions namely:

- **Human Security and Human Rights:** This division facilitates UNESCO's work on issues such as governance, democratic institutions, citizenship, freedom of expression, representation of young women and men, and their active participation in decision-making processes, in socio-economic and cultural development.

It also contributes to UNESCO's work on the fight against racism and discrimination through research, normative instruments and operational programmes and projects. Further, it aims to increase awareness and knowledge on human rights and human rights-based programming. UNESCO cooperates closely with other bodies, programmes and specialized agencies of the UN system, drawing inspiration from their experiences.

- **Ethics, Science and Sports:** This division contributes to UNESCO's work of building and reinforcing linkages among ethicists, scientists, policy-makers, judges, journalists, and civil society to assist member states in enacting sound and reasoned policies on ethical issues in science and technology.

It also contributes to UNESCO's anti-doping fight of preserving fair and equitable sport and to protect young people involved in sport.

Furthermore, it contributes to UNESCO's work of elaborating or strengthening training systems in physical education and in the design and implementation of development programmes in the domain of sport. These diverse themes include: sport for peace and development; international charter for physical education, physical activity and sport; quality physical education; traditional sports and games; women and sport and anti-doping.

The following were the achievements for the year under review:

Participation and celebration of the International Day of Peace on 21st September

The SHS programme in collaboration with the Education programme organized a two-day knowledge forum titled, "**Peace building and displacement: an engagement between**

researchers and practitioners.” The main aim of the forum was to promote synergy for peace building in Kenya to enhance respect, safety and dignity for all. It brought together participants from academia, practitioners and researchers in state and non-state institutions to share experiences and knowledge on peace and security particularly in regard to refugees and internally displaced persons. The activity was in support of the social pillar of Kenya Vision 2030, Africa Agenda 2063 and the SDGs.

In addition, 250 people from various institutions including children’s homes, physically challenged persons, college students and youth forum members were invited to participate in the celebration. The Commission’s visibility was raised, through online campaigns and reporting, presenter mentions and audio visual documentaries. There was adequate partnering with sports groups such as Kenya Sports Academy and international organizations such as UNHCR and UNESCO regional office.

Study on challenges faced in the implementation of youth empowerment policies in Kenya

A study on the challenges faced during the implementation of youth empowerment policies in Kenya was carried out through a participation programme from UNESCO. The study noted that whereas policy and decision making processes acknowledged the contribution of youth, the challenges they faced were still largely unaddressed. The findings of the study revealed that policy fragmentation and non-alignment, outdated policies, the absence of current reliable data on social demographics among the youth and the operational gaps in financing had hindered the youth empowerment implementation process. The study was validated.

Implementation of the Baringo Emergency Assistance Project for Peace Building and Psycho-Social Support

The Baringo emergency project was financially support by KNATCOM-UNESCO and UNESCO HQ. It was implemented in collaboration with the Education programme. The aim of the project was to strengthen and support existing peace building initiatives in Baringo County and promote intercultural dialogue and tolerance. The Education programme focused on provision of psycho-social support among learners and training teachers on peace building. The SHS Programme brought together over 80 community leaders to discuss the adverse impact of stereotypes and perceptions and the importance of intercultural dialogue. The sitting included the top security personnel of Baringo County led by the County Commissioner and it contributed to the surrender of firearms to the police, two days after the meeting.

Implementation of the STEP Programme in Embu County

The Student Training on Entrepreneurship Programme for Youth (STEP 4Y) is a practical, evidence based training on business skills, knowledge, entrepreneurship and business psychology. The programme was developed by Leuphana Univeristy of Luneburg in Germany and has seen over 800 youth trained.

During the FY 2017/2018, STEP 4Y was implemented in Embu County where youth were selected with due consideration given to the gender rule and the inclusion of youth with disabilities from across the county. The 8-week (2 days per week) training culminated in the graduation of the youth from the programme with some starting small scale businesses during the training.

Capacity building on UNESCO's General History of Africa (GHA) and review of the pedagogical materials on GHA

The UNESCO General History of Africa (GHA) was conceptualized by Africa's founding fathers to ensure that Africa Tells Her story. The project produced nine volumes of historical significance to Africa and a BBC documentary on the same has also been produced. Following the African Union (A.U) October 2017 meeting of the Ministers of Education, Science and Technology, it was adopted that the pedagogical materials of the GHA will be adopted across all primary and secondary schools in Africa and Kenya has been on a curriculum reform journey.

This provided an opportunity for KNATCOM-UNESCO, in collaboration with the UNESCO Regional Office for Eastern Africa, to champion for the consideration for inclusion into the reviewed curriculum, designed the GHA materials as well as sensitized curriculum developers. This met not only the A.U and UNESCO agenda but also the national interests of Kenya for regional integration, social cohesion and global citizenship.

Thereafter, KICD constituted the curriculum review panels and provided technical expertise in designing the matrices for inclusion into the social studies and languages designs.

Participation and Celebration of the National Tree Planting Day 12th May

Tree planting has proven to be a significant contribution to conservation and preservation efforts for green and blue economies. KNATCOM-UNESCO, in collaboration with members from the Kenya UNESCO Youth Forum, planted over 1,000 trees at Gatere in Abedare Forest, Murang'a County during the National Tree Planting Day.

