

REPUBLIC OF KENYA



*Paper laid by the  
leader of majority party  
12/6/2018*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

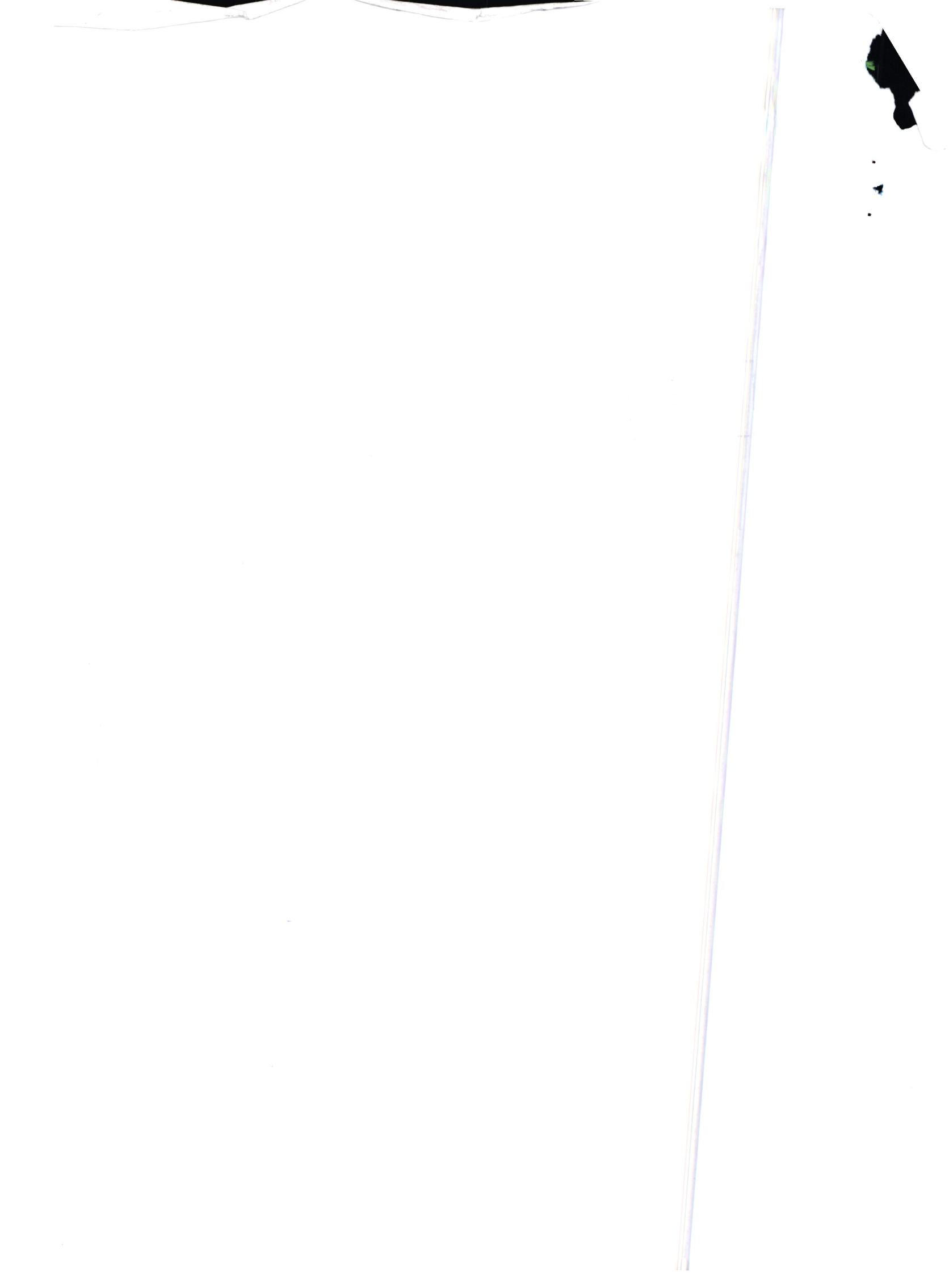
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA NATIONAL COMMISSION FOR  
UNESCO**

**FOR THE YEAR  
ENDED 30 JUNE 2017**





United Nations  
Educational, Scientific and  
Cultural Organization



Kenya National  
Commission for UNESCO  
(KNATCOM)

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**KENYA NATIONAL COMMISSION  
FOR UNESCO**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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



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## **I. KEY COMMISSION INFORMATION AND MANAGEMENT**

### **(a) Background information**

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

The Kenya National Commission for UNESCO (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 73<sup>rd</sup> Member and in line with UNESCO Constitution of 1945.

Over the years, KNATCOM had grown to be a Department with a large 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 25<sup>th</sup> 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
- Deputy Secretary General, Corporate Affairs
- Deputy Secretary General, Technical Programmes
- Head of Programmes and Departments



**KENYA NATIONAL COMMISSION FOR UNESCO**  
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**For the year ended June 30, 2017**

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**(d) Fiduciary Management**

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

<b>Sno</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer/Secretary General	Dr. Evangeline Njoka
2.	Ag. Deputy Secretary General/ Corporate Affairs	Ms. Christine Maingi
3.	Deputy Director Social and Human Sciences Programme	Mr. Joel Ongoto
4.	Director Culture Programme	Mr. John Omare
5.	Ag. Director Communication and information Programme	Ms Wanjiru Kangara
6.	Head of Finance	Mr. David Otiato
7.	Head of Human Resource	Mr. David Looremeta

**(e) Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements for the Commission as follows:

- Audit and Risky Committee
- Board
- Audit and finance 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: [sg@unesco.go.ke](mailto:sg@unesco.go.ke)  
Website: [www.unesco.go.ke](http://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	Provide a concise description of each Director's date of birth, key qualifications and work experience
<p><b>Dr. Rashid Abdi Aman, BPharm, PhD</b></p> 	<p><b>Name:</b> Dr. Rashid Abdi Aman  <b>Date of Birth:</b> 8<sup>th</sup> June, 1958  <b>Chairperson:</b> Kenya National Commission for UNESCO</p> <p><b>EDUCATION BACKGROUND</b></p> <p>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><b>WORK EXPERIENCE</b></p> <ul style="list-style-type: none"> <li>• Visiting Associate Fellowship at the National Cancer Institutes of the National Institute of Health, USA – (1988 – 1990)</li> <li>• 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.</li> <li>• While at the Museums, he was also a Visiting Scientist at the Case Western</li> </ul>




	<p>University , USA ( 1990 – 1994)</p> <p><b>CURRENT POSITIONS:</b></p> <ul style="list-style-type: none"> <li>• Honorary. Prof in molecular genetics and genomics at Strathmore University</li> <li>• Founding Director of Advanced Biotech Laboratories</li> <li>• Director and Chief of operations of African Centre for clinical trials</li> <li>• Director of Laboratory Research and operations Centre at Strathmore University</li> <li>• Director, Centre for Drug Management and Policy</li> <li>• Senior Research affiliate, Natural Museums of Kenya</li> </ul> <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><b>Date of Birth:</b> 10th July, 1947  <b>Education:</b> PhD, MA  <b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• 37 year of teaching and administration at the university.</li> <li>• Served as dean of faculty of Education at Maseno University College.</li> <li>• Director board of postgraduate studies at Kenyatta University.</li> <li>• Director Advancement, Kenyatta university</li> <li>• Currently serving as Deputy Vice chancellor, Research, Innovation and outreach, Kenyatta University.</li> </ul>