Support in the establishment of UNESCO clubs

This activity was based on the strategic objective of supporting inclusive social development; fostering intercultural dialogue for rapprochement of cultures and promote ethical principles. It was aimed at supporting citizens to address societal challenges and consolidate peace through the creation of the UNESCO Clubs. The basic and higher level institutions of learning were supported to establish 70 UNESCO clubs in Central, Western and parts of Nyanza. In central, 65 patrons from both the primary and secondary schools attended the training and were guided to register their institutions to establish the clubs. The 25 five university patrons of the clubs who attended managed to register their institutions.

Monitoring of the UNESCO clubs

This was a follow up exercise on the institutions that had registered clubs. The main aim was to establish the existence of the clubs, check on their relevance to the objectives and their compliance to the UNESCO principles. A monitoring tool was generated and shared with the KEFUCA official on the ground in the western region. The activity of monitoring was done to check on whether the registered UNESCO clubs were functional. The team visited 8 universities to establish the activities students were undertaking. So far, 70 clubs were monitored and it was discovered that some activities were already taking place in the institutions, some at advanced level for instance at the Maseno University.

Capacity building for sports men and women on best practices, integrity and good governance in sports

This was in line with the main line of action (MLA1) of fostering intercultural dialogue and engaging the youth for peaceful participatory societies. The main objective was to promote the anti-doping convention as well as educate the sports people on the values of sports and how to promote the sustainable development goals and vision 2030 through sports. 50 sports men and women were trained on best practices in sports where they shared their views on innovative best practices to be adopted. There Commission partnered with ADAK to create awareness about the anti- doping convention.

Support in the development of the physical education policy

Sports activities are in the main line of supporting peaceful existence and fostering intercultural dialogue and this formed the basis of initiating the process of developing a Physical Education Policy for Basic Education in Kenya. This was started with guiding steps from UNESCO and technical support from the SHS office in Paris.

Capacity building for the institutional research ethics committee members

This activity was based on the strategic objective of supporting inclusive social development; fostering intercultural dialogue for rapprochement of cultures and promote ethical principles. Its main line of action is to mobilize knowledge and embed rights and ethics to foster inclusive and equitable societies.

A consultative meeting of chairpersons and secretaries of IRECS was held in which 48 participants attended. The Commission also partnered with NACOSTI and the UNESCO Regional Office to organize training for IREC members in December. IREC members participated in the capacity building activity out of which they expressed their understanding on how to do the research procedures.

Baseline survey on the existence, roles and functions of hospital ethics committees

This activity was based on the strategic objective of supporting inclusive social development; fostering intercultural dialogue for rapprochement of cultures and promote ethical principles. The main objectives were; to find out whether the hospitals have the ethics committees, find out the roles of the committees if they exist and if not how they handle hospital ethical dilemmas.

The activity was planned between the Commission and the Bioethics Regional office for Research and Documentation at Egerton University. In the Bioethics survey, 44 level 4, 5 and 6 hospitals were targeted and visited in the country and data collected on the status of hospital ethics committees (HEC). However, 4 of the institutions were not ready to participate in the study.

CULTURE PROGRAMME

Main Objective: *Building Peace and Sustainable Development through Heritage and Creativity*

The Constitution recognizes culture as the foundation of the nation and as the cumulative civilization of the Kenyan people and nation. The mandate of the programme is to promote the pivotal role of culture, heritage, arts and creativity as a means of achieving peace building, eradication of poverty and sustainable development. Culture gives a people their identity which is passed on from one generation to another.

Under this programme are two divisions namely:

- The Division of Arts
- The Division of Culture and Heritage

The achievements during the financial year have been provided below:

Award of the best managed and well conserved Kaya forest of the Mijikenda

KNATCOM-UNESCO in collaboration with the Mijikenda communities and other stakeholders such as Base Titanium and Athi River Mining, organized for the award of the best managed and well conserved sacred Kaya forests of the Mijikenda on **14th July, 2017**. Prior to the award, KNATCOM-UNESCO organized for tree planting at Kaya Chonyi and prayer rituals for peace and cohesion at Kaya Fungi on **13th July, 2017**.

Awarding the best conserved and well managed Kaya sacred forest of the Mijikenda served as an incentive and motivation for conservation of the Kaya cultural and natural heritage. It boosted the communities' capacity in terms of materials required for continued conservation and boosted the morale of the volunteer site caretakers. The award not only empowered communities with the requisite resources for conservation but also energized the communities and promoted the spirit of competition in conservation.

The Kenya National Commission for UNESCO intends to have the ceremony to award the best managed and conserved Kaya forest as a biennial activity so as to strengthen the communities' efforts in conservation. It is envisioned that the activity will endear KNATCOM-UNESCO to communities, promote its visibility and enhance achievement of its mandate.