<p>Mr. Gabriel Mathenge</p> 	<p><b>Date of Birth: 13th December 1970</b></p> <p><b>Education:</b> Master Degree in Educational Administration University of Nairobi.</p> <p><b>Work experience:</b></p> <ul style="list-style-type: none"><li>• Over 20 years having risen from a classroom teacher to high school principal to Senior Principal Officer.</li><li>• Currently Ag. Deputy Director in-charge of Teachers Performance Appraisal, performance contracting and professional development at Teachers Service Commission.</li></ul>
<p>Ben Khadiagala</p> 	<p><b>Born on: 15<sup>th</sup> December 1957</b></p> <p><b>Education:</b> B.A in political science and economics and MBA in finance.</p> <p><b>Work Experience:</b> Over 30 years' experience</p> <ul style="list-style-type: none"><li>• 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.</li></ul>
<p>Mrs. Esther Wanjau</p> 	<p><b>Born on: 27<sup>th</sup> April 1965</b></p> <p><b>Education:</b> BSc Mathematics and computer science UoN MSc. Management &amp; Information Systems-University of Manchester.</p> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"><li>• Over 25 years' experience in the civil service.</li><li>• Worked at National Treasury as an ICT officer then moved to the directorate of personnel management in the same capacity.</li><li>• Worked in the ministry of foreign</li></ul>

	<p>affairs and ministry of information, communication and technology as head of ICT.</p> <ul style="list-style-type: none"> <li>• Moved to the department of information in the same ministry.</li> <li>• Appointed as Deputy Director of Information in 2015</li> </ul>
<p>Mr. Wenslas S.A Onga`yo, OGW</p> 	<p><b>Born on:</b> 2nd June 1958</p> <p><b>Education:</b> University of Nairobi Bachelor of Arts in Political Science</p> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• The Director of Administration Ministry of Sports Culture &amp; Arts from 2012 to date.</li> <li>• Served as Regional Commissioner Upper North Eastern, Wajir from 2010 – 2012:</li> <li>• <b>In August 2009 – September 2010:</b> Appointed Regional Commissioner, Upper Eastern Region. ISIOLO.</li> </ul> <p><b>In August 2008 – July 2009:</b></p> <ol style="list-style-type: none"> <li>1. Deployed as Deputy Provincial Commissioner Eastern-Province – EMBU</li> <li>2. Alternate Director Mt Kenya Pilot Project</li> <li>3. Alternate Director TARDA</li> <li>4. Member CAB</li> </ol> <p><b>In August 2006 To July 2008</b></p> <ul style="list-style-type: none"> <li>• Deployed as Deputy Provincial Commissioner – Central Province – NYERI</li> <li>• Served as Deputy Secretary in the Ministry Of Lands in July 2005 – July 2006.</li> <li>• Served as Deputy Secretary in the Office Of The President from 2004 – June 2005</li> <li>• Served as Undersecretary in the Office Of The President – (Police Headquarters) from 1999 – 2003.</li> </ul>



	<ul style="list-style-type: none"> <li>• Served as District Officer from 1983 – 1998 in several Districts.</li> </ul>
<p>Mr. George Kariuki</p> 	<p><b>Born on:</b> October 1969</p> <p><b>Education:</b> 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> <ul style="list-style-type: none"> <li>• <b>1997-2001:</b> Worked at the Ministry of Environment, Forestry Department. Was responsible for the management of the Forestry Information Systems(FIS)</li> <li>• <b>2001-2004:</b> 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)</li> <li>• <b>2004-2008:</b> Joined Debt Management Department as an administrator for the National Debt Database and a key personnel in automating debt process.</li> <li>• <b>2008-2011:</b> head of ICT unit in the Ministry of Nairobi metropolitan. Key resource person in the designing of the Nairobi Metropolitan Spatial Plan.</li> <li>• <b>2011-current:</b> 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</li> </ul>

**Retired from the Board**

<p>Mr. Noah M.O. Sanganyi, HSC</p> 	<p><b>Born in 1962.</b></p> <p><b>Education:</b> Pursuing PhD in Sociology(MKU), M.A Sociology (U.O.N),B.A(Social Work)B.A(Social Work)</p> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Child Protection Specialist for 27 years now.</li> <li>• Senior Assistant Director of Children Services at the National Council for Children’s Services (NCCS) under the Ministry of Labour, Social Security and Services.</li> <li>• Participated management and programmatic courses both in country and outside Kenya. GOK Counterpart for GTZ, JICA and USAID for about 12 years.</li> <li>• Board member of Regional Psychosocial Support Initiative (REPSSI).</li> </ul>
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<p>Ms. Joyce Ndege Sabari</p> 	<p><b>Date of Birth:</b> 6th December 1975</p> <p><b>Education:</b> M/ED (Measurement and Evaluation) University of Nairobi, B/ED – KU.</p> <p><b>Key Qualification:</b> Strategic Leadership, Research methodology, Assessment.</p> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Served in Kenya National Examination Council for seventeen (17) years.</li> <li>• Currently serving as the Deputy Director, Research and Quality Assurance division.</li> <li>• Responsible for research and monitoring and evaluation of key activities related to examination administration purposes.</li> </ul>
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Christopher Kariuki




**Born on: 1961**


**Education:** Holder of B.Ed. (ECON and business studies and MBA in Finance

**Work Experience:**

- Have over 21 years' experience in public financial management.
- Worked in teachers Service Commission and various ministries in civil service.
- Currently Chief Financial officer in Ministry of Education

**New Appointments**

<p>Mr. Patrick Ochich</p> 	<p><b>Date of Birth:</b> 9<sup>th</sup> October 1959</p> <p><b>Education:</b> He has a Bachelor of Education (Hons) and Master of Education in Measurement and Evaluation from the University of Nairobi.</p> <p>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><b>Experience:</b> Mr. Patrick Ochich is the Director, Test Development at the Kenya National Examinations Council. He was appointed into this position in August 2015. He 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 Education, currently the Kenya Institute of Curriculum Development. He has participated, facilitated and presented papers in local and international Educational Assessment Workshops and Conferences.</p>
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<p>Ms Josephine Muriuki</p>  <p>Mrs. Josephine Muriuki</p>	<p><b>Date of Birth:</b> 13<sup>th</sup> October, 1959</p> <p><b>Education:</b>  Master's Degree in Psychological Counselling – Daystar University  Bachelors Degree in Sociology and Political Science – Nairobi University  Higher Diploma in Psychological Counselling – Kenya Institute of Psychological Counselling  Methodist University  Trained in Kenya School of Government - Strategic Leadership Development and Project Planning  Have attended several project planning leadership management trainings course and also</p>
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		<p>professional and technical training in areas of social development/social protection and safety nets both in and outside Kenya</p> <p><b>Experience:</b> Director of Social Development from April, 2017; To provide strategic direction in the implementation of social development. Have worked in the Department since 1982 in various capacities both at the District (Sub County) and Headquarters and was involved in matters of community mobilization and empowerment. Coordination of 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. Have participated as 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, Older Persons, Youth)</p>
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**III. MANAGEMENT TEAM**

Name of key manager's and profession/academic qualifications	Area of responsibility – without details
 <p>1. Dr. Evangeline Njoka :<b>PhD, MED, BED</b></p>	<p>- Accounting Officer / CEO</p>
 <p>2. Mrs. Christine Maingi : <b>MED on-going, BED</b></p>	<p>- Ag. Deputy Secretary General - Corporate Affairs</p>
 <p>3. Mr. Joel Ongoto: <b>PhD on-going, MED, BED</b></p>	<p>- Social and Human Science Programme</p>



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 <p>John O. Omare: <b>BA, MA</b></p>	<ul style="list-style-type: none"> <li>- Culture Programme</li> </ul>
<p>4. Ms. Wanjiru Kangara</p>	<ul style="list-style-type: none"> <li>- Communication and Information Programme</li> </ul>
 <p>5. Mr. David Looremata : M.A, BA :Higher Diploma in Human Resource</p>	<ul style="list-style-type: none"> <li>- Human Resources</li> </ul>
 <p>6. Mr. David Otiato : MBA , BA: CPA K</p>	<ul style="list-style-type: none"> <li>- Finance and Accounts</li> </ul>



#### **IV. CHAIRMAN'S STATEMENT**

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 2017, during which we recorded fairly good performance despite a range of operational and financial challenges. For the third 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 Science, Social and Human Science, Culture and Communication and Information. These areas inform significant components of Kenya socio-economic life.