Signing of MOU between Kenya National Commission for UNESCO (KNATCOM-UNESCO) with the International Centre of Martial Arts for Youth Development and Engagement

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A Memorandum of Understanding (MOU) between KNATCOM-UNESCO and the International Centre of Martial Arts for Youth Development and Engagement under the auspices of UNESCO (ICM) was signed on **5th December, 2017** at Jeju Island in the Republic of Korea on the sidelines of the 12th Session of the Intergovernmental Committee for the Safeguarding of the Intangible Cultural Heritage. The International Center of Martial Arts (ICM) is a UNESCO category II center, established pursuant to the Agreement between the Government of the Republic of Korea and UNESCO for Youth Development and Engagement through Martial Arts. The purpose of signing the Memorandum was to facilitate collaboration between the parties in the matters of common interest to them and to establish the working arrangements necessary for the implementation of the establishment of African regional Martial Arts Network. The MOU reiterates the commitment of both institutions to work together in the promotion and development of Traditional Martial Arts in Africa and particularly Kenya as a traditional sport as well as a living heritage among communities by bringing people together and instill a sense of pride in a society's cultural roots.

Within the framework of the MOU, the Centre released a call to NATCOMs in Africa to assist in reaching schools to participate in the Centre's project "Martial Arts Open School Training 2018". The purpose of the training is to contribute to youth development, leadership and community engagement through education and training involving martial arts philosophies, cultural values and techniques. The training will target youth aged between 13 to 19 years and will be held from **13th July to 26th August, 2018** at Sunshine Secondary School in Nairobi. So far, ICM has trained two Kenyan Martial Artists and is sponsoring an International African Martial Arts Congress to a tune of 5.4 Million which will be held at Hilton Hotel on **23rd and 24th October, 2018**. Kenya is the focal point for the African region.

Strengthening capacities on the promotion of culture and creative industries

The Culture programme through the Division of Arts in collaboration with Kenyatta University Creative Arts Department and Kenya International Theatre Festival Trust held a National Theatre Conference and a Theatre Arts Festival from **16th to 19th November, 2017** at Alliance Française. The main objective of the workshop was to promote intellectual dialogue between academia, policy makers and industry players with a view to influence and shape policy as well as enhance the link between education and the creative sector. The theme of the conference was "**Linking Academia and Practice**".

National workshop for youth

KNATCOM-UNESCO in collaboration with the Ministry of Culture held a successful National Workshop for Youth in Culture and Heritage from **26th to 29th March, 2018** at the Kenya Education Management Institute (KEMI). The workshop aimed at raising awareness of the 1972 World Heritage Convention as well as the 2003 UNESCO convention on the safeguarding of the Intangible Cultural Heritage among the youth. Further, the workshop constituted a National Council for Youth on Culture and Heritage expected to entrench youth activities in the protection, conservation and safeguarding of culture and heritage in Kenya.

The workshop was attended by 95 participants from 44 counties with each county sending 2 participants. The activity is in line with UNESCO's strategy on protecting, conserving, promoting

and transmitting culture and heritage for dialogue and development and KNATCOM-UNESCO's strategy on strengthening national capacities to conserve and safeguard Kenya's cultural heritage for sustainable development.

Kalasha International Film and Audio Visual Market

The Culture Programme partnered with the Kenya Film Commission and French Embassy to support twenty participants drawn from small and medium Kenyan creative entrepreneurs to participate and showcase their products and services at the Kalasha International Film and Audio Visual Market held at KICC from **27th to 29th March, 2018**.

The main objective of KNATCOM-UNESCO'S participation at the event was to support marketing of Kenyan cultural and creative audio visual products and to provide creators/ artists an opportunity to learn & better understand the global impact of the audio visual & film industry from renowned facilitators and professionals who made presentations during the workshops and master classes. Special focus was given to the animation sector which combines cultural expressions with digital technologies in the creation and production processes.

The Commission also exhibited at the event thereby enhancing the commission's visibility; strengthened networks; gained access to international content sellers; and gained expertise from the international professionals who attended the event.

The survey tool to identify heritage sites and monuments in Kenya

The Commission finalized the preparation of the survey tool to be used to identify heritage sites and monuments in Kenya. The tool will be guiding frameworks that will assist counties identify their heritage sites and monuments. The objective of the exercise is to empower counties to identify sites and monuments present in their localities for inclusion in UNESCO's tentative list for Kenya and for possible inscription into the World Heritage List. The long term objective is to increase the number of World Heritage Sites in Kenya from the current seven. The activity is in line with UNESCO's strategy on protecting, conserving, promoting and transmitting culture and heritage for dialogue and development and KNATCOM's strategy on strengthening national capacities to conserve and safeguard Kenya's cultural heritage for sustainable development.

The pre-testing of the research tool to identify heritage sites and monuments was conducted in Kisumu, Kakamega, Siaya, Homabay, Mombasa and Kilifi Counties. The activity was undertaken from **4th to 8th June, 2018** with the aim of ascertaining the validity and reliability of the tool. A total of 80 participants involved in heritage work in monuments, sites and World Heritage sites were interviewed. Inconsistencies, ambiguity and repetitive weaknesses were noted in the tool. Corrective action was taken so as to clean up the tool which is now ready for dissemination to counties for use.

COMMUNICATION AND INFORMATION PROGRAMME

Main Objective: *Promote freedom of expression and information for universal access to information and knowledge for sustainable development*

This programme promotes “the free flow of ideas by word and image”, to foster free, independent and pluralistic media in print, broadcast and online. The main aim is to enhance freedom of expression, as it contributes to peace, sustainability, poverty eradication and human rights. The programme also promotes safety of journalists and independent journalism based on professional ethics and self-regulatory principles.