Collaboration between the Commission and UNESCO Headquarters, the Kenya Permanent Delegation to UNESCO, the Nairobi Regional Office for Eastern African in Nairobi, Government ministries and agencies, NGOs and private sector, has led to the implementation of many programmes in Kenya. The programmes which have been implemented are consistent with the global aspirations towards the realization of Sustainable Development Goals (SDG). At both global and regional levels, several perspectives and approaches have emerged in all UNESCO programmatic sectors, which have recently been the focus of emerging policy debates, research and foresight. KNATCOM has consistently reflected on the emerging post 2015 scenarios and other global development patterns including the possible impacts they might have to Kenya's economic development.

KNATCOM's commitment to our stakeholders is contributing to the improvement of quality life for Kenyans by building peace which is central to promotion of our sustainable development. The Commission is the focal point for all UNESCO matters in the Country, and has made every effort to inform its stakeholders about the emerging issues and opportunities available in UNESCO. I take this opportunity to call upon Kenyans to work closely with KNATCOM to leverage on opportunities available in the five areas of UNESCO competence.

In conclusion the Board remains fully focused in supporting the management to attract, develop and retain the right talent. The Board is also fully committed to good governance, transparency and accountability.

I take this opportunity to sincerely express my gratitude and appreciation to all stakeholders, my fellow Board members, staff, the Government, and development partners, for their continued support, which has contributed to our tremendous achievement.



**Chairman of the Board**



## **V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

The 2016 / 2017 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.

Kenya faces numerous challenges on peace and sustainable development, and as the Commission we have not shied away from confronting them. As the Commission charged with the mandate of promoting building of peace, eradication of poverty, sustainable development and intellectual dialogue through education, sciences, culture, communication and information, we remain committed to ensuring that this is achieved. We appreciate this huge mandate that the Kenya people have placed on us and with a lean workforce the Commission has undertaken to educate the public the foundations of lasting peace and sustainable development.

### **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 programmes implementations. Potential risk issues that can be identified early in the project programmes that will potentially impact the programmes later are often termed "known unknowns" and can be alleviated with a good risk management process. The Commission is implementing risk management programmes which include identification of risks classified according to relevance, impact and probability of occurrence. Development of risk management policy and establishment of a risk management committee whose mandate is to develop action plans to address major risks.

### **Responsibility**

As Secretary General for Kenya National Commission for UNESCO in accordance with the responsibility assigned to me and in particular to PFM Act 2012 and PFM regulations 2015 I am accountable for maintaining a sound system of internal control to ensure 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 assets of the Commission.

### **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 objective within an evolving organization and meet stakeholder's expectations.

The Commission is accountable for maintaining a sound system of internal control 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 ongoing 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**

My 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.

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

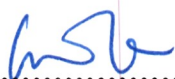
**Monitoring**–Internal control systems need to be monitored process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations, or a combination of the two. Ongoing monitoring occurs in the course of operations. It 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 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 KNTACOM Board for their enormous support and Expert Committees for their selfless service.

Finally, I extend my sincere thanks to all KNATCOM employees who have made it possible to be where we are. 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 targets.

  
.....  
**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 Commissions health and decision-making processes. KNATCOM has at all times endeavoured in its functions to take cognizance of the need for compliance with the relevant legal principles and the highest ethical standards. The Board recognizes its mandate to direct and be held accountable for the short and long-term sustainable Plans of the Commission in the promotion of peace and sustainable development as outlined in Kenya Constitution and UNESCO Constitution. This Statement of Corporate Governance has been established by the Commissions Board and is intended, in conjunction with the Commissions Act and other corporate governance documents and all applicable laws, to be a flexible framework within which the Board may conduct its business.

### **The Board of Directors**

The Board establishes broad corporate policies for the Commission and sets the strategic direction for the management with a focus on enhancing the interests of stockholders. 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 specialists.

### **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 always act in the best interest for 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 power that delights our customers. The Code of Ethics is a public statement that clarifies our expectations and holds us accountable for our business conduct. The Standards of Professional Conduct will confirm the Commission's policy to conduct its affairs in compliance with all applicable laws and regulations and observe the highest standards of professional ethics. This is communicated to all employees of the commission. The Standards of Professional Conduct deal with the following main areas:

- 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:
  - (a) Government officials;
  - (b) Business hospitality;
  - (c) Prohibited payments;



Equal opportunity and unlawful harassment; Safety of the workplace and environmental protection; and 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 will entail: -

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

### **Audit and Risk Management Committee**

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

- a) examining quarterly, half-year and annual financial statements,
- b) discussing 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, and
- g) Ensuring adherence with the code of ethics and integrity in financial transactions of the Commission.
- h) perform any other duties as may be assigned to it 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 will entail: -

- 1. To inquire into and advise the Board on any matter concerning;
  - i. UNESCO programmes and activities management
  - ii. Partnerships, protocols and agreements
  - iii. Programme and Expert Committees affairs
- 2. To exercise the powers and perform on behalf of the Board the following functions;
  - i. ensure annual programmes and work plans are developed;
  - ii. approve the programmes and work plans within the committee;
  - iii. monitor adherence to the programmes, work plans, strategic plans and performance contracts;
  - iv. to consider and make recommendations to the full board on received proposals, reports and submissions related to UNESCO policies, legislations, programmes, projects and activities; and
  - v. Perform any other duties as may be assigned to it by the board

### **Communication with Third Parties**

The Board believes that it is, in general, the responsibility of Secretary General/CEO to speak for the Commission in communications to outside parties (e.g. stakeholders and the press). 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**

The commission's strategic goal to promote education for peace and sustainable development has been accomplished through the following activities that were earmarked for execution in the reporting period.

HIV and AIDS endangers success by threatening the wellbeing of the employees, their families and that of the clients. In an effort to deal with the menace proactively, the Commission is committed to assisting its employees infected with or affected by the virus. In this regard the HIV and AIDS Workplace Policy document was developed as a guide to the staff commitment.

As a build up towards the World Aids Day marked on 1<sup>st</sup> Dec, under the theme *Prevention of new HIV infections focusing on adolescents and young people*, the Commission undertook a staff sensitization on Management and Utilization of AIDS Control Unit (ACU) on 29<sup>th</sup> November, 2016. The Commission also carried out a voluntary counselling and testing services for staff and the general public.

Equipping the county directors with skills, knowledge and attitudes on ICT for effective curriculum delivery in Early Childhood Development Education and how to integrate ICT in ECDE for sustainable development was carried out during a capacity building workshop for the 47 County Directors in charge of Early Childhood Development Education (ECDE) held on 12<sup>th</sup> to 18<sup>th</sup> Dec 2016.

In order to equip the Associated Schools Project Network ASPnet patrons in primary and secondary schools with skills and knowledge and attitude empowering them to manage ASPnet institutions an induction workshop was carried out from 16<sup>th</sup> to 20<sup>th</sup> Jan 2017. Further, the patrons were trained in identifying appropriate activities and flagship projects for their schools and how to create networking platform for ASPnet Patrons.

Further an induction capacity building workshop for Associated Schools Project Network (ASPnet) TVET Patrons was conducted from 20<sup>th</sup> to 24<sup>th</sup> March 2017 being the first cohort to be trained under tertiary institutions category. The main objectives of the workshop were to equip ASPnet patrons with skills, knowledge and attitude empowering them to manage ASPnet TVET institutions, and also identify appropriate activities and flagship projects for their institutions.

The Commission being an institution for contributing to the body knowledge carried out a research to investigate factors contributing to drug and substance abuse among the youth in Lamu County from 29<sup>th</sup> January 2017 to 5<sup>th</sup> February 2017. The study focused on youth in the ages between 15 and 35 years in selected public institutions in Lamu East and Lamu West Sub- Counties. The findings and recommendation will be used in setting up preventative and corrective mechanisms to curb this menace in Lamu County.

The dissemination and uptake of research finding is critical to the stakeholders, in cognizance to this fact the commission carried out and disseminated the research finding on investigation into factors affecting access and retention of girls in public primary schools in Mt. Elgon Region, Bungoma County. The report was disseminated to the stakeholders in Bungoma County on 18<sup>th</sup> February 2017 and to the National stakeholders on 30<sup>th</sup> April 2017 who formed a local implementation team to follow-up with this issue based on the findings



International Mother Language Day celebrated annually on 21<sup>st</sup> February to promote the awareness of language and cultural diversity across the world was done by conducting a radio talk at the Kenya Broadcasting Station (KBC) under the theme *“Towards Sustainable Futures through Multilingual Education”*

Pertinent and contemporary issues in education are a key component targeted in curriculum reforms in this respect the commission conducted a capacity building workshop on for Kenya Secondary School Heads Association (KESSHA) representative from each of the forty seven (47) Counties from 24<sup>th</sup> to 29<sup>th</sup> April, 2017. Among the objectives of the workshop included; promotion of peace and harmonious existence through education and enhancement of capacity of secondary school principals to mainstream HIV and AIDS in learning institutions.

The realization of Sustainable Development Goals (SDGs) is a key priority of the commission target, in order to realise this endeavour a one day capacity building workshop on the role of Universities was carried out on the 9<sup>th</sup> May 2017 targeting public and private Universities in Kenya. The objectives of the workshop included; sensitizing universities on their role in the realization of Sustainable Development Goals (SDGs); assessing integration of targets of Sustainable Development Goals into Universities curricula and to create synergy and strengthen communication.

The commission is keen in promoting inclusivity and promote lifelong learning, in this endeavour the Naivasha maximum prison inmates education programmes has been given a boost by the commission provision of digital learning infrastructure and software to enhance the teaching and learning process and also improve the learning resource base for the inmates library.

### **Natural Sciences Programme**

In order to promote science for peace and sustainable development, the commission accomplished numerous activities that were earmarked for execution in the reporting period through the natural sciences programmes.

The commission in collaboration with UNESCO Regional office and Baringo County built the capacity of stakeholders on the importance and benefits of establishing a geopark in the county through sensitization forums held from 15<sup>th</sup>-18<sup>th</sup> November, 2016. Geoparks are geographical areas where sites and landscapes of international geological significance are managed with a holistic concept of protection, education and sustainable development.

The commission, under the Future Earth Initiative, whose goal is to prepare universities and research institutions for changing climate environment, built the capacity of these institutions in a capacity building workshop held from 21<sup>st</sup>-25<sup>th</sup> November 2016, and also assessed their capacity needs.

Under-enrolment in TVET institutions is denying Kenya the crucial work force required for realization of vision 2030 and the realization of SDGs. In a bid to improve this, the commission held national capacity building workshop on 20<sup>th</sup> and 21<sup>st</sup> Feb 2017 for secondary school career counsellors in Nairobi.

Girls are underrepresented in STEM subjects at school level and these results to fewer women taking up science and technology courses at the colleges and universities. In April, 2017, the commission supported a scientific camp of excellence and mentoring for 300 secondary girls where the importance of pursuing sciences at higher learning and the perception of Sciences as a hard course, or men's fiefdom was demystified.



As the focal point for UNESCO-SIDA's Future Earth Initiative, the commission also established an Action Plan Development group that developed the Kenya's Draft Capacity Development Action plan.

To ensure the Man and Biosphere reserves continue being well managed and meet the standards of World Network of Biosphere Reserves, regular capacity building activities of stakeholders is necessary. Currently Mt. Kulal BR is under intense pressure due to over exploitation of the forest resources and water scarcity problems. The commission spearheaded a capacity building exercise from 9<sup>th</sup> -15<sup>th</sup> May, 2017 both in Marsabit town and Mt. Kulal through stakeholder forums and field visit.

### **Social and Human Sciences Programme**

The Social & Human Sciences Programme, whose strategic goal is to support inclusive social development, foster inter-cultural Dialogue for the rapprochement of cultures and promotion of ethical principles achieved the following activities that were earmarked for execution in the reporting period.. In the aim of striving to achieve the th mandate, In recognition of the importance and relationship between of peace and development, the commission organised the commemoration of the International Day of Peace on 21<sup>st</sup> September 2016. The International Day of Peace is observed around the world each year on 21<sup>st</sup> September. The day was established in 1981 by a UN resolution. The Day provides a globally shared date for all humanity to commit to Peace and to contribute to building a culture of peace. This was also actualized by organization of a panel discussion on Sustainable Development Goals as building blocks for peace. A total of 100 participants participated in this event.

The commission in partnership with Kenyatta University organised the 2<sup>nd</sup> International Conference on physical activity, sport and health for development in Africa (PASHDA) from 21<sup>st</sup> to 23<sup>rd</sup> Sept 2016. The PASHDA conference aimed at sharing best practices and knowledge about physical activity, sports and health. In addition, KNATCOM organized meetings under the International Coalition of Cities against Racism (ICCAR) at Nairobi at Hilton Hotel from 9<sup>th</sup> to 11<sup>th</sup> November 2016. This meeting set timelines for the publication of a best practice guide for policy and decision makers towards creating an enabling environment for urban inclusion and protection of human rights. KNATCOM-UNESCO spearheaded and supported development of the Kenya UNESCO Youth Forum Strategic Plan. This important task was finalized in with publication of the Strategic Plan and organization of a multi-stakeholder engagement validation workshop in January 2017 at KICD. The function to launch the UNESCO Youth Forum Strategic Plan, where members committed to implement all the proposed activities envisaged in the finalized Strategic Plan was held at KICD on 12<sup>th</sup> May 2017. This underscored KNATCOM's commitment to youth development and inclusion. In area of youth empowerment; KNATCOM continued to support implementation of the Student Training Entrepreneurial Programme (STEP4Y) programme in partnership with Kenyatta University and Kisumu County. STEP4Y aims to address youth unemployment and is a hands-on research based business skills and attitude oriented six-week training aimed at transforming targeted youth from job seekers to job creators. A total of 100 youths were trained considering gender and persons with disabilities considerations. This underscored the Commission's commitment to youth empowerment.

Development of the sports sector in Kenya is important to KNATCOM's agenda and mandate. Cognizant of the importance of the sports sector, KNATCOM-UNESCO together with stakeholders organised training in Eldoret targeting 48 schools sports coaches and patrons to address the adverse effects of doping in line with the UNESCO Convention against doping in sports in March 2017. In



addition, KNATCOM organised a number of expert committee meetings to finalise the study on the knowledge, attitudes and practices on doping in sports. Once finalized this study will significantly contribute to the existing body of knowledge in the area of doping in sports and formulation of better anti-doping strategies by stakeholders. KNATCOM also trained 96 UNESCO Clubs patrons from western region in Kenya on UNESCO's principles of peaceful coexistence and sustainable development in Kisumu In February 2017. Additionally, the Programme helped to set up a UNESCO Club at the Nazarene University in June 2017 to assist in propagating the culture of peace. Additionally, during this reporting period, KNATCOM and the University of Nairobi UNESCO UNTWIN Chair on Women, Health and Sustainable Development organized a workshop that targeted university student leaders from public and private universities in Kenya. Over 60 student leaders participated in the event on a sustainable culture of peace and security. This event underscored the commitment to peace and was completed by the signing a communique by the student leaders to maintain peace before, during and after the 2017 General Elections.