The programme has two divisions namely;

- Access to Information and Knowledge
- Freedom of Expression and Media

The achievements have been provided below:

Capacity building on Youth Mobile apps development

Mobile technology has become a medium for youth empowerment, activism and an engine for change. The number of mobile internet connections is rapidly increasing in developing countries and smartphones are often the only computer young people in developing countries have. This connectivity can have a profound impact on all aspects of their life, allowing them to create solutions to personal challenges and problems faced by the local community.

The *YouthMobile* Initiative aims to maximize this positive impact by including young people in developing countries in the digital revolution. The initiative teaches young people problem-solving, coding and basic professional skills which can help develop their confidence and obtain insights on how to deal with the market.

In the reporting period KNATCOM-UNESCO held a capacity building workshop in Nairobi where students drawn from 14 different universities were trained in development of mobile apps focusing on sustainable development. The mobile apps developed addressed agriculture, security and health challenges among others.

Capacity building on the UN plan of action on safety of journalists and the issue of impunity

The UN Plan of Action on the Safety of Journalists and the issue of impunity was endorsed by the UN Chief Executive Board on 12th April, 2012.

The UN Plan of Action aims at creating a free and safe environment for journalists and media workers, both in conflict and non-conflict situations, with a view to strengthening peace, democracy and development worldwide. Its measures include, among other undertakings, the establishment of a coordinated inter-agency mechanism to handle issues related to the safety of journalists as well as pushing for development of legislations and mechanisms favourable to freedom of expression and information, and supporting their efforts to implement existing international rules and principles.

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During the reporting period, 61 Kenyan journalists were trained and issued certificates as part of the commemorations of the ‘International Day to End Impunity for Crimes against Journalists’ (IDEI), a day set aside under UN Resolution A/RES/68/163. The journalists from 19 different media houses were drawn from Siaya, Busia, Vihiga, Homa Bay, Kisumu, Kakamega and Bungoma counties.

World Radio Day 2018 commemorations

The World Radio Day (WRD) is marked globally on **February 13th** every year, the day the United Nations radio was established. This year’s commemoration theme as issued by UNESCO was, “**Radio and Sports**”.

The practice of sport is a recognized instrument for promoting peace, as it overcomes both geographical borders and social classes. It also plays a significant role as a promoter of social integration and social development in different geographical, cultural and political contexts and therefore promotes the ideals of peace and social cohesion.

The Commission led the commemorations at Dagoretti, Nairobi County in a two day workshop where journalists drawn from 19 counties representing 23 community radio stations participated in the exercise. They deliberated on the role and place of radio in using sports to promote peace and sustainable development in Kenya.

The commemorations, held at Kivuli Centre, were attended by over 100 participants including local community members, local leadership, community radio journalists and representatives from KCOMNET, KNATCOM-UNESCO and UNESCO Regional Office for Eastern Africa.

Sensitization of CECs on Memory of the World (MOW)

Under the Memory of the World Programme, the Commission working closely with the MOW National Committee undertook a sensitization workshop of County Executive Committee (CEC) Members in charge of cultural dockets at the counties. This sensitization workshop was held at Kenya School of Government, Nairobi and it was envisaged that counties would start preserving their documentary heritage, with the intention of having Kenya being listed on the Memory of the World Register with time.

The Constitution recognizes culture as the foundation of the nation and as the cumulative civilization of the Kenyan people and nation. Therefore, the State is obligated to promote all forms of national and cultural expression through literature, the arts, traditional celebrations, science, communication, information, mass media, publications, libraries and other cultural heritage; to recognize the role of science and indigenous technologies in the development of the nation; and to promote the intellectual property rights of the people of Kenya. This is the role that MOW seeks to enhance in preservation and access of documentary heritage.

Capacity building for radio journalists on peace messaging for sustainable development

According to audience research data by the Kenya Audience Research Foundation (KARF), some of the leading vernacular radio stations in terms of audience reach and share, are regional based.

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Besides, there has also been a significant growth of vernacular radio stations which has increased the geographical footprint compared to other media.

In this regard, the Commission undertook one capacity building workshop on peace oriented radio content for sustainable development at Kenya School of Government in Embu. The workshop drew its participants from Wajir, Samburu, Marsabit, Laikipia, Isiolo, Meru, Tharaka Nithi and Embu counties.

Training radio hosts and editors in peace oriented messaging empowered them to mainstream and promote national cohesion through discussions, phone-ins by listeners and interviews with various opinion leaders.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Tree planting has proven to be a significant contribution to conservation and preservation efforts for green and blue economies. KNATCOM-UNESCO, in collaboration with members from the Kenya UNESCO Youth Forum, planted over 1,000 trees at Gatere in Abedare Forest, Murang'a County during the National Tree Planting Day.

IX. REPORT OF THE DIRECTORS

The Board submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Commission's affairs.

Principal activities

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

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

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

Results

The results of the Commission for the year ended June 30, 2018 are set out on page 1 to 5.

The Board

The members of the Board who served during the year are shown on page V and VI in accordance with the Commission's Act. They serve for one term of four years and are eligible for the second term which is final. During the year the Board members who retired/ resigned on 11th February, 2018 are shown in X, and those on XIII were appointed with effect from 13th February, 2018.