In conclusion, KNATCOM commits to continue to promote the culture of peace and sustainable development and further focus on fighting all forms of discrimination, fostering values and rights, promoting ethical standards as well as the promotion of sports. The Commission will continue to further engage youth, women and men as agents of change, promote the teaching of history, intercultural dialogue and memory.

### **Culture Programme**

The Culture Programme, whose overall strategic objective is to support and promote the protection of cultural heritage, dialogue of cultures and foster cultural and creative industries for peace and sustainable development, accomplished the following activities within the reporting period. The Commission in partnership with the Ministry of Sports, Culture and the Arts, Cultural actors and the civil society developed a draft policy framework for the promotion of Cultural and Creative industries. The Policy framework aims to provide guidelines for the implementation of the 2005 UNESCO convention on the Protection and Promotion of the diversity of the Cultural Expressions within the national laws. The Framework provides measures to enhance the creation, production, distribution and enjoyment of domestic cultural goods, services and activities. It will further facilitate and engage cultural actors to participate in cultural exchanges for market access both at the local, national, regional and international levels. The Policy framework will create mechanisms and strengthen partnerships between and within the public and private sectors and non-profitable organizations to enhance their capacities in the development of infrastructure, human resources and as well as exchange of cultural activities, goods and services.

In a series of stakeholder's workshop, the Kenya National Commission for UNESCO in partnership with the Ministry of Sports, Culture and the Arts, Cultural actors and the civil society also developed a draft policy framework for the promotion of World Heritage Sites in Kenya. The Policy will promote heritage, protection and conservation by supporting effective implementation of the 1972 Convention on the protection of the world cultural and natural heritage and enhance the overall management of the sites. Ultimately Kenya's visibility as a great tourist destination will be enhanced.

### **Communication and Information Programme**

The Communication & Information Programme whose overall strategic objective is the promotion of freedom of expression, media development & access to information & knowledge made the following accomplishments within the reporting period.



The Programme built the capacity of 43 media professionals on freedom of expression, freedom of information and safety of journalists, by sensitizing them on the UN plan of Action on the safety of journalists in two separate training workshops. Promoting the safety of journalists and combatting impunity for those who attack them are central elements within UNESCO's support for press freedom on all media platforms. UNESCO actively promotes the safety of those who produce news and believes that they have the right to work free from the threat of violence and to ensure the right to freedom of opinion and expression for all. Two trainings were held in Uasin Gishu county (31<sup>st</sup> Jan to 2<sup>nd</sup> Feb 2017) and Nyeri County (14 – 17, Feb 2017).

The Programme also participated in marking the World Radio Day 2017, held on 13<sup>th</sup> Feb in line with the CI theme of promoting freedom of expression. The theme was "Radio is for you". The objective of the day was to raise awareness among the public and the media of the importance of the radio; to encourage decision makers to establish and provide access to information through radio, as well as to enhance networking and international cooperation among broadcasters. The Commission participated in the national celebrations in Nairobi which the Programme had coordinated alongside UNESCO Regional Office, Media Council of Kenya, Communications Authority of Kenya and the Ministry of Information and Communications. Journalists from mainstream media and community radio stations were also present. Additionally, the Programme helped to mark the day at the county level, in Isiolo County under the theme "Using radio as a tool for peace building" in conjunction with a UNESCO supported community radio station, Baliti FM.

Following the success of the Mobile Apps Development workshop held in 2015, which hosted 55 participants from the East Africa region, the Programme held a follow up workshop on 6th February, 2017 in Nairobi. The objectives were to discuss the progress of the youth who participated in the mobile applications capacity building workshop; to offer a forum where the participants could share their successfully developed Apps and to give them the opportunity to be network with technology companies who have the capacity to mentor/hire the young innovators.

The Programme worked closely and supported the Media Council of Kenya to mark the World Press Freedom Day celebrations on 3rd May 2017. The commemorations were marked with a press convention where pertinent media issues were discussed and the Programme participated actively in the panel discussions. The annual event is held to promote Press Freedom and highlights the importance of freedom of expression and security and safety of journalists. *UNESCO promotes freedom of expression and freedom of the press* as a basic human right.

Thereafter followed by the Sixth Annual Journalism Excellence Awards (AJEA) Gala to recognize exemplary journalists for impressive work in the Kenyan media. The Commission, through the Programme sponsored the Peace category which commends exemplary journalism work that support peace and sustainable development.

The main objectives of the awards are: to recognize and award excellence in journalism, encourage professionalism in the practices of journalism as provided for by the Code of Conduct for the Practice of Journalism in Kenya and to encourage Development Journalism in Kenya in respect to Vision 2030.

UNESCO believes that universal access to information and knowledge is key to the building of peace, sustainable social and economic development, and intercultural dialogue. Open Access (OA), Open Data and crowdsourcing platforms, Open Educational Resources (OER) enable information to be freely and legally shared, providing strategic cross-cutting opportunities to improve the quality of



decision-making as well as facilitate policy dialogue, knowledge sharing and capacity building, including for persons with disabilities.

Therefore, the programme conducted a research to investigate the status of open solutions and ICT innovations in Kenya. A research committee on the same was constituted; a work plan and a budget developed. Piloting was done on Friday 5<sup>th</sup> May, 2017 and the field work was carried out on the 17<sup>th</sup> to 27<sup>th</sup> May 2017 nationally in universities, Technical training colleges and secondary schools.

The Programme, under the Memory of the World programme, an initiative that advances UNESCO agenda in promoting preservation of documentary heritage, including digital preservation, spearheaded the process of collecting documentary heritage for Kenya.

The Memory of the World Committee held numerous meetings and a resolution was made to begin collecting and compiling documentary heritage about Nairobi. Nairobi is the pilot project, after which heritage will be collected in all other counties. Compilation is ongoing and once complete, the list will form Kenya's documentary heritage. The Committee will initiate the process of having Kenya listed on the Memory of the World Register which lists documentary heritage with significant global importance and outstanding universal value.

**VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The School of Education at Mount Kenya University in collaboration with the Kenya National Commission for UNESCO (KNATCOM) has established a pedagogical skills-training programme at the Naivasha Maximum Security Prison with an aim of capacity-build the inmates who act as teachers in teaching other inmates. At Naivasha Maximum Security Prison, the prisoners who are holders of Form Four Certificate and above serve as teachers to other fellow inmates who are at lower levels of education; at pre-primary, primary and secondary levels of education. Most of those inmate-teachers who support the prison education programme in Naivasha are not trained teachers as such. The Mount Kenya University School of Education and KNATCOM have been inducting them on how to become better teachers so that they can realize better results with their students in various educational levels. This has been on voluntary basis as a Corporate Social Responsibility (CSR) of the university. The Kenya National Commission for UNESCO (KNATCOM-UNESCO) has donated a Television Set, a video deck and teacher learning materials for use by inmates in their education at various levels at the prison. These equipment's and software are being used to improve the teaching and learning process in various subjects being taught at the institution. This is in line with UNESCO mission of inclusivity in education for all marginalized and disadvantaged groups in society.



## **IX. REPORT OF THE DIRECTORS**

The Board submit their report together with the audited financial statements for the year ended June 30, 2017 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, 2017 are set out on page 1 to 6.

## **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 11<sup>th</sup> February 2017 are shown in X, and those on XIII were appointed with effect from 13<sup>th</sup> February 2017

## **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, - (entities should quote the applicable legislation under which they are regulated)*) require the Directors to prepare financial statements in respect of that *Commission*, 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 of the *Commission* 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, 2017. 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) – *entities should quote applicable legislation as indicated under* ) . The Directors are of the opinion that the *Commission's* financial statements give a true and fair view of the state of *Commission's* transactions during the financial year ended June 30, 2017, and of the *Commission's* financial position as at that date. 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 2017 and signed on its behalf by:

.....  
**Board Member**

.....  
**Board Member**

.....  
**Board Member**

117114

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## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL COMMISSION FOR UNESCO FOR THE YEAR ENDED 30 JUNE 2017

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#### 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 2017, 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 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya National Commission for UNESCO Act. 2013.

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

##### **Basis for Opinion**

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

##### **Key Audit Matters**

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

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*Report of the Auditor-General on the Financial Statements of Kenya National Commission for Unesco for the year ended 30 June 2017*

## **Responsibility of Management and Those charged with Governance for the Financial Statements**

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 such 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.

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

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

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

## **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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 of Kenya. 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 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.

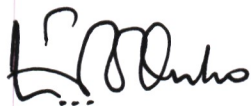
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Commission's 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 Corporation's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities 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**

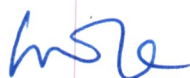
**Nairobi**

**14 May 2018**

**XII. STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	12,219,121	3,284,445
Transfers from other governments – gifts and services-in-kind	2	255,000,000	240,000,000
		<b>267,219,121</b>	<b>243,284,445</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	3	4,620,000	80,000
Finance income - external investments	4	379,985	-
Other income	5	1,538,536	5,196,250
		<b>6,538,521</b>	<b>5,276,250</b>
<b>Total revenue</b>		<b>273,757,642</b>	<b>248,560,695</b>
<b>Expenses</b>		-	-
Use of goods and services	6	7,651,396	10,219,221
Employee costs	7	60,129,189	44,754,594
Remuneration of directors	8	15,888,289	8,633,848
Depreciation and amortization expense	9	4,885,734	3,964,832
Repairs and maintenance	10	10,696,932	572,018
General expenses	11	180,098,607	117,240,692
Finance costs	12	345,046	183,274
<b>Total expenses</b>		<b>279,695,192</b>	<b>185,568,479</b>
<b>Other gains/(losses)</b>			
<b>Surplus before tax</b>		<b>(5,937,550)</b>	<b>62,992,216</b>
<b>Surplus/( deficit) for the period</b>		<b>(5,937,550)</b>	<b>62,992,216</b>

The notes set out on pages 7 to 56 form an integral part of these Financial Statements



Secretary General/CEO

Dr. Evangeline Njoka, MBS

30 September 2017



Head of Finance

David G. Otiato  
ICPAK Member Number: 14688

30 September 2017



Chairman of the Board

Dr. Rashid A. Aman

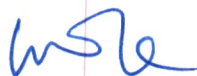
30 September 2017



**XII. STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

		<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	86,093,636	30,463,954
Receivables from exchange transactions	14	10,413,862	76,818,362
Prepayments	15	1,139,012	-
Inventories	16	1,517,532	1,240,831
		<b>99,164,042</b>	<b>108,523,147</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	15,792,703	13,205,216
Intangible assets	18	193,063	237,030
		<b>15,985,766</b>	<b>13,442,246</b>
<b>Total assets</b>		<b>115,149,807</b>	<b>121,965,393</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	19	5,921,519	6,357,600
Deferred income	20	1,946,949	2,389,405
		<b>7,868,468</b>	<b>8,747,005</b>
<b>Non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total liabilities</b>		<b>7,868,468</b>	<b>8,747,005</b>
<b>Funds</b>			
Accumulated surplus	21	<b>107,281,338</b>	<b>113,218,888</b>
<b>Total net assets and liabilities</b>		<b>115,149,807</b>	<b>121,965,393</b>

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board Members by:



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

**30 September 2017**



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

**30 September 2017**



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

**30 September 2017**



**XIII. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2017**

	Attributable to the owners of the controlling Commission					Total
	Self-insurance reserve	Reserves		Accumulated surplus	Minority interest	
		Capital replacement reserve/Capital Reserve	Revaluation Reserve			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1 July 2015</b>	-	-	-	50,226,672	-	50,226,672
Surplus/(deficit) for the period	-	-	-	62,992,216	-	62,992,216
<b>Balance as at 30 JUNE 2016</b>	-	-	-	<b>113,218,888</b>	-	<b>113,218,888</b>
	-	-	-	<b>113,218,888</b>	-	
<b>Balance as at 1 July 2016</b>	-	-	-	-	-	<b>113,218,888</b>
Surplus for the period	-	-	-	(5,937,550)	-	(5,937,550)
<b>Balance as at 30 JUNE 2017</b>	-	-	-	<b>107,281,338</b>	-	<b>107,281,338</b>

**XIV. STATEMENT OF CASH FLOWS**  
**AS AT 30 JUNE 2017**

		<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Surplus/Deficit for the period		- <b>5,937,549</b>	62,992,216
<b>Adjustments for:</b>			
Depreciation and Amortization Expense	<b>9</b>	4,885,734	3,964,832
Increase/Decrease of Receivables	<b>14</b>	66,404,500	76,818,862
Increase/Decrease of Payables	<b>19</b>	436,081	5,459,600
Increase/Decrease Inventories	<b>15</b>	- 276,701	- 444,431
Increase/Decrease Prepayments	<b>16</b>	- 1,139,012	- -
Increase/Decrease Deferred Income	<b>20</b>	442,456	576,250
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, Plant and equipment	<b>16</b>	- 7,429,253	- 1,184,506
<b>Net Cash Flows from Investing Activities</b>		<b>(7,429,253)</b>	<b>(1,184,506)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>55,629,182</b>	<b>6,607,401</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>30,463,954</b>	<b>37,071,355</b>
<b>Cash and cash equivalent at END of the year</b>		<b>86,093,136</b>	<b>30,463,954</b>

(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)



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For the year ended June 30, 2017

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2017

	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference	Not
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public contributions and donations	-	12,219,121	12,219,121	12,219,121	-	1
Government grants and subsidies	247,000,000	8,000,000	255,000,000	255,000,000	-	
Rendering of services	4,620,000	-	4,620,000	4,620,000	-	
Sale of goods	500,000	1,038,536	1,538,536	1,538,536	-	
Finance Income	-	379,985	379,985	379,985	-	
<b>Total income</b>	<b>252,120,000</b>	<b>21,637,642</b>	<b>273,757,642</b>	<b>273,757,662</b>	-	
<b>Expenses</b>						
Compensation of employees	62,937,240	-	62,937,240	60,129,189	2,808,051	2
Goods and services	8,000,000	-	8,000,000	7,651,396	348,604	
Finance cost	500,000	-	500,000	345,046	154,954	
General Expenses	149,682,760	20,637,642	170,320,402	180,098,607	-9,778,205	3
Repairs and Maintenance	11,000,000	-	11,000,000	10,696,932	303,068	
Depreciation and Amortization expense	5,000,000	-	5,000,000	4,885,734	114,266	
Remuneration of directors	15,000,000	1,000,000	16,000,000	15,888,289	111,711	
<b>Total expenditure</b>	<b>252,120,000</b>	<b>21,637,642</b>	<b>273,757,662</b>	<b>279,695,195</b>	<b>- 5,937,550</b>	
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5,937,550</b>	

**Budget notes**

1. The Amount of Kshs. 12, 219, 121 is amount received from UNESCO for various programme. The amount was not fully utilised by 30<sup>th</sup> June 2017 as the committee planning the implementation had not finalized with the implementation programme. Also procurement for Consultant took time.
2. The Movement id due to delay in recruitment of various staff in the Commission.
3. The Movement is as a result of the second national celebration and Kenya week in Paris that attracted many participants.