Auditors

The Auditor General is responsible for the statutory audit of the *Commission* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *Commission* for the year/period ended June 30, 2017 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act require the Directors to prepare financial statements, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results for that year/period. The Directors are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Directors are also responsible for safeguarding the assets of the Commission.

The Directors are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission ; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission ; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Commission'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, 2012 and the State Corporations Act). The Directors further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

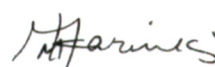
The Commission's financial statements were approved by the Board on 30 September, 2018 and signed on its behalf by:



.....
Board Member



.....
Board Member



.....
Board Member

**XI. REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA NATIONAL
COMMISSION FOR UNESCO**

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL COMMISSION FOR UNESCO FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya National Commission for UNESCO set out on pages 1 to 29, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya National Commission for UNESCO as at 30 June 2018, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya National Commission for UNESCO Act, 2013 of the laws of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya National Commission for UNESCO in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

The Commission had a total revenue budget of Kshs.364,470,523 for the financial year 2017/2018 against an actual amount earned of Kshs.364,470,523 as summarized below:

Report of the Auditor-General on the Financial Statements of Kenya National Commission for UNESCO for the Year Ended 30 June 2018

Revenue	Final Budget (Kshs)	Actual Revenues (Kshs)	Under/over-collection Revenues (Kshs.)	Under/over-collection revenue %
Public contribution and donation	4,814,071	4,814,071	0	0%
Government grants and subsidies	349,228,425	349,228,425	0	0%
Rendering of services	9,836,065	9,836,065	0	0%
Sale of goods	19,000	19,000	0	0%
Finance income	572,962	572,962	0	0%
Total revenue	364,470,523	364,470,523	0	0%

Similarly, during the year under audit the Commission had an expenditure budget of Kshs.364,470,523 against an actual expenditure of Kshs.339,754,266 resulting in under expenditure of Kshs.24,716,257 or 6.7% as summarized below:

Expenses	Final Budget (Kshs)	Actual Expenditure (Kshs)	Over/Under Expenditure (Kshs.)	Over/Under Expenditure %
Compensation of employees	75,937,240	74,795,066	1,142,174	1.5%
Goods and services	10,000,000	8,204,513	1,795,487	18%
Finance costs	500,000	253,536	246,464	49%
General Expenses	209,682,760	199,281,821	10,400,939	5%
Repair and maintenance	45,775,178	40,303,768	5,471,410	12%
Depreciation and Amortization	11,575,345	10,175,421	1,399,924	12%
Remuneration of directors	11,000,000	6,740,141	4,259,859	39%
Total Expenditure	364,470,523	339,754,266	24,716,257	6.7%

The under expenditure of Kshs.24,716,257 was due to over budgeting which may have a negative impact on implementation of planned activities and service delivery to stake holders. There is need for the Commission to re-look at its budgeting mechanism and plan a realistic budget with the resources available to avoid over budgeting.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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 ON INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems

are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

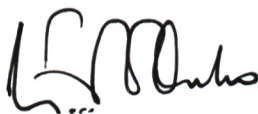
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the services to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

12 April 2019

KENYA NATIONAL COMMISSION FOR UNESCO
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**XII. STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2017-2018	2016-2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Public contributions and donations	1	4,814,071	12,219,121
Transfers from other governments – gifts and services-in-kind	2	349,228,425	255,000,000
		354,042,496	267,219,121
Revenue from exchange transactions			
Rendering of services	3	19,000	4,620,000
Finance income - external investments	4	572,962	379,985
Other income	5	9,836,065	1,538,536
		10,428,027	6,538,521
Total revenue		364,470,523	273,757,642
Expenses		-	-
Use of goods and services	6	8,204,513	7,651,396
Employee costs	7	74,795,066	60,129,189
Remuneration of directors	8	6,740,141	15,888,289
Depreciation and amortization expense	9	10,175,421	4,885,734
Repairs and maintenance	10	40,303,768	10,696,932
General expenses	11	199,281,821	180,098,607
Finance costs	12	253,536	345,046
Total expenses		339,754,266	279,695,192
Other gains/(losses)			
Surplus before tax		24,716,257	(5,937,550)
Surplus/(deficit) for the period		24,716,257	(5,937,550)

The notes set out on pages 21 to 28 form an integral part of these Financial Statements



Secretary General/CEO

Dr. Evangeline Njoka, MBS

30 September, 2018



Head of Finance

David G. Otiato
 ICPAK Member Number: 14688

30 September, 2018



Chairman of the Board

Dr. Rashid A. Aman

30 September, 2018

XII. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		2017-2018	2016-2017
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	135,029,771	86,093,636
Receivables from exchange transactions	14	-	10,413,862
Inventory	15	3,474,591	1,517,532
Prepayments	16	2,909,440	1,139,012
		141,413,802	99,164,042
Non-current assets			
Property, plant and equipment	17	34,903,739	15,792,703
Intangible assets	18	1,341,051	193,063
		36,244,790	15,985,766
Total assets		177,658,592	115,149,807
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	43,734,849	5,921,519
Deferred income	20	1,926,148	1,946,949
		45,660,997	7,868,468
Non-current liabilities			
Total liabilities		45,660,997	7,868,468
Funds			
Accumulated surplus		131,997,595	107,281,338
Total net assets and liabilities		177,658,592	115,149,807