**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 “*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 30 June 2017**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 33: First time adoption of Accrual Basis IPSAS</b>	<b>(Effective for annual periods beginning on or January 1, 2017)</b> 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. <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>
<b>IPSAS 34: Separate Financial Statements</b>	<b>(Effective for annual periods beginning on or January 1, 2017)</b> 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 an Commission prepares separate financial statements. <i>The Commission does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply/ the Commission is a</i>



**Kenya National Commission for UNESCO**  
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Standard	Impact
	<i>parent company and has prepared consolidated financial statements and therefore the standard does not apply.</i>
<b>IPSAS 35:</b> Consolidated Financial Statements	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>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 an Commission controls one or more entities. It requires an Commission that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> <li>- Its power over the other Commission</li> <li>- Its exposure or rights to variable benefits from involvement with the other Commission</li> <li>- Its ability to control the nature, timing and amount of benefits from the other Commission.</li> </ul> <p>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.</p> <p><i>The Commission does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</i></p>
<b>IPSAS 36:</b> Investments in Associates and Joint Ventures	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>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.</p> <p><i>The Commission does not have investments in associates or joint ventures.</i></p>
<b>IPSAS 37: Joint Arrangements</b>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>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.</p> <p><i>The Commission does not have an interest in a joint arrangement and therefore the standard does not apply.</i></p>
<b>IPSAS 38:</b> Disclosure of Interests in Other Entities	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an 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</p>



**Kenya National Commission for UNESCO**  
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Standard	Impact
	<p>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.</p> <p><i>The Commission does not have interests in other entities and therefore the standard does not apply.</i></p>

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

Standard	Effective date and impact:
<p><b>IPSAS 39:</b> Employee Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2018</b></p> <p>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.</p>
<p><b>IPSAS 40: Public Sector Combinations</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2019:</b></p> <p>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.</p>



**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.

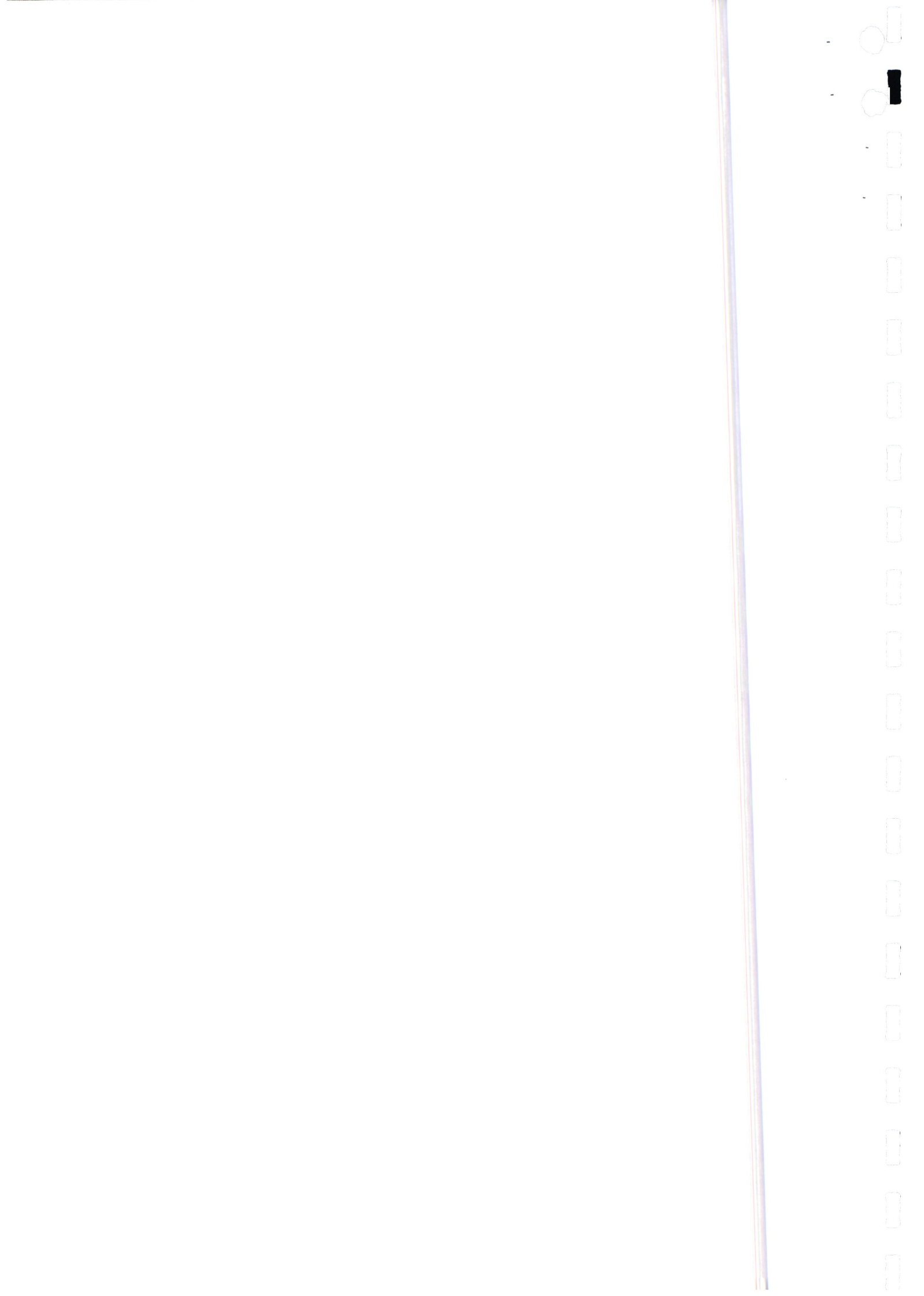
**b) Budget information**

The original budget for FY 2016-2017 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 appropriations of KShs.26,196,362.00 on the 2016-2017 budget following the governing body's approval.

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.

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

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



**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 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 net of the amount of sales tax, except:

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

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

**d) Investment property**

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

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

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

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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 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



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

## **SIGNIFICANT ACCOUNTING POLICIES Continued**

### **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

**SIGNIFICANT ACCOUNTING POLICIES Continued**

- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

**Financial instruments (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 labor 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 an 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 (Continued)**

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 an 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

State all judgements, estimates and assumptions made: e.g

### **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. IPSAS 1.140

### **Useful lives and residual values**

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

- 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	2016-2017	2015-2016
	KShs	KShs
UNESCO	12,219,121	-
Other		
<b>Total</b>	<b>12,219,121</b>	<b>-</b>

**2. Transfers from other governments**

Description	2016-2017	2015-2016
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	255,000,000	240,000,000
Other	-	-
	<b>255,000,000</b>	<b>240,000,000</b>
<b>Total government grants and subsidies</b>	<b>255,000,000</b>	<b>240,000,000</b>

**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 recognised in capital fund.	Total grant income during the year	2015-2016
			KShs	KShs	KShs
Ministry of Education	255,000,000	-	-	255,000,000	240,000,000
	-	-	-	-	-
<b>Total</b>	<b>255,000,000</b>	<b>-</b>	<b>-</b>	<b>255,000,000</b>	<b>240,000,000</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>KShs</b>	<b>KShs</b>
Other	4,620,000	80,000
<b>Total revenue from the rendering of services</b>	<b>4,620,000</b>	<b>80,000</b>

**3. Rendering of services**

This funds was Received from School Audit for the Space they are occupying at National Bank Building.