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



.....
Secretary General/CEO
Dr. Evangeline Njoka, MBS

30 September, 2018



.....
Head of Finance
David G. Otiato
ICPAK Member Number: 14688

30 September, 2018



.....
Chairman of the Board
Dr. Rashid A. Aman

30 September, 2018

**XIII. STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 30th JUNE 2018**

Attributable to the owners of the controlling Commission						
Reserves						
	Self- insurance reserve	Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Minority interest	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2016	-	-	-	113,218,888	-	113,218,888
Surplus/(deficit) for the period	-	-	-	(5,937,550)	-	(5,937,550)
Balance as at 30 June 2017	-	-	-	107,281,338	-	107,281,338
	-					
Balance as at 1 July 2017	-	-	-	107,281,338	-	107,281,338
	-					
Surplus for the period	-	-	-	24,716,257	-	24,716,256
Balance as at 30 June, 2018	-	-	-	131,997,595	-	131,997,594

XIV. STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th JUNE 2018

		2017-2018	2016-2017
		Kshs	Kshs
Surplus/Deficit for the period		24,716,257	-5,937,549
Adjustments for:			
Depreciation and Amortization Expense	9	10,175,421	4,885,734
Increase/Decrease of Receivables	14	10,413,862	66,404,500
Increase/Decrease of Payables	19	37,466,463	-436,081
Increase/Decrease Inventories	15	-1,957,059	-276,701
Increase/Decrease Prepayments	16	-1,770,428	-1,139,012
Increase/Decrease Deferred Income	20	326,065	-442,456
Cash Flows from Investing Activities			
Purchase of Property, Plant and equipment	17	-28,951,195	-7,429,253
Purchase of intangible asset	18	-1,483,251	
Net Cash Flows from Investing Activities		(30,434,446)	(7,429,253)
NET INCREASE IN CASH AND CASH EQUIVALENT		48,936,135	55,629,182
Cash and cash equivalent at BEGINNING of the year		86,093,636	30,463,954
Cash and cash equivalent at END of the year		135,029,771	86,093,136

(IPSAS 2 allows the Commission to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation)

KENYA NATIONAL COMMISSION FOR UNESCO
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XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30th JUNE 2018

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Note
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Public contributions and donations	-	4,814,071	4,814,071	4,814,071	-	1
Government grants and subsidies	310,000,000	39,228,425	349,228,425	349,228,425	-	2
Rendering of services	0	9,836,065	9,836,065	9,836,065	-	
Sale of goods	0	19,000	19,000	19,000	-	
Finance Income	-	572,962	572,962	572,962	-	
Total income	310,000,000	54,470,523	364,470,523	364,470,523	-	
Expenses						
Compensation of employees	65,937,240	10,000,000	75,937,240	74,795,066	1,142,174	3
Goods and services	10,000,000	-	10,000,000	8,204,513	1,795,487	4
Finance cost	500,000	-	500,000	253,536	246,464	
General Expenses	209,682,760	-	209,682,760	199,281,821	10,400,939	5
Repairs and Maintenance	7,880,000	37,895,178	45,775,178	40,303,768	5,471,410	6
Depreciation and Amortization expense	5,000,000	6,575,345	11,575,345	10,175,421	1,399,924	7
Remuneration of directors	11,000,000	-	11,000,000	6,740,141	4,259,859	8
Total expenditure	310,000,000	54,470,523	364,470,523	339,754,266	24,716,257	
Surplus for the period	-	-	-	24,716,257	-24,716,257	

Budget notes

1. The Amount of Kshs.4,814,071 is the amount received from our partners for various programme. The amount was not fully utilised by 30th June, 2018 as the committee planning the implementation had not finalized with the implementation programme.
2. The movement was due to grant send from the Ministry of Education to finance Pan African Meeting on their behalf.
3. The movement was due to prolonged recruitment of staff.
4. The movement was due to one consultant not completing the task by 30th June 2018.
5. The Movement is due to few numbers of participants in the General Conference from the Commission.
6. The movement was due to opting to use government agency to refurbish the office.
7. The Movement is as a result of procurement of two more motor vehicles and other equipment's.
8. The movement is due to Commission not undertaking board training during the year as earmarked.

XVI. SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL INFORMATION

The Kenya National Commission for UNESCO is established by and derives its authority and accountability from Kenya National Commission for UNESCO Act 2013. The Commission is wholly owned by the Government of Kenya and is domiciled in Kenya. The Commission’s principal activity is to “*promote building of peace, eradication of poverty, sustainable development and intellectual dialogue through education, sciences, culture, communication and information.*”

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Commission’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Commission. 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 direct method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30th June, 2018

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.</p> <p><i>The Commission adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the Commission.</i></p>
IPSAS 34: Separate Financial Statements	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when a Commission prepares separate financial statements.</p>

The Commission does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply/ the Commission is a parent company and has prepared consolidated financial statements and therefore the standard does not apply.

**IPSAS 35:
Consolidated
Financial
Statements**

Effective for annual periods beginning on or January 1, 2017)

In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when a Commission controls one or more entities. It requires a Commission that controls one or more other entities to assess control over those entities based on the following:

- Its power over the other Commission
- Its exposure or rights to variable benefits from involvement with the other Commission
- Its ability to control the nature, timing and amount of benefits from the other Commission.

Once control is assessed the controlling Commission is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.

The Commission does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.

**IPSAS 36:
Investments in
Associates and
Joint Ventures**

(Effective for annual periods beginning on or January 1, 2017)

In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.

The Commission does not have investments in associates or joint ventures.

**IPSAS 37: Joint
Arrangements**

(Effective for annual periods beginning on or January 1, 2017)

In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.

The Commission does not have an interest in a joint arrangement and therefore the standard does not apply.

**IPSAS 38:
Disclosure of**

(Effective for annual periods beginning on or January 1, 2017)

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Interests in Other Entities In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires a Commission to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.

The Commission does not have interests in other entities and therefore the standard does not apply.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30th June, 2017

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January, 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
IPSAS 40: Public Sector Combinations	Applicable: 1st January, 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

SIGNIFICANT ACCOUNTING POLICIES Continued

iii. Early adoption of standards

The Commission did not early – adopt any new or amended standards in year 2017.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii. Revenue from exchange transactions

Rendering of services

The Commission recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

Sale of goods

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

SIGNIFICANT ACCOUNTING POLICIES Continued

Interest income

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

Dividends

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

Rental income

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

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 entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity 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.

The original budget for FY 2016-2018 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Commission upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Commission recorded additional funding of KShs.39,228,425.00 received from the Ministry of Education to Cater for Pan African Meeting held in Nairobi.

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

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

SIGNIFICANT ACCOUNTING POLICIES Continued

c) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES Continued

Deferred tax (continued)

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

Sales tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Commission recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

SIGNIFICANT ACCOUNTING POLICIES Continued

f) Leases

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

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

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

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

g) Intangible assets

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

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

h) Research and development costs

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

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

SIGNIFICANT ACCOUNTING POLICIES Continued

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

i) Research and development costs (Continued)

Expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

SIGNIFICANT ACCOUNTING POLICIES Continued

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

k) Inventories

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

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

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES Continued

l) Provisions

Provisions are recognized when the Commission 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 Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

m) Nature and purpose of reserves

The Commission does not create and maintains reserves.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

SIGNIFICANT ACCOUNTING POLICIES Continued

Employee benefits

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further, borrowing costs are charged to the statement of financial performance.

r) Related parties

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

s) Service concession arrangements

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

SIGNIFICANT ACCOUNTING POLICIES Continued

t) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

u) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Commission 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 Commission. Such changes are reflected in the assumptions when they occur.

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:

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

SIGNIFICANT ACCOUNTING POLICIES Continued

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 33.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The Commission has provided for audit fee.

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, 2017.

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2017-2018	2016-2017
	KShs	KShs
UNESCO	4,814,071	12,219,121
Other		
Total	4,814,071	12,219,121

2. Transfers from other governments

Description	2017-2018	2016-2017
	KShs	KShs
Unconditional grants		
Operational grant	310,000,000	255,000,000
Other	39,228,425	-
Total government grants and subsidies	349,228,425	255,000,000

2(b) Transfers from Ministries, Departments and Agencies

Name of the Commission sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognized in capital fund.	Total grant income during the year	2017-2018
			KShs	KShs	KShs
Ministry of Education	349,228,425	-	-	349,228,425	349,228,425
	-	-	-	-	-
Total	349,228,425	-	-	349,228,425	349,228,425

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Description	2017-2018	2016-2017
	KShs	KShs
Other	19,000	4,620,000
Total revenue from the rendering of services	19,000	4,620,000

3. Rendering of services

These funds were received from the School Audit for the space they are occupying at National Bank Building.

4. Finance income

Description	2017-2018	2016-2017
	KShs	KShs
Bank interest	572,962	379,985
Interest income	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total	572,962	379,985

The interest was earned from fixed deposit account for mortgage amount that had not been utilized.

5. Other income

Description	2017-2018	2016-2017
	KShs	KShs
Income from sale of exhibition	7,200,000	1,096,090
Rent from MOE	2,310,000	
Differed income	326,065	442,536
Total other income	9,836,065	1,538,536

6. Use of Goods and Services

Description	2017-2018	2016-2017
	KShs	KShs
Professional services	1,568,596	1,815,100
Subscriptions	6,635,917	5,836,296
Total good and services	8,204,513	7,651,396

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Employee costs

	2017-2018	2016-2017
	KShs	KShs
Basic salary-permanent staff	64,830,059	51,070,718
Employee related costs - contributions to pensions and medical aids	3,765,684	2,552,947
Leave allowance	597,738	835,504
Basic salary-temporary staff	724,674	398,500
Gratuity	4,876,911	5,271,519
Total Employee Costs	74,795,066	60,129,189

8. Remuneration of directors

Description	2017-2018	2016-2017
	KShs	KShs
Chairman's honoraria	880,000	976,000
Directors emoluments	3,196,200	5,353,700
Other allowances	2,663,941	9,558,589
Total director emoluments	6,740,141	15,888,289