**4. Finance income - external investments**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>KShs</b>	<b>KShs</b>
Bank Interest	379,985	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total</b>	<b>379,985</b>	<b>-</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. Other income**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>KShs</b>	<b>KShs</b>
Income from sale of exhibition	1,096,090	4,620,000
Differed income	442,536	576,250
<b>Total other income</b>	<b>1,538,536</b>	<b>5,196,250</b>

**6. Use of Goods and Services**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>KShs</b>	<b>KShs</b>
Professional services	1,815,100	3,932,840
Subscriptions	5,836,296	6,286,381
<b>Total good and services</b>	<b>7,651,396</b>	<b>10,219,221</b>

**7. Employee costs**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>KShs</b>	<b>KShs</b>
Basic Salary-Permanent Staff	51,070,718	35,813,515
Employee related costs - contributions to pensions and medical aids	2,552,947	2,997,020
Basic Salary-Temporary Staff	398,500	-
Leave Allowance	835,504	-
Gratuity	5,271,519	5,944,059
<b>Total Employee costs</b>	<b>60,129,189</b>	<b>44,754,594</b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Remuneration of directors

Description	2016-2017	2015-2016
	KShs	KShs
Chairman's Honoraria	976,000	-
Directors emoluments	5,353,700	4,987,848
Other allowances	9,558,589	3,646,000
<b>Total director emoluments</b>	<b>15,888,289</b>	<b>8,633,848</b>

9. Depreciation and amortization expense

Description	2016-2017	2015-2016
	KShs.	KShs
Property, plant and equipment	4,841,767	3,905,574
Intangible assets	43,967	59,258
<b>Total depreciation and amortization</b>	<b>4,885,734</b>	<b>3,964,832</b>

10. Repairs and maintenance

Description	2016-2017	2015-2016
	KShs	KShs
Property	9,802,176	164,802
Vehicles	894,756	-
<b>Total repairs and maintenance</b>	<b>10,696,932</b>	<b>572,018</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11. General expenses**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>KShs</b>	<b>KShs</b>
Advertising	2,492,649	3,096,134
Admin fees	10,806,292	12,324,460
Audit fees		650,000
Hospitality and Supplies	17,345,877	9,943,039
Office and general supplies	5,988,623	1,756,889
Internet services	1,113,784	1,096,142
Fuel and oil	1,827,650	1,037,060
Insurance	9,331,678	5,304,276
Specialised Materials	2,110,270	1,024,061
Newspapers and periodicals	205,988	196,040
Postage	329,932	68,440
Printing and stationery	2,725,122	1,371,900
Rental	21,502,130	16,346,470
Telecommunication	1,829,530	935,732
Training	50,792,804	20,071,485
Other	51,696,278	42,018,564
<b>Total general expenses</b>	<b>180,098,607</b>	<b>117,240,692</b>

**12. Finance Costs**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Interests on loans from commercial banks	345,046	183,274
<b>Total</b>	<b>345,046</b>	<b>183,274</b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. (A) Cash and cash equivalents

Description	2016-2017	2015-2016
	KShs	KShs
Kenya Commercial Bank-1146209630	76,220,157	3,877,149
National Bank of Kenya-0100103282700	6,213,476	26,586,805
National Bank of Kenya (USD)- 0200103282700	3,660,003	-
Cash in hand	-	-
<b>Total cash and cash equivalents</b>	<b>86,093,636</b>	<b>30,463,954</b>

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

	2016-2017	2015-2016
Cash in hand	Kshs	Kshs
	-	-
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
<b>Cash in hand</b>	<b>-</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Receivables from exchange transactions

Description	2016-2017	2015-2016
	KShs	KShs
Grant Receivables (Ministry of Education)	10,310,000	74,405,000
Grant Receivables (Ministry of Education)	103,862	2,413,362
<b>Total</b>	<b>10,413,862</b>	<b>76,818,362</b>

15. Inventories

Description	2016-2017	2015-2016
	KShs	KShs
Consumable stores	1,517,532	1,240,831
<b>Total inventories at the lower of cost and net realizable value</b>	<b>1,517,532</b>	<b>1,240,831</b>

16. Prepayments

Description	2016-2017	2015-2016
	KShs	KShs
Prepaid Expenses	1,139,012	-
<b>Total Prepayments</b>	<b>1,139,012</b>	<b>-</b>



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**17. Property, plant and equipment**

Cost	Land and Buildings		Motor vehicles		Furniture and fittings		Computers		Other		Plant and equipment		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2015	-	-	16,098,000	-	1,168,000	-	1,913,340	-	-	-	3,511,598	-	-	-	22,690,938	-
Additions	-	-	-	-	-	-	1,093,475	-	-	-	91,030	-	-	-	1,184,505	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2016</b>	-	-	<b>16,098,000</b>	-	<b>1,168,000</b>	-	<b>3,000,815</b>	-	-	-	<b>3,602,628</b>	-	-	-	<b>23,875,443</b>	-
Additions	-	-	6,700,653	-	-	-	677,000	-	-	-	51,000	-	-	-	7,429,253	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2017</b>	-	-	<b>22,798,653</b>	-	<b>1,168,000</b>	-	<b>3,684,415</b>	-	-	-	<b>3,653,628</b>	-	-	-	<b>31,304,696</b>	-
<b>Depreciation and impairment</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 1 July 2015	-	-	(4,963,875)	-	(273,750)	-	(864,188)	-	-	-	(662,840)	-	-	-	(6,764,653)	-
Depreciation	-	-	(2,783,531)	-	( 111,781)	-	(642,788)	-	-	-	(367,474)	-	-	-	(3,905,574)	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 30 June 2016</b>	-	-	<b>(7,747,406)</b>	-	<b>(385,531)</b>	-	<b>(1,506,976)</b>	-	-	-	<b>(1,030,314)</b>	-	-	-	<b>(10,670,227)</b>	-
Depreciation	-	-	(3,762,812)	-	(97,809)	-	(653,232)	-	-	-	(327,914)	-	-	-	(4,841,766)	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2017</b>	-	-	<b>(11,510,218)</b>	-	<b>(483,340)</b>	-	<b>(2,160,208)</b>	-	-	-	<b>(1,358,228)</b>	-	-	-	<b>(15,511,993)</b>	-
<b>Net book values</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2017</b>	-	-	<b>11,228,435</b>	-	<b>684,660</b>	-	<b>1,524,207</b>	-	-	-	<b>2,295,400</b>	-	-	-	<b>15,792,703</b>	-
<b>At 30<sup>th</sup> June 2016</b>	-	-	<b>8,350,594</b>	-	<b>782,469</b>	-	<b>1,499,839</b>	-	-	-	<b>2,572,315</b>	-	-	-	<b>13,205,216</b>	-



NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Intangible assets-software

Description	2016-2017	2015-2016
	KShs	KShs
<b>Cost</b>		
At beginning of the year	296,288	296,288
Additions	-	-
<b>At end of the year</b>	<b>296,288</b>	<b>296,288</b>
Additions-internal development	-	-
<b>At end of the year</b>	<b>296,288</b>	<b>296,288</b>
<b>Amortization and impairment</b>		
At beginning of the year	59,258	59,258
Amortization	43,967	-
<b>At end of the year</b>	<b>103,225</b>	<b>59,258</b>
Impairment loss	-	-
<b>At end of the year</b>	<b>103,225</b>	<b>59,258</b>
<b>NBV</b>	<b>193,063</b>	<b>237,030</b>

19. Trade and other payables from exchange transactions

Description	2016-2017	2015-2016
	KShs	KShs
Audit fee	650,000	-
Other payables	5,271,519	6,357,600
<b>Total trade and other payables</b>	<b>5,921,519</b>	<b>6,357,600</b>

20. Deferred Income

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
Balance brought forward	2,389,405	-	-	-
Transfers to income statement	442,456	-	-	442,456
Other transfers	-	-	-	-
Balance carried forward	1,946,949	-	-	1,946,949

21. Accumulated Reserves

Description	2016-2017	2015-2016
	KShs	KShs
Balance as at 1 <sup>st</sup> July 2016	113,218,888	50,226,672
Additions during the year	5,937,550	62,992,216
<b>Balance as at 30 June 2017</b>	<b>107,281,338</b>	<b>113,218,888</b>



**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.

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

**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.



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

Date.....



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

Date.....