9. Depreciation and amortization expense

Description	2017-2018	2016-2017
	KShs.	KShs
Property, plant and equipment	9,840,158	4,841,767
Intangible assets	335,263	43,967
Total depreciation and amortization	10,175,421	4,885,734

10. Repairs and maintenance

Description	2017-2018	2016-2017
	KShs	KShs
Property	39,355,708	9,802,176
Vehicles	948,060	894,756
Total repairs and maintenance	40,303,768	10,696,932

11. General expenses

Description	2017-2018	2016-2017
	KShs	KShs
Advertising	1,726,381	2,492,649
Committee of experts	5,146,653	10,806,292
Hospitality and Supplies	37,871,704	17,345,877
Office and general supplies	3,975,329	5,988,623
Internet services	881,700	1,113,784
Fuel and oil	3,100,000	1,827,650
Insurance	6,419,700	9,331,678
Specialized Materials	7,178,544	2,110,270
Newspapers and periodicals	257,440	205,988
Postage	339,476	329,932
Printing and stationery	4,549,002	2,725,122
Rental	24,846,016	21,502,130
Telecommunication	1,828,071	1,829,530
Training	50,431,929	50,792,804
Administration costs	50,729,876	51,696,278
Total general expenses	199,281,821	180,098,607

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Finance Costs

	2017-2018	2016-2017
	Kshs	Kshs
Interests on loans from commercial banks	253,536	345,046
Total	253,536	345,046

13. (A) Cash and cash equivalents

Description	2017-2018	2016-2017
	KShs	KShs
Kenya Commercial Bank-1146209630	127,309,915	76,220,157
National Bank of Kenya-0100103282700	7,338,594	6,213,476
National Bank of Kenya (USD)- 0200103282700	381,262	3,660,003
Cash in hand	-	-
Total cash and cash equivalents	135,029,771	86,093,636

13 (B). Detailed analysis of the cash in hand

	2017-2018	2016-2017
Cash in hand	Kshs	Kshs
	-	-
Cash in hand – held in domestic currency	-	-
Cash in hand – held in foreign currency	-	-
Cash in hand	-	-

14. Receivables from exchange transactions

Description	2017-2018	2016-2017
	KShs	KShs
Grant receivables (Ministry of Education)	-	10,310,000
Grant receivables (Ministry of Education)	-	103,862
Total	-	10,413,862

15. Inventories

Description	2017-2018	2016-2017
	KShs	KShs
Consumable stores	3,474,591	1,517,532
Total inventories at the lower of cost and net realizable value	3,474,591	1,517,532

16. Prepayments

Description	2017-2018	2016-2017
	KShs	KShs
Prepaid expenses	2,909,440	1,139,012
Total Prepayments	2,909,440	1,139,012

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1st July, 2017	-	22,798,653	1,168,000	3,684,415	-	3,653,628	-	31,304,696
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 1st July, 2017	-	22,798,653	1,168,000	3,684,415	-	3,653,628	-	31,304,696
Additions	-	20,555,045	4,902,850	-	-	3,493,300	-	28,951,195
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th June, 2018	-	43,353,698	6,070,850	3,684,415	-	7,146,926	-	60,255,891
Depreciation and impairment	-							
At 1 st July, 2017	-	(11,510,218)	(483,340)	(2,160,208)	-	(1,358,228)	-	(15,511,993)
Depreciation	-	(7,960,870)	(698,439)	(457,262)	-	(723,588)	-	(9,840,158)
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June, 2018	-	(19,471,088)	(1,181,779)	(2,617,470)	-	(2,081,815)	-	(25,352,152)
Net book values	-	-	-	-	-	-	-	-
At 30 th June, 2018	-	23,882,610	4,889,071	1,066,915	-	5,065,113	-	34,903,739
At 30 th June, 2017	-	11,228,435	684,660	1,524,207	-	2,295,400	-	15,792,703

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Intangible assets-software

Description	2017-2018	2016-2017
	KShs	KShs
Cost		
At beginning of the year	296,288	296,288
Additions	-	-
At end of the year	1,483,251	296,288
Additions—internal development	-	-
At end of the year	1,779,539	296,288
Amortization and impairment		
At beginning of the year	103,225	59,258
Amortization	335,263	43,967
At end of the year	438,489	103,225
Impairment loss	-	-
At end of the year	438,489	103,225
NBV	1,341,051	193,063

19. Trade and other payables from exchange transactions

Description	2017-2018	2016-2017
	KShs	KShs
Audit fee	650,000	650,000
Other payables	43,084,849	5,271,519
Total trade and other payables	43,734,849	5,921,519

20. Deferred Income

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
Balance brought forward	2,252,213	-	-	2,252,213
Transfers to income statement	326,065	-	-	326,065
Other transfers	-	-	-	-
Balance carried forward	1,926,148	-	-	1,926,148

21. Accumulated Reserves

Description	2017-2018	2016-2017
	KShs	KShs
Balance as at 1 st July, 2017	107,281,338	113,218,888
Additions during the year	24,716,257	-5,937,550
Balance as at 30th June, 2018	131,997,595	107,281,338


XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

Guidance Notes:

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



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**Dr. Evangeline Njoka, MBS
Secretary General/CEO**

Date.....



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**Dr. Rashid A. Aman
Chairman of the Board**

Date.....